

1 **BY AUTHORITY**

2 ORDINANCE NO.

COUNCIL BILL NO.

3 SERIES OF 2022

COMMITTEE OF REFERENCE:

4
5 **A BILL**

6 **For an ordinance amending the 1963 Retirement Plan with regard to**
7 **contributions and payroll deductions.**
8

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

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

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

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

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

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

26 **WHEREAS**, Section 18-407(a) of the Revised Municipal Code of the City and
27 County of Denver states that the employer intends to continue the plan and to contribute
28 regularly to the trust each payroll period such amounts as are necessary to maintain or
29 assist in maintaining the Plan on a sound actuarial basis as prescribed by applicable law

1 and, particularly, the Internal Revenue Code for defined benefit pension plans qualified
2 under Section 401(a) thereof, and that employees shall contribute regularly to the trust
3 each payroll period in such amounts as are necessary, in the judgment of the City, to
4 assist in maintaining the Plan on a sound actuarial basis; and,

5 **WHEREAS**, it is further in the judgment of the City that, in order to maintain the
6 Plan on a sound actuarial basis, the participating employers shall each have their regular
7 contributions to the Plan increased by one and two-tenths (1.2) percentage points, and
8 their respective employees shall each have their regular contributions to the Plan
9 decreased by four-tenths (0.4) of a percentage point for an overall increase in
10 contributions to the Plan of eight-tenths (0.8) of a percentage point.

11
12 **NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY**
13 **OF DENVER:**

14
15 **Section 1.** That paragraph (1) of subsection (e) of Section 18-407 of the Revised
16 Municipal Code, relating to employer contributions, be amended by deleting the language
17 struck through and adding the underlined language as follows:

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

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

- 27
28 (1) ~~Effective January 1, 2022, for each active member, including each elected~~
29 ~~official, the employer shall contribute sixteen and three-quarters (16.75%)~~
30 ~~percent of the member's gross salary.~~ Effective January 1, 2023, for each
31 active member, including each elected official, the employer shall contribute
32 seventeen and ninety-five hundredths (17.95%) percent of the member's
33 gross salary.
34

35 **Section 2.** That Paragraph (1) of Subsection (f) of Section 18-407 of the Revised
36 Municipal Code, relating to employee contributions through payroll deductions, be
37 amended by deleting the language struck through and adding the language underlined

1 as follows:
2

3 (f) *Employee contributions.* Each active member shall contribute to the trust fund, by
4 means of payroll deductions which shall be withheld by the manager of finance or
5 contractual entity and transferred each payroll period directly to the trust, the following
6 amounts:
7

8 (1) ~~Effective January 1, 2022, for each active member, including each elected~~
9 ~~official, the employee shall contribute eight and eighty-five one hundredths (8.85)~~
10 ~~percent of his or her gross salary to the trust fund.~~ Effective January 1, 2023, for
11 each active member, including each elected official, the employee shall contribute
12 eight and forty-five one-hundredths (8.45) percent of his or her gross salary to the
13 trust fund.
14

15 **Section 3. Effective Date.** This bill takes effect January 1, 2023.
16

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

COMMITTEE APPROVAL DATE:
MAYOR-COUNCIL DATE:

PASSED BY THE COUNCIL

_____ 2022
_____ -PRESIDENT
APPROVED: _____ -MAYOR _____ 2022
ATTEST: _____ -CLERK AND RECORDER,
EX-OFFICIO CLERK OF THE
CITY AND COUNTY OF
DENVER

NOTICE PUBLISHED IN THE DAILY JOURNAL _____ 2022 _____ 2022

PREPARED BY: James E. Thompson III, General Counsel,
Denver Employees Retirement Plan
and
Robert McDermott, Assistant City Attorney

DATE: November ____, 2022

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

Kerri Tipper, City Attorney

BY: _____, Assistant City Attorney DATE: _____