

Periodically, the Colorado PERA Board of Trustees reviews the Association's practices related to compensation that is includable as PERA salary for benefit calculation purposes. At its regularly scheduled meeting on April 18, 2003, the Board adopted the following policy concerning cash payments based on accrued but unused leave.

## Accrued Leave Payments

Payments by an employer made in satisfaction of or in lieu of accrued leave will be treated as PERA-includable salary pursuant to C.R.S. 24-51-101 (42) if the following criteria are met:

- The payment by the employer of the accrued leave is made in a lump sum at the termination of the member's employment or in periodic payments after severing employment and not at the election of the member;
- The accrued leave payments are paid at a rate not to exceed the member's most recent rate of pay; and
- The payment is for accrued leave earned by the member pursuant to an established employer policy or employment contract and not as a result of a retroactive grant or an award by the employer.

If each of the above criteria are met, the accrued leave payment will be treated as salary in calculating service credit and highest average salary for retirement by applying the payment over as many months as possible at the member's most recent monthly rate of pay. Additional service credit for these months will be included in the retirement benefit calculation. These months may also be used in the highest average salary calculation.

An annual lump sum payment of accrued leave paid because the individual has accrued in excess of the maximum accumulation allowed by the employer's established leave policy shall be included as PERA salary in the month paid.

No other payments for accrued leave, whether as a lump sum or paid over time, shall be included as PERA salary.

This policy will be implemented to accommodate those members who are presently participating in accrued leave payment programs not in compliance with this policy, but which were developed in consultation with PERA staff prior to adoption of this policy. All accrued leave payments must comply with this policy by July 1, 2004.

To contact PERA:

Call 1-800-759-7372  
or 303-832-9550

E-mail

[www.copera.org](http://www.copera.org)  
(click on "Contact Us")