

Via Electronic Mail

October 19, 2023

Ms. Heather Darlington
Executive Director
Denver Employees Retirement Plan
777 Pearl Street
Denver, Colorado 80203

Re: Proposed Ordinance Changes Amending the Denver Employees Retirement Plan

Dear Heather,

The purpose of this letter is to set forth the effect on future contributions by the City and by the employees of a set of amendments to the Denver Municipal Code related to the Retirement Plan.

Background

Denver Municipal Code Section 18-405(g) requires that any recommended changes that may affect the cost of or future contributions to the Denver Employees Retirement Plan (DERP) be accompanied by a report from the actuary setting forth the effect of the changes on future contribution requirements.

Proposed Changes

The proposed changes are clarification of definitions, technical corrections, or refinements of the plan language to be consistent with current plan administration practices and the Internal Revenue Code. A summary of the changes are shown on the next page.

Actuarial Impact

There is no anticipated adverse actuarial impact to the Plan from these proposed ordinance changes. In addition, clarifying the Plan provisions makes it easier to interpret and less prone to potential issues with calculating and administering benefits for DERP members.

Section	Topic	Comment
18-402(9), 18-402(9)(c), and 18-402(13)	Edits to language to properly reflect the way credited service and compensation are calculated and employee status is determined for retirement purposes and under current payroll practices	No adverse actuarial impact
18-404(4)	Updates to changes in the Internal Revenue Code for minimum distribution requirements	No adverse actuarial impact
18-405(b)(3)	Edits to recovery of overpayments and collection language in accordance with the Colorado Revised Statutes	No adverse actuarial impact
18-405(c)	Removal of redundant requirement that the Retirement Board conduct an annual meeting	No adverse actuarial impact
18-405(d)(3)	Clarifying language for process when an advisory committee member vacates their term before the expiration of the term	No adverse actuarial impact
18-405(d)(5)	Removes language discouraging advisory committee members from addressing trustees and investment managers	No adverse actuarial impact
18-408(d)(2)(b), and 18-408(e)(2)(b)	Adds language allowing the DERP executive director to grant an extension of the deadline for meeting eligibility for a disability retirement under certain circumstances	No adverse actuarial impact
18-410(a)(6), and 18-410(a)(6)(a)	Updates to changes in the Internal Revenue Code for minimum distribution requirements relating to joint and survivor benefits	No adverse actuarial impact
18-413(b)(3)	Edits to language that would alter the thresholds and criteria for suspending benefits, reducing overpayments and consistent with modern best practices in pension administration	No adverse actuarial impact

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Finally, this letter was prepared for DERP for the purpose described herein. This letter is not intended to benefit any other party, and Cheiron assumes no duty or liability to any such party. We are available to answer any questions you may have.

Sincerely,
Cheiron



Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary



Graham A. Schmidt, ASA, EA, MAAA, FCA
Consulting Actuary