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A bill for an ordinance amending the 1963 Retirement Plan with regard to contributions and payroll deductions.

Amends Chapter 18 of the Denver Revised Municipal Code (DRMC) for modifications to the Denver Employees Retirement Plan (DERP) regarding contributions and payroll deductions. The Committee approved filing this item at its meeting on 11-19-19.

Affected Council District(s) or citywide? Citywide

Executive Summary with Rationale and Impact:

Detailed description of the item and why we are doing it. This can be a separate attachment.

EXECUTIVE SUMMARY

2019 Retirement Plan Amendments

The following modifications to the Denver Employees Retirement Plan ("Plan" or "DERP") would result from the enactment of this bill:

1. Total Increase in Employer and Employee Contributions of 3.5%.

Language in Section 18-407(e) of the Revised Municipal Code of the City and County of Denver regarding the percentage of the employees' gross salary the employer will be required to regularly contribute to the Plan would be increased from 13.0% to 14.75%.

Language in Section 18-407(f) of the Revised Municipal Code of the City and County of Denver regarding the percentage of gross salary the employees will be required to regularly contribute to the Plan would be increased from 8.5% to 9.25%.

The City and all other sponsoring employers will be given the option of paying the additional 1% total increase either in a one-time, lump sum payment on or before December 31, 2019 or by increasing their respective regular employer contribution rate to 15.75%.

These changes, which total an increase in the required contribution rate of three and one-half (3.5) percentage points, is being made in order to maintain the Plan on a sound actuarial basis. The impact of the use of updated actuarial methods is the factor primarily responsible for the increase in the Actuarially Determined Contribution as calculated by the Plan's actuary.

The new regular contribution rates would take effect with the first pay date in January, 2020.

Address/Location (if applicable):

Legal Description (if applicable):

Denver Revised Municipal Code (D.R.M.C.) Citation (if applicable):

Draft Bill Attached?