

EXECUTIVE SUMMARY
2014 Retirement Plan Technical Amendments

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

1. Insert language required by the Internal Revenue Service.

On February 27, 2014, the Plan received a favorable "Determination Ruling" from the Internal Revenue Service ("IRS") stating that the Plan continues to meet all the qualification requirements for a governmental defined benefit pension plan. This qualification is essential in order for contributions to, and investment returns of, the Plan remaining tax exempt. As part of the process of receiving the favorable "Determination Ruling," the Plan agreed to seek legislative clarification of one section of the Ordinance the next time the Ordinance was being addressed by the City Council.

The IRS indicated that the Plan needed to clearly provide that an employee who dies while on active duty with the military is to be considered an active employee of the City (or any other sponsoring employer) at the time of death, and, accordingly entitled to all related benefits, including active member retirement death benefits. Although the Plan staff has already been processing death benefits in the manner prescribed by the IRS, the Retirement Board agreed, subject to City Council's approval, to add explicit language regarding military related death benefits to Section 18-411(d).

2. Remove obsolete language regarding the required physical mailing of the Plan's annual report and notices of deposit of monthly retirement benefit to members, in order to allow the Plan to have flexibility in delivering such materials to its members.

Current Ordinance language requires the Plan, upon request of the member, to mail a copy of the Plan's annual report directly to the member. Similarly, notice of the direct deposit of a member's monthly retirement benefit must either be mailed directly to the member or could be delivered in another manner offered by the Plan, but only if agreed upon, in writing, by the member. The proposed amendments would expand the Plan's delivery options to include alternative delivery methods, including through electronic avenues (e.g., E-mail or a posting in the member's individual electronic account accessed by the member via a secure account portal), and would remove the requirement that a member agree, in writing, to a specific delivery method. These changes will allow the Plan to better serve its members by providing relevant information and documentation to them through various means.