



Annual Increase Information for DPSRS Benefit Recipients

December 2009

On January 1, 2010, the Denver Public Schools Retirement System will cease to exist and will merge into Colorado PERA. As of that date you will become a PERA benefit recipient within the newly created DPS division of PERA. As you may be aware, PERA was required by the merger legislation to submit a comprehensive proposal to the Colorado General Assembly addressing PERA's long term sustainability. The proposal includes a provision to modify the annual increase paid to PERA benefit recipients from a fixed amount of 3.5 percent to an indexed annual increase with an upper limit of 2 percent. Currently, the majority of PERA benefit recipients receive their annual increase in March. For a majority of the DPSRS benefit recipients, the annual increase of 3.25 percent is paid in January. A component of the PERA Board's proposal is to move the date the annual increase is paid to July of every year.

At its November Board meeting, the DPSRS Board of Trustees passed resolution #17 endorsing the comprehensive proposal recommended by the PERA Board of Trustees. As part of that resolution the DPSRS Board requested that the PERA Board apply the same changes to the DPS membership as are being proposed for the PERA School Division members and retirees. This recommendation and request was communicated by DPSRS to the PERA Board at its Board meeting on November 20, 2009.

The legislation authorizing the merger, recognizing the differing dates of the annual increase payments, granted PERA the authority to adjust the payment date of the increase for benefit recipients of the DPS benefit structure to coincide with the date that PERA pays annual increases. After hearing the request of DPSRS to apply the same proposed changes to its membership and based on its authority in the merger legislation, the PERA Board of Trustees, on November 20, 2009, adopted a policy to align the payment date of the annual increase for the DPSRS membership to the date the majority of PERA members receive their annual increase. In recognition of the fact that benefit recipients of the DPS benefit structure normally receive their annual increase in January as compared to the PERA payment date of March, the PERA Board also authorized awarding an increase of .5417 percent in January 2010. This amount signifies two-twelfths of the 3.25 percent annual increase for the months of January and February. The awarding of a unique increase amount is to ensure that by moving the payment date of the annual increase to the date PERA pays its annual increase, benefit recipients of the DPS benefit structure are not negatively affected. Absent further legislative changes, the majority of benefit recipients of the DPS benefit structure will receive an additional 3.25 percent increase in March 2010.

The PERA Board's comprehensive proposal will be considered by the Colorado General Assembly in the 2010 legislative session. If the PERA Board's comprehensive proposal is passed by the General Assembly and becomes law, the move from a March annual increase payment date to a July payment date would be effective on the date the bill is signed. It is possible that the annual increase payment date of March 2010 could be moved to July 2010 based on the effective date of the legislation. If this were to occur, the annual increase would not only be moved to July 2010, the amount may also be changed to the lesser of 2 percent or the CPI-W.

PERA has previously communicated that the shift in payment date of the annual increase for the benefit recipients in the DPS benefit structure would not occur in the first year after the merger but would occur in 2011. The possibility of the General Assembly passing legislation in a time frame that would affect the payment date of the annual increase for existing PERA benefit recipients necessitated accelerating the scheduled shift in payment date for benefit recipients in the DPS benefit structure.

If you have any questions regarding this policy change, please contact PERA's Customer Service Center at 1-800-759-7372 or 303-832-9550.

DPSRS Funded Status
For information about the DPSRS funded status, which was presented by DPSRS to the PERA Board at the November 20, 2009, PERA Board meeting, please review the DPSRS presentation at www.copera.org/pera/about/merger.stm.

