# EXECUTIVE SUMMARY
## 2023 Retirement Plan Amendments

The following modifications to the Denver Employees Retirement Plan ("DERP") would result from the enactment of this bill:

**1. Definitions**

This will update definitions to properly reflect the way credited service is calculated and employee status is determined under modern payroll practices. Current language only refers to months and years of service for both credited service and whether a member works enough hours to be considered an employee. The City operates and reports salary information to DERP on a biweekly payroll basis, so the references to years, months and weeks are being updated to more accurately reflect how service and compensation is calculated for retirement purposes.

**2. Internal Revenue Code qualification requirements**

This change increases the age at which retirement benefits must begin from the year after a participant reaches age 70 ½ to the year after they reach age 73. This change is purely reflective of parallel changes in the Internal Revenue Code.

**3. Recovery of overpayments, collections**

This update removes antiquated collection fee tables and introduces language permitting DERP to charge collection fees if and when appropriate in accordance with the Colorado Revised Statutes.

**4. Removal of annual meeting requirement**

This amendment removes the requirement that the Retirement Board conduct an annual meeting after a regularly scheduled monthly meeting. The Retirement Board meets, at a minimum, eight times per year, and the annual meeting requirement is unnecessary and redundant. There is no other reference to the annual meeting in Chapter 18.

**5. Advisory Committee elections and role**

This amendment seeks to clarify what happens when an advisory committee member vacates their term before the expiration of the term. Currently, if there is a mid-term vacancy on the advisory committee, there is a convoluted process of appointing the prior election's second place finisher and then setting the seat for re-election during the next regularly scheduled advisory committee election. This has resulted in overlapping terms and bizarre scenarios where an advisory committee member is only appointed for one meeting. The proposed changes make for a cleaner and more predictable transition in the case of a vacancy on the advisory committee.

This amendment also removes language discouraging advisory committee members from addressing trustees and investment managers. Advisory committee participation at retirement board meetings has increased and the retirement board has adopted an advisory committee charter that sanctions and encourages advisory committee members to directly pose questions and make comments during meetings.

**6. Disability retirement application process**

This amendment would allow the DERP executive director to grant an extension of the deadline for meeting eligibility for a disability retirement under certain circumstances. Currently, there is a firm deadline that the effective date of retirement cannot be more than 24 months from the original date of injury or illness. In many cases, particularly when an employee is actively and diligently trying to continue working, the effective date of retirement may be more than 24 months after the original date of injury or illness.

The added language would allow the DERP executive director, only in cases where the member has exhibited good cause and due diligence, to extend this deadline at their discretion. This language mirrors language granting the executive director such discretion for other disability retirement requirements.

**7. Required beginning date for joint and survivor benefits**

This change increases the required beginning date for when required minimum distributions must begin from the year after a participant reaches age 70 ½ to the year after they reach age 73. This change is purely reflective of parallel changes in the Internal Revenue Code.

**8. Delivery of monthly benefit payments; suspension**

This change would alter the thresholds and criteria for allowing DERP to suspend a benefit when it has notice that the benefit may not be received by the intended recipient. The vast majority of DERP retirees receive direct deposit of their monthly retirement benefit, and these changes would allow DERP the flexibility to suspend benefits sooner and more effectively in situations where there is reason to believe there is a problem with delivery. This would reduce overpayments and is consistent with modern best practices in pension administration.