School and Denver Public Schools (DPS) Divisions
SERVICE CREDIT

YOUR QUESTIONS ANSWERED

- **How is service credit calculated if I work in a school?**
- **How do I get a full year of service credit if I only work during the school year?**
- **How does weighted service credit benefit me?**

This fact sheet answers these questions and explains how service credit is calculated for members in the School and DPS Divisions. Highlights of weighted service credit include the ability to:

- Maximize service credit accrual
- Provide more up-to-date account representation
- Allow movement between employers without a change to service credit accrual
- Standardize member accounts to allow more self-service options on the website

To begin, service credit is granted during periods of employment in which salary is received and contributions are paid to PERA. Some members are paid over 12 months while others are paid over a contract period unique to their employer. In an effort to provide consistency across members of the School and DPS Divisions, PERA applies a weighted service credit accrual to regulate the variability of payroll schedules.

PERA has also implemented a standard 12-month period, August through July, for everyone employed in the School and DPS Divisions. This period ensures each year of service credit for members of these divisions follows the same pattern, and allows undisrupted service credit accrual if a member moves between employers.

A member who is employed within the School or DPS Division receives service credit for each month a salary is earned and contributions are paid. But for these members, service credit will be weighted differently. Usually, a PERA member receives one month of service credit for one month worked. But for members of the School and DPS Divisions, who may routinely work 8, 9, 10, or 11 months out of a year, the service credit is weighted in each month so that the member earns 12 months total during that August through July period.

In many cases, service credit for members in the School and DPS Divisions is applied at the maximum amount of 1.500 months per salary posting, but will gradually lower once more than 8 months are worked in that 12-month period (see chart on page 2). This is done to maximize the accrual of service credit.

3 out of 4 employers in the School and DPS Divisions already report as an "August through July" academic period.

(Continued on next page)

Pro-rated service credit will also be earned even if a member earns less than the minimum salary requirement for a month of service credit (80 hours x Federal Minimum Wage).

Each of these examples shows how a different length of year worked will impact the service credit earned for that year. A member who works and earns salary for at least 8 months will receive a full 12 months of service credit.

Month Salary Earned	Service Credit Granted
Aug	**1.5**
Sep	**1.5**
Oct	**1.5**
Nov	**1.5**
Dec	**1.5**
Jan	**1.5**
Feb	**1.5**
Mar	**1.5**
	12

Month Salary Earned	Service Credit Granted
Aug	**1.336**
Sep	**1.333**
Oct	**1.333**
Nov	**1.333**
Dec	**1.333**
Jan	**1.333**
Feb	**1.333**
Mar	**1.333**
Apr	**1.333**
	12

Month Salary Earned	Service Credit Granted
Aug	**1.2**
Sep	**1.2**
Oct	**1.2**
Nov	**1.2**
Dec	**1.2**
Jan	**1.2**
Feb	**1.2**
Mar	**1.2**
Apr	**1.2**
May	**1.2**
	12

Month Salary Earned	Service Credit Granted
Aug	**1.09**
Sep	**1.091**
Oct	**1.091**
Nov	**1.091**
Dec	**1.091**
Jan	**1.091**
Feb	**1.091**
Mar	**1.091**
Apr	**1.091**
May	**1.091**
Jun	**1.091**
	12

Month Salary Earned	Service Credit Granted
Aug	**1**
Sep	**1**
Oct	**1**
Nov	**1**
Dec	**1**
Jan	**1**
Feb	**1**
Mar	**1**
Apr	**1**
May	**1**
Jun	**1**
Jul	**1**
	12

Besides service credit, the other important part of a retirement calculation is the Highest Average Salary (HAS). The next page will show how the service credit weighting works in connection with a member's HAS.

HAS is calculated on either the highest four or six consecutive 12-month periods of service credit earned during a member's career and averaged together. Once the 12-month periods of service credit are identified, they do not need to be consecutive within the calculation. The lowest annual salary will create the base year.

Note: DPS members who have the 36-month HAS calculation should contact PERA with questions on how this impacts their service credit.

When a member works for an 8, 9, 10, or 11 month period, and weighted service credit is used, there could be a difference in the member's HAS calculation compared to an individual who earns a salary in all 12 months. Take for instance the member who leaves employment in March.

Payroll Month	Pay	Service Credit
Aug	$3,500.00	1.500
Sep	$3,500.00	1.500
Oct	$3,500.00	1.500
Nov	$3,500.00	1.500
Dec	$3,500.00	1.500
Jan	$3,500.00	1.500
Feb	$3,500.00	1.500
Mar	$3,500.00	1.500

EXAMPLE 1:

$3,500 x 8 months =
$28,000 earned/12 months =
$2,333.33 per month
in the HAS calculation

In this example, the member earns $3,500 each month, and the member's service credit is weighted at 1.500 months of service credit instead of 1.000. This means that the member earns 12 months of service credit for working 8 months, and $28,000 in salary earned is spread over 12 months to provide the weighted service credit.

As the member continues to work, this will level back out to 1.000 month of service credit per month. This maximizes service credit and service credit is the first step to calculating an accurate HAS. If a member earns a salary in all 12 months of a period that is pulled into the HAS, there is no additional weighting applied when calculating the final HAS.

Payroll Month	Pay	Service Credit
Aug	$3,500.00	1.000
Sep	$3,500.00	1.000
Oct	$3,500.00	1.000
Nov	$3,500.00	1.000
Dec	$3,500.00	1.000
Jan	$3,500.00	1.000
Feb	$3,500.00	1.000
Mar	$3,500.00	1.000
Apr	$3,500.00	1.000
May	$3,500.00	1.000
Jun	$3,500.00	1.000
Jul	$3,500.00	1.000

EXAMPLE 2:

$3,500 x 12 months =
$42,000 earned/12 months =
$3,500 per month
in the HAS calculation

If you have questions or need more detailed information about your service credit accrual, please contact PERA's Customer Service at 303-832-9550 or 1-800-759-7372.