

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team
at MileHighOrdinance@DenverGov.org by NOON on Wednesday.

**All fields must be completed.*
Incomplete request forms will be returned to sender which may cause a delay in processing.*

Date of Request: November 16, 2010

Please mark one: Bill Request or Resolution Request

1. Has your agency submitted this request in the last 12 months?

Yes No

If yes, please explain:

2. Title: (Include a one sentence description that clearly indicates the type of request – grant acceptance, contract execution, municipal code change, supplemental request, etc.)

Re-set the employer and employee contribution rates to the Denver Employees Retirement Plan (DERP) at 9.5% of pay as the employer rate, and 5.5% of pay as the employee rate, for 2011.

3. Requesting Agency: DERP

4. Contact Person: (with actual knowledge of proposed ordinance)

- Name: Steven Hutt, Executive Director, DERP
- Phone: 303-839-5419
- Email: shutt@derp.org

5. Contact Person: (with actual knowledge of proposed ordinance who will present the item at Mayor Council and who will be available for first and second reading, if necessary)

- Name: Steven Hutt, Executive Director, DERP
- Phone: 303-839-5419
- Email: shutt@derp.org

6. General description of proposed ordinance including contract scope of work if applicable:

Re-sets the %-of-payroll contribution rate to a total of 15% from the employers and the employees, the rate calculated by DERP's actuary to be the Actuarially Required Contribution (ARC). This has been determined by the Actuary to be a matter of actuarial necessity.

The additional 2% -of-payroll this represents will be shared equally between the employer and the employees.

Executive Summary attached.

Please include the following:

- a. Duration:
- b. Location:
- c. Affected Council District:
- d. Benefits:
- e. Costs:

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7. Is there any controversy surrounding this ordinance? (groups or individuals who may have concerns about it?) **Please explain.**

Employee concerns about the resulting negative impact on their take-home pay.

EXECUTIVE SUMMARY

Bill for An Ordinance to Re-set the Rates for Contributions to DERP

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

1. Employer and Employee Contributions:

The percentage of the employees' gross salary the employer would be required to contribute to the Denver Employees Retirement Plan would be increased from 8.5% to 9.5% effective Jan. 2011.

The percentage of gross salary the employees would be required to contribute to the Denver Employees Retirement Plan would be increased from 4.5% to 5.5% effective Jan. 2011.

This change is being made in order to maintain the Retirement Plan on a sound actuarial basis. The impact of the market events of 2008 resulted in a significant decrease in the Market Value of Assets of the Plan and resulted in a significant increase to the Unfunded Actuarial Accrued Liability. These results caused the total Actuarially Required Contribution (ARC) rate to increase in 2010 from 13.04% to 15.03%. This contribution increase, in the amount of 2% percent in the total contributions required to be submitted to the Plan, has been determined by the Plan's actuary to be actuarially necessary to maintain the Plan on a sound actuarial basis.

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 and the employees can be required by the City to each pay an additional 1% of the required contribution increase so that the entire 2% of the required contribution increase is submitted to the Plan each payday.

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