



The Value of Your PERA Defined Benefit Account

Account Balance Each Year with Compounded Interest

Age	Account Balance
30	\$14,555
31	\$15,281
32	\$15,740
33	\$16,212
34	\$16,698
35	\$17,200
36	\$17,716
37	\$18,248
38	\$18,795
39	\$19,361
40	\$19,942
41	\$20,540
42	\$21,156
43	\$21,792
44	\$22,446
45	\$23,120
46	\$23,813
47	\$24,530
48	\$25,265
49	\$26,023
50	\$26,804
51	\$27,611
52	\$28,439
53	\$29,292
54	\$30,171
55	\$31,078
56	\$32,011
57	\$32,971
58	\$33,960
59	\$34,982
60	\$36,031

Even if you are a Colorado PERA member for only a short period of time during your career, your PERA membership is valuable to you. The following example illustrates how over a period of time, a PERA account will grow with compounded interest.

The example below uses Jim, a PERA member who earned five years of PERA service credit before terminating employment at age 30. Jim's annual salary was \$30,000, with 3.5 percent raises per year. The refund and benefit amounts assume an annual interest rate in effect at the time. The interest rate is set by the PERA Board and is subject to change annually.

When Jim terminated employment, he had an account balance of \$14,555 (member contributions and interest accumulated at rate in effect at the time of service compounded annually for five years).

Jim has the option to withdraw his account when he terminates PERA-covered employment or leave it until he reaches retirement age. The amount of Jim's refund, should he choose to withdraw his account prior to retirement eligibility, would be his account balance of \$14,555 plus a 50 percent match, for a total refund of \$21,833.

Jim also has the option of leaving his account with PERA, where it will continue accruing interest. At age 60, because he would be eligible for a retirement benefit, he would be eligible for a 100 percent match on his account balance and he could choose to withdraw the account or receive a *lifetime* monthly benefit.

At age 60, Jim's account will have grown from \$14,555 to \$36,031 as a result of compounding over a 30-year period. With a 100 percent match, his refund amount would be \$72,062.

At age 60, if Jim were to choose to receive an Option 1 lifetime monthly benefit, which is calculated by projecting his account balance over his expected life span, his benefit amount would be \$427 per month. Each year after retirement, Jim's benefit would be increased to help toward inflation.*

By refunding at age 30, Jim may have to pay a 10 percent early withdrawal penalty to the Internal Revenue Service for withdrawing prior to age 59½ in addition to regular federal and state income taxes. Further, most PERA members do not contribute to Social Security, so if an account is refunded, retirement savings for that period of employment are gone. For these reasons, it is advantageous to keep your PERA account with PERA until retirement.

This fact sheet provides general information about interest compounding on a PERA member contribution account. Your rights, benefits, and obligations as a PERA member are governed by Title 24, Article 51 of the Colorado Revised Statutes, and the Rules of the Colorado Public Employees' Retirement Association, which take precedence over any interpretations in this fact sheet.

*If Jim became a member on or after July 1, 2005, his annual benefit increase would be the lower of 3 percent or the Consumer Price Index (CPI) for urban wage earners and clerical workers. If Jim became a member on or after January 1, 2007, his annual benefit increase would be the lower of 3 percent or the CPI for urban clerical workers, if he has been retired for one year and reached age 60, or if his years of service plus age equals 85; all limited to available funds.