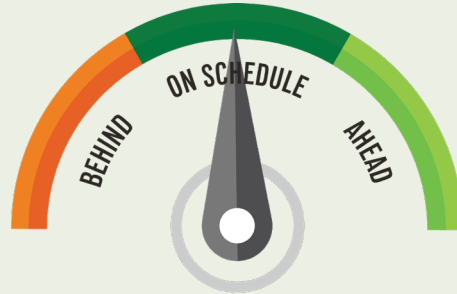


# What is the **AUTOMATIC ADJUSTMENT** Provision?

The automatic adjustment provision is an innovative approach to pension funding that keeps PERA on a path to full funding. Under this approach, changes are included in statute that make automatic adjustments to four components: member contributions, employer contributions, the annual increase (AI) paid to retirees, and the direct distribution from the State. Every June, PERA reviews the progress toward its funding goal.

**PERA IS ON SCHEDULE  
TO MEET ITS  
FUNDING GOAL**



The automatic adjustment provision is reviewed on an annual basis to help ensure the long-term stability of benefits today and in the future.

As indicated in its 2022 *Annual Comprehensive Financial Report (ACFR)*, PERA is on schedule to meet its funding goal. This means the automatic adjustment provision will not trigger any additional changes in 2024.

## Current Provisions



Member contributions will not be affected by the automatic adjustment provision in July 2024.

|                    | State, School, and DPS Divisions | Safety Officers | Local Government | Judicial Division |
|--------------------|----------------------------------|-----------------|------------------|-------------------|
| As of July 1, 2023 | 11.00%                           | 13.00%          | 9.00%            | 11.00%            |

See [copera.org](http://copera.org) for more information on contribution rates.



Employer contributions will not be affected by the automatic adjustment provision in July 2024.

|                    | State Division | Safety Officers (State) | School and DPS Divisions | Local Government | Safety Officers (Local Govt.) | Judicial Division |
|--------------------|----------------|-------------------------|--------------------------|------------------|-------------------------------|-------------------|
| As of July 1, 2023 | 21.57%         | 24.27%                  | 21.40%                   | 14.76%           | 17.86%                        | 24.91%            |

Actual DPS employer rate will be subject to the PCOPs offset. The DC Supplement may also affect rates in the State and Local Government Divisions effective January 1, 2024. See [copera.org](http://copera.org) for more information on contribution rates.



The AI paid to eligible benefit recipients in July 2023 will be 1.0%. The July 2024 AI for most eligible benefit recipients will also be 1.0% since there was not an automatic adjustment provision announced in June 2023.







PERA will receive a direct distribution from the State budget for 2023.

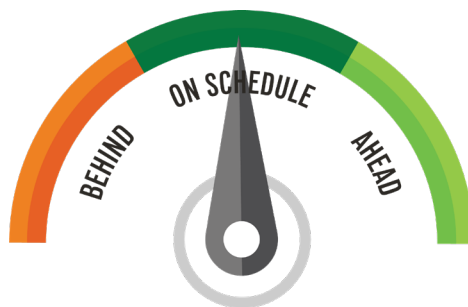
*(Continued on reverse)*

## How Does the Automatic Adjustment Keep PERA on Schedule?





### IF PERA IS BEHIND SCHEDULE

-  Decrease AI percentage by up to 0.25% in one year, not to fall below 0.5%
-  Increase employer contributions by up to 0.5% in one year, not to exceed an additional 2%
-  Increase member contributions by up to 0.5% in one year, not to exceed an additional 2%
-  Increase the direct distribution from the State budget by up to \$20 million in one year, not to exceed \$225 million

### PERA'S PROGRESS TOWARD FUNDING GOAL



### IF PERA IS AHEAD OF SCHEDULE

-  Increase AI percentage by up to 0.25% in one year, not to exceed 2%
-  Decrease employer contributions by up to 0.5% in one year, not to fall below 2018 levels
-  Decrease member contributions by up to 0.5% in one year, not to fall below 2018 levels
-  Decrease the direct distribution from the State budget by up to \$20 million in one year

## When Do Automatic Adjustment Provisions Take Effect?

PERA announces the progress toward its funding goal each year in June, along with any automatic adjustments to contributions or the AI, which would take effect the next July.

June 2023

PERA's 2022 *ACFR* indicates PERA is on schedule and adjustments are not needed in 2024 to stay on track



June 2024

PERA's 2023 *ACFR* is released and it will be determined whether adjustments are needed in 2025 to stay on track



Annually

Process occurs again

