



Highest Average Salary CALCULATION

Most Colorado PERA benefits are calculated using your Highest Average Salary (HAS). If you are a member in the PERA benefit structure, see information below for a definition of your HAS and sample calculations. If you are a member in the Denver Public Schools (DPS) benefit structure, page 2 defines your HAS and page 3 shows a sample calculation if you were eligible to retire on January 1, 2011. If you were not eligible to retire on January 1, 2011, see PERA HAS information and sample calculations on page 2.

PERA BENEFIT STRUCTURE HAS

Under the PERA benefit structure, HAS is one-twelfth of the average of the highest annual salaries on which PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit. The three 12-month periods do not have to be consecutive or your last three years of employment.

In calculating your HAS, PERA determines the highest annual salaries associated with four periods of 12 consecutive months. The four 12-month periods selected do not have to be consecutive nor do they have to include the last four years of employment. The lowest of the four periods becomes the Base Year used as a starting point for the annual limit on salary increases. The annual limit will apply regardless of when the annual salaries used in the HAS occurred. The percentage applied is dependent on when you began PERA membership and when you are eligible to retire:

- » If you began PERA membership on or before December 31, 2006, and you were eligible to retire on January 1, 2011, your annual salary increase limit is 15 percent.
- » If you began PERA membership on or before December 31, 2006, and you were not eligible to retire on January 1, 2011, your annual salary increase limit is 8 percent.
- » If you began PERA membership on or after January 1, 2007, your annual salary increase limit is 8 percent.

ESTIMATING YOUR PERA HAS

- ① Determine your four highest annual salaries associated with four periods of 12 consecutive months of service credit.
- ② Of the four annual salaries, the lowest annual salary becomes the Base Year.
- ③ Arrange the three remaining annual salaries in chronological order. These are Actual Salaries for Years 1, 2, and 3.
- ④ To determine the Year 1 Salary Used in your HAS calculation, multiply your Base Year Salary by 1.15 (if your limit is 15 percent) or 1.08 (if your limit is 8 percent) to arrive at your Maximum Annual Salary (MAS) for Year 1. Then compare this MAS to your Year 1 Actual Salary. The lower amount is your Year 1 Salary Used.
- ⑤ To determine your Year 2 Salary Used, multiply your Year 1 Salary Used by 1.15 (if your limit is 15 percent) or 1.08 (if your limit is 8 percent) to arrive at your MAS for Year 2. Then compare this MAS to your Year 2 Actual Salary. The lower amount is your Year 2 Salary Used.
- ⑥ To determine your Year 3 Salary Used, multiply your Year 2 Salary Used by 1.15 (if your limit is 15 percent) or 1.08 (if your limit is 8 percent) to arrive at your MAS for Year 3. Then compare this MAS to your Year 3 Actual Salary. The lower amount is your Year 3 Salary Used.
- ⑦ Add the Salaries Used for Years 1, 2, and 3, and divide by 36 to arrive at your HAS.

(continued on inside)



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PERA SAMPLE CALCULATION #1

Salaries do not exceed the annual increase limits

Dates	Year	Actual Salary	MAS	Salary Used In HAS
April 2006 – March 2007	Base Year	\$36,000	N/A	N/A
June 2008 – May 2009	Year 1	\$38,500	\$41,400*	\$38,500
June 2009 – May 2010	Year 2	\$40,000	\$44,275*	\$40,000
June 2010 – May 2011	Year 3	\$42,000	\$46,000*	\$42,000
Total Salary =				\$120,500
HAS (\$120,500 ÷ 36 months) =				\$3,347

* The 15% limit is applied to Actual Salary for the Base Year, then applied to Salary Used. Actual Salary increases are: Base Year to Year 1, 7%; Year 1 to Year 2, 4%; Year 2 to Year 3, 5%

PERA SAMPLE CALCULATION #2

Some salaries exceed the 15% annual increase limit

Dates	Year	Actual Salary	MAS	Salary Used In HAS
April 2006 – March 2007	Base Year	\$30,000	N/A	N/A
June 2008 – May 2009	Year 1	\$33,000	\$34,500*	\$33,000
June 2009 – May 2010	Year 2	\$45,045	\$37,950*	\$37,950
June 2010 – May 2011	Year 3	\$40,540	\$43,643*	\$40,540
Total Salary =				\$111,490
HAS (\$111,490 ÷ 36 months) =				\$3,097

* The 15% limit is applied to Actual Salary for the Base Year, then applied to Salary Used. Actual Salary increases are: Base Year to Year 1, 10%; Year 1 to Year 2, 37%; Year 2 to Year 3, 10%

PERA SAMPLE CALCULATION #3

Some salaries exceed the 8% annual increase limit

Dates	Year	Actual Salary	MAS	Salary Used In HAS
May 2006 – April 2007	Base Year	\$30,000	N/A	N/A
June 2008 – May 2009	Year 1	\$32,000	\$32,400*	\$32,000
July 2009 – June 2010	Year 2	\$36,000	\$34,560*	\$34,560
July 2010 – June 2011	Year 3	\$40,000	\$37,325*	\$37,325
Total Salary =				\$103,885
HAS (\$103,885 ÷ 36 months) =				\$2,886

* The 8% limit is applied to Actual Salary for the Base Year, then applied to Salary Used. Actual Salary increases are: Base Year to Year 1, 7%; Year 1 to Year 2, 13%; Year 2 to Year 3, 11%

DPS BENEFIT STRUCTURE HAS

Eligible to Retire on January 1, 2011

HAS is the average monthly salary of the 36 months of earned service having the highest salaries. See DPS Sample Calculation on page 3.

Not Eligible to Retire on January 1, 2011

HAS is the same as the PERA benefit structure HAS (as described on the reverse side), and your annual salary increase limit is 8 percent. See PERA Sample calculations 1 and 3.

ESTIMATING YOUR DPS HAS

For Members Eligible to Retire on January 1, 2011

- ① Determine your 36 highest monthly salaries.
- ② Add all 36 salaries for a total salary.
- ③ Divide the total salary by 36 for your HAS.

DPS SAMPLE CALCULATION

For members eligible to retire on January 1, 2011

(Salary is organized highest to lowest)

Months	Salary	Months	Salary	Months	Salary
July 2010	\$3,945	July 2011	\$3,564	March 2009	\$3,294
June 2010	\$3,945	June 2011	\$3,564	August 2009	\$3,294
May 2010	\$3,945	May 2011	\$3,564	July 2009	\$3,294
April 2010	\$3,945	April 2011	\$3,564	June 2009	\$3,294
March 2010	\$3,945	March 2011	\$3,564	May 2009	\$3,294
February 2010	\$3,945	February 2011	\$3,564	April 2009	\$3,294
November 2009	\$3,945	January 2011	\$3,564	February 2009	\$3,294
October 2009	\$3,945	December 2010	\$3,564	January 2009	\$3,294
September 2009	\$3,928	November 2010	\$3,564	October 2008	\$3,294
August 2010	\$3,750	October 2010	\$3,564	September 2008	\$3,264
January 2010	\$3,750	September 2010	\$3,353	November 2008	\$3,264
December 2009	\$3,750	December 2008	\$3,324	August 2008	\$2,904
				Total Salary =	\$128,133
				HAS (\$128,133 ÷ 36 months) =	\$3,559