

## EXECUTIVE SUMMARY

### Re-Setting Actuarially Required Contribution (ARC) for 2014

The following modifications to the Denver Employees Retirement Plan would result from the enactment of this bill.

#### Employer and Employee Contributions:

Language regarding the percentage of an employee's gross salary the employer would be required to contribute to the Denver Employees Retirement Plan would be increased from 11.0% to 11.2%.

Language regarding the percentage of gross salary the employee would be required to contribute to the Denver Employees Retirement Plan would be increased from 7.0% to 7.3%.

This change, which totals an increase in the required contribution rate of one-half (.5) of one percentage point, is being made in order to maintain the Retirement Plan on a sound actuarial basis. The continued impact of market events on the actuarial value of Plan assets, and the impact of the increased life expectancy of Plan members on the actuarial value of Plan liabilities, are the factors primarily responsible for the increase in the Actuarially Required Contribution as calculated by the Plan's actuary.

The new contribution rates would take effect with the first full pay period following January 1, 2014.

Current Ordinance language states that the employer shall transfer to the Plan the amounts which are set forth in the Ordinance and which have been determined, on an actuarial basis, to be sufficient to provide for the benefits of eligible members. Current Ordinance language also states that employees shall contribute an amount which, in the judgment of the city, is required to assist in maintaining the plan on a sound actuarial basis. Thus, the employers can be required by the City to each pay an additional 0.2% of the contribution increase and the employees can be required by the City to each pay an additional 0.3% increase so that the entire 0.5% of the contribution increase is submitted to the Plan.