

1 **BY AUTHORITY**

2 ORDINANCE NO.
3 SERIES OF 2013

COUNCIL BILL NO. CB13-0688
COMMITTEE OF REFERENCE:
Government & Finance Committee

6 **A BILL**

7 **For an ordinance amending the 1963 Retirement Plan with regard to the**
8 **actuarially required contribution**
9

10 **WHEREAS**, the actuary for the Denver Employees Retirement Plan (the "Plan") has
11 determined that due to the continued impact of market events on the actuarial value of plan assets,
12 and the impact of the increased life expectancy of plan members on the actuarial value of plan
13 liabilities, the total computed actuarially required contribution rate for the plan has increased; and,

14 **WHEREAS**, the Plan's actuary has further determined that receiving this increased
15 contribution is actuarially necessary to help stabilize and improve the funded status of the Pension
16 and Retiree Medical Plans and to strengthen their actuarial soundness; and,

17 **WHEREAS**, under Section 18-405(g) of the Code, the Retirement Board is responsible for
18 making recommendations to the City for amendments to the Plan when, in the judgment of the
19 Board such changes are necessary; provided that such recommendations be accompanied by a
20 report of the Plan's actuary setting forth the effect of such amendments; and,

21 **WHEREAS**, the Retirement Board has duly considered the reports and recommendations of
22 its actuary, finding, that to strengthen and maintain the actuarial soundness of the Plan, an
23 increase in the contribution rate is both desirable and necessary; and

24 **WHEREAS**, Section 18-407(a) of the Revised Municipal Code of the City and County of
25 Denver states that the employer intends to continue the plan and to contribute regularly to the trust
26 each payroll period for each member such amounts as are necessary to maintain or assist in
27 maintaining the plan on a sound actuarial basis as prescribed by applicable law and, particularly,
28 the Internal Revenue Code for defined benefit pension plans qualified under section 401(a)
29 thereof, and that employees shall contribute regularly to the trust each payroll period in such
30 amounts as are necessary, in the judgment of the city, to assist in maintaining the plan on a sound
31 actuarial basis; and,
32

1 **WHEREAS**, it is in the judgment of the City that, in order to maintain the Plan on a sound
2 actuarial basis, the sponsoring employers shall each have their contributions to the Plan increased
3 by two tenths of one percentage point (0.2) and their respective employees shall each have their
4 contributions to the Plan increased by three tenths of one percentage point (0.3) for an overall
5 increase in contributions to the Plan of one-half (0.5) of one percentage point:

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7 **NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY OF**
8 **DENVER:**

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10 **Section 1.** That Section 18-407(e) and Section 18-407(f) (sometimes known and cited as
11 Section 407, Subsections (e) and (f), Chapter 18) of the Revised Municipal Code, relating to
12 contributions and payroll deductions be amended by deleting the language stricken and by adding
13 the language underlined as follows:

14 **Sec. 18-407. Contributions; payroll deductions.**

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17 (e) *Employer contributions.* From and after the date a person first becomes an active member, and
18 until the actual retirement date or prior termination of employment, the manager of finance and
19 each contractual entity shall transfer into the trust fund each payroll period from such sources
20 as shall, in the case of the city, be designated by ordinance, the amounts listed in this section
21 which have been determined, on an actuarial basis, to be sufficient to provide for the benefits of
22 eligible members.

23
24 (1) For each active member, including each elected official, the employer shall contribute
25 eleven and two-tenths (~~11.2~~) percent of the member's gross salary. In the case of a
26 contractual entity, the employer shall, as a condition necessary to becoming or remaining a
27 contractual entity, also make any actuarially determined supplemental contributions
28 necessary to fund the current cost of benefits available under the plan payable to current
29 and future employees of the contractual entity.

30 (2) For accounting, reporting, and record-keeping purposes, a portion of said contributions shall
31 be contributed so that it can be allocated and apportioned to the health benefits account
32 created by section 18-412 based upon the determination made, from time to time, by the
33 plan's actuary of the amount necessary for the actuarial soundness of the health benefits
34 account, such portion not to exceed, however, two (2) percent of said total gross salary.
35 Expenses relating to the administration and investment of the health benefits account shall
36 be charged thereto with the same limitations imposed thereon as are set forth in section 18-
37 403 regarding the administration of pension benefits.

38
39 (f) *Employee contributions.* Each active member shall contribute to the trust fund, by means of
40 payroll deductions which shall be withheld by the manager of finance or contractual entity and
41 transferred each payroll period directly to the trust, the following amounts:

- 1 (1) For each active member, including each elected official, the employee shall, contribute
2 seven and three tenths (7-07.3) percent of his or her gross salary to the trust fund.
- 3 (2) For the employee contributions required under paragraph (1) above and subject to the
4 requirements of section 414(h) of the Internal Revenue Code the employer shall pick-up the
5 designated employee contributions as an employer pick-up of the contributions. If an active
6 member terminates employment prior to being vested, the plan shall refund to the
7 terminated employee in a lump sum the employee contribution plus three (3) percent per
8 annum simple interest attributable to the employee's contributions to the trust fund.
9 Employee contributions attributable to an employee who is vested or eligible to receive a
10 retirement benefit from the plan, shall not be considered "accumulated contributions" as that
11 term is defined in this division, and shall not be refunded to the employee at any time but
12 shall remain a part of the trust fund and used to fund, but not increase, retirement benefits.
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15 **Section 2.** The effective date of the amendments set forth herein shall be the first full pay period
16 following January 1, 2014.
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1 COMMITTEE APPROVAL DATE: October 16, 2013

2 MAYOR-COUNCIL DATE: October 22, 2013

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4 PASSED BY THE COUNCIL _____ 2013

5 _____ -PRESIDENT

6 APPROVED: _____ -MAYOR _____ 2013

7 ATTEST: _____ -CLERK AND RECORDER,
8 EX-OFFICIO CLERK OF THE
9 CITY AND COUNTY OF DENVER

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11 NOTICE PUBLISHED IN THE DAILY JOURNAL _____, 2013; _____ 2013

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13 PREPARED BY: Victoria A. Hale, General Counsel, DERP DATE: September 17, 2013

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15 Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the office of
16 the City Attorney. We find no irregularity as to form, and have no legal objection to the proposed
17 ordinance. The proposed ordinance is not submitted to the City Council for approval pursuant to
18 §3.2.6 of the Charter.

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20 David Broadwell, City Attorney

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22 BY: _____, City Attorney DATE: _____, 2013