

BY AUTHORITY

ORDINANCE NO. _____
SERIES OF 2022

COUNCIL BILL NO. CB22-1580
COMMITTEE OF REFERENCE:
Finance & Governance

A BILL

For an ordinance amending the 1963 Retirement Plan with regard to contributions and payroll deductions.

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

WHEREAS, Section 18-409(h)(1) of the Code was changed in 2020 to decrease the actuarial assumption of investment return (“ARR”) from 7.50% to 7.25%.; and,

WHEREAS, the lower ARR is to be phased in over a three-year period; and,

WHEREAS, the Plan’s actuary has determined that as a result of the lower ARR, an increased contribution is actuarially necessary to improve the funded status of the Pension and Retiree Medical Plans, and to strengthen their actuarial soundness; and,

WHEREAS, the Plan’s actuary has further determined that as a result of lower than expected payroll, an increased contribution is actuarially necessary to improve the funded status of the Pension and Retiree Medical Plans, and to strengthen their actuarial soundness; and,

WHEREAS, the Retirement Board determined that an increase in the contribution rate is both desirable and necessary; and,

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

WHEREAS, it is further in the judgment of the City that, in order to maintain the Plan on a sound actuarial basis, the participating employers shall each have their regular contributions to the

1 Plan increased by one and two-tenths (1.2) percentage points, and their respective employees shall
2 each have their regular contributions to the Plan decreased by four-tenths (0.4) of a percentage point
3 for an overall increase in contributions to the Plan of eight-tenths (0.8) of a percentage point.

4
5 **NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY OF**
6 **DENVER:**

7
8 **Section 1.** That the first sentence of paragraph (1) of subsection (e) of Section 18-407 of the
9 Revised Municipal Code, relating to employer contributions, be amended by deleting the language
10 struck through and adding the underlined language as follows:

11
12 **Sec. 18-407. Contributions; payroll deductions.**

13
14 (e) *Employer contributions.* From and after the date a person first becomes an active member,
15 and until the actual retirement date or prior termination of employment, the manager of finance and
16 each contractual entity shall transfer into the trust fund each payroll period from such sources as
17 shall, in the case of the city, be designated by ordinance, the amounts listed in this section which
18 have been determined, on an actuarial basis, to be sufficient to provide for the benefits of eligible
19 members.

- 20
21 (1) ~~Effective January 1, 2022, for each active member, including each elected official, the~~
22 ~~employer shall contribute sixteen and three quarters (16.75%) percent of the member's~~
23 ~~gross salary.~~ Effective January 1, 2023, for each active member, including each
24 elected official, the employer shall contribute seventeen and ninety five-hundredths
25 (17.95%) percent of the member's gross salary.

26
27 **Section 2.** That Paragraph (1) of Subsection (f) of Section 18-407 of the Revised Municipal Code,
28 relating to employee contributions through payroll deductions, be deleted in its entirety and restated
29 as follows:

30
31 (f) *Employee contributions.* Each active member shall contribute to the trust fund, by means of
32 payroll deductions which shall be withheld by the manager of finance or contractual entity and
33 transferred each payroll period directly to the trust, the following amounts:

- 34
35 (1) Effective January 1, 2023, for each active member, including each elected official, the
36 employee shall contribute eight and forty-five one-hundredths (8.45) percent of his or her
37 gross salary to the trust fund.

38
39 **Section 3. Effective Date.** This bill takes effect January 1, 2023.

40
41 **BALANCE OF PAGE INTENTIONALLY LEFT BLANK**

1 COMMITTEE APPROVAL DATE: November 29, 2022 by Consent
2 MAYOR-COUNCIL DATE: December 6, 2022
3 PASSED BY THE COUNCIL: _____

4 _____ - PRESIDENT

5 APPROVED: _____ - MAYOR _____

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

9 NOTICE PUBLISHED IN THE DAILY JOURNAL: _____; _____

10 PREPARED BY: Robert A. McDermott, Assistant City Attorney DATE: December 8, 2022

11 Pursuant to section 13-9, D.R.M.C., this proposed ordinance has been reviewed by the office of the
12 City Attorney. We find no irregularity as to form, and have no legal objection to the proposed
13 ordinance. The proposed ordinance is not submitted to the City Council for approval pursuant to §
14 3.2.6 of the Charter.
15

16 Kerry Tipper, Denver City Attorney

17 BY: Anshul Bagga, Assistant City Attorney DATE: Dec 7, 2022