



**COLORADO
PERA**



Welcome to PERA

DPS Hourly Employees

October 2009

What the Merger With PERA Means to DPS Hourly Employees

On May 21, 2009, Governor Bill Ritter signed Senate Bill 09-282 making the merger between the Denver Public Schools Retirement System (DPSRS) and the Colorado Public Employees' Retirement Association (PERA) effective January 1, 2010. As a result of the merger, DPS hourly employees will automatically become PERA members on January 1, 2010.

Social Security

As of January 1, 2010, your participation in Social Security related to your employment with DPS will stop and you will no longer pay 6.2 percent of your total salary into Social Security. Instead, you will contribute 8 percent of your pensionable salary to PERA.

As an hourly employee with DPS, any service you earned before January 1, 2010, will not count toward your future PERA retirement benefit, but still will be covered under Social Security. The contributions you have made to Social Security cannot be transferred to PERA, but will remain with Social Security until you are eligible to receive Social Security benefits.

For most PERA members, PERA serves as a substitute for Social Security. Because of this, your Social Security benefit may be reduced by the Government Pension Offset or the Windfall Elimination Provision. (Your future PERA benefit is not affected by Social Security.) For more information, please see PERA's brochure, *PERA & Social Security*, or contact Social Security at www.ssa.gov or 1-800-772-1213 to learn more about the Windfall Elimination Provision and Government Pension Offset.

Affiliate Membership With DPSRS

If you have been employed as an hourly employee at DPS for a minimum of five years, those years can be applied toward your future PERA retirement benefit if you become an

Affiliate member of DPSRS before December 31, 2009. Affiliate membership will allow you to join PERA in January as a DPSRS member with your accumulated service earned prior to January 1, 2010, rather than starting as a new PERA member.

For more information about the terms and costs associated with an Affiliate membership, please call DPSRS at 303-398-7657. The opportunity for Affiliate membership ends on December 31, 2009.

PERA Membership

Regardless if you become an Affiliate member of DPSRS prior to the merger date, on January 1, 2010, you will become a PERA member in the DPS Division of PERA. As a PERA member, you will contribute 8 percent of your salary to your PERA member contribution account. Your PERA contributions will be tax-deferred, which means they are not considered taxable income for federal and state income tax purposes until they are withdrawn through a refund or a monthly benefit when eligible for retirement.

You earn tax-deferred interest on your member contributions. The interest rate is set by the PERA Board and is subject to change annually. Currently, the interest rate is 3 percent compounded annually.

PERA Benefits At A Glance

(For members hired after January 1, 2007)

Retirement Formula

2.5%

x

Your Highest Average Salary (HAS)

x

Years of Service

= **Your benefit**

Service Retirement Requirements

- Age 55 or over + service = 85
- Age 65 with 5 years of service
- Age 65 for money purchase

Reduced Service Retirement Requirements

- Age 50 with 25 years of service
- Age 55 with 20 years of service
- Age 60 with 5 years of service

For more information about retirement eligibility, please see PERA's *Your PERA Benefits* brochure.

Colorado Public Employees' Retirement Association

1301 Pennsylvania Street • Denver, Colorado 80203-5011 • 1-800-759-7372 • 303-832-9550 • www.copera.org

Pension Portability

If you have an account at DPSRS (either active or inactive) as of January 1, 2010, in accordance with SB 09-282, you may have the ability to make a choice to accrue a benefit under the PERA benefit structure or continue to build a benefit under the DPS benefit structure. If you would like to learn more about when this choice is triggered and the details of this choice, please review the *Membership Portability Provisions for DPSRS/PERA Merger* fact sheet, available from the PERA Web site at www.copera.org. If you do not have an account at DPSRS prior to January 1, 2010, then you will not have this choice and the provisions of SB 09-082 related to portability will never apply to you.

Refunds

You must be terminated from PERA-covered employment to receive a refund of your contributions. Refund amounts on or after January 1, 2010, will be based on the benefit structure in which they were earned. If you request a refund and have both a DPSRS and a PERA account, you must refund both accounts. Your refund can be taken as a lump-sum payment or rolled over to another tax-advantaged account.

PERA Retirement Benefit

Once you meet specific age and service requirements, your PERA membership will allow you to receive a monthly retirement benefit for the rest of your life based on a calculation that considers your salary earned during your employment and your years of service covered under PERA.

Working After Retirement

If you are a PERA retiree who is working for DPS but not a contributing member of DPSRS as of December 31, 2009, you will be subject to PERA's working after retirement rules as of January 1, 2010. These rules limit your ability to work without

penalty for a PERA-covered employer (including DPS after January 1, 2010) while receiving a retirement check. (The PERA working after retirement rules limit your work to 110 days/720 hours in a calendar year without penalty.)

PERA's working after retirement limits will apply to any retiree from either system who returns to work for any PERA-affiliated employer (including DPS) unless the retiree meets certain requirements and is grandfathered under pre-merger provisions as of January 1, 2010. Only PERA retirees who are actively contributing to DPSRS at the time of the merger will be grandfathered and exempt from these restrictions. PERA retirees who may be affected by this change should contact DPSRS to inquire about Affiliate membership.

For more information on PERA's working after retirement rules, please review PERA's *Working After Retirement* brochure.

Voluntary Benefits for PERA Members

When you become a PERA member, you may choose to participate in some of the following voluntary programs available to members:

- 401(k) Plan
- Life Insurance
- Long-Term Care Insurance
- 457 Plan (Offered to state and some school district employees)

Colorado Public Employees' Retirement Association

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