



RETIREMENT HANDBOOK

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GENERAL INFORMATION

PLAN HISTORY

The information contained in this handbook summarizes the benefits available for the employees of the City and County of Denver and some Denver Health and Hospital Authority (DHHA) employees. Denver Employees Retirement Plan (the Plan) is a defined benefit plan established on January 1, 1963. The purpose of the Plan is to provide benefits for its members and beneficiaries upon retirement, disability, or death. The Plan was designed to be supplemented by Social Security benefits and/or other retirement investments.

PLAN ADMINISTRATION

The Plan is governed by a five member board appointed for six year terms by the Mayor of the City and County of Denver. In addition, a three person, non-voting Advisory Committee is elected by the Plan membership to three year terms. The Executive Director is employed by the Retirement Board to administer the Plan subject to the policies set by the Board and the Revised Municipal Code of the City and County of Denver.

CONTRIBUTIONS

Together, employer and employee contributions, plus income from investments, fund the retirement benefits for employees and their beneficiaries. The contributions made by the employee are on a pretax basis through a payroll deduction. The City and County of Denver and DHHA contribute 8.5% of the employee's total gross salary to the Plan's trust fund, and the employee contributes 2.5% of his or her total gross salary. For example, if the employee's gross monthly salary is \$3000, the employer's 8.5% contribution would be $\$3000 \times .085 = \255 per month. The employee's 2.5% contribution would be $\$3000 \times .025 = \75 per month.

If an active member terminates employment prior to being vested (and thus is ineligible for a retirement benefit), his or her personal contributions, plus 3% interest, will be refunded in a lump sum. As an alternative, the terminated employee may roll over these personal contributions and interest to a qualified retirement account. Upon the acceptance of a refund, the terminated employee forfeits all years of service and any future retirement benefit eligibility. However, the terminated employee who returns to employment may receive credit for the years of service forfeited if the amount refunded, plus interest, is repaid to the trust fund.

If an active member terminates employment and is vested (eligible for a retirement benefit) the contributions shall not be refunded. Instead, the contributions will remain a part of the trust fund and will be used to fund his or her future retirement benefit.

RETIREMENT VIDEO

Members may request the comprehensive Retirement Video for additional details. To check out a video, contact the Plan at **303-839-5419** or send an e-mail to **mbrsvs@derp.org**.

MEETINGS

To give members a chance to receive information about their retirement options, the Plan holds meetings throughout the year during the workday at City and DHHA facilities. Contact the Plan or refer to the Plan website for more information.

Active members may also schedule an individual appointment with a Membership Service Representative to go over any specific questions about retirement.

TYPES OF RETIREMENT

VESTING REQUIREMENTS

An employee with five years of credited service becomes vested, and is then qualified to receive a benefit upon reaching retirement age.

CALCULATION OF RETIREMENT BENEFITS

For active members employed by the City and County of Denver or DHHA prior to September 1, 2004, the lifetime monthly retirement benefit calculation is 2% of the employee's average monthly salary (AMS) (based upon the highest 36 consecutive months' salary that the member earns from the employer) times years of credited service. For members who were hired or re-hired on or after September 1, 2004, the retirement benefit is based on 1.5% of the average monthly salary times years of credited service.

For example:

Assumption: The member was hired before September 1, 2004. The member is age 65, has worked for the employer for 20 years and has an average monthly salary of \$3000.

The maximum benefit calculation is:

$$\$3000 \times .02 = \$60 \times 20 \text{ yrs.} = \$1200$$

Assumption: The member was hired after September 1, 2004. The member is age 65, has worked for the employer for 25 years and has an average monthly salary of \$3400.

The maximum benefit calculation is:

$$\$3400 \times .015 = \$51 \times 25 \text{ yrs.} = \$1275$$

If the member's last 36 consecutive months' salary are the highest, unused sick and vacation time paid at termination will be recognized as salary, and will increase the AMS to enhance the retirement benefit. Retirement benefits from the Plan are paid on the first of every month, are taxable, and are payable for life.

TYPES OF RETIREMENT

- ◆ Normal Retirement
 - Age 65
 - Rule-of-75
- ◆ Early Retirement
- ◆ Deferred Retirement
- ◆ Disability Retirement

NORMAL RETIREMENT- *at or after age 65*

Normal Retirement becomes effective the first day of any month after the employee reaches age 65, terminates employment with the employer, and completes an application. There are no minimum service requirements for this benefit.

NORMAL RETIREMENT- *Rule-of-75*

The Rule-of-75 Retirement enables a member to retire as early as age 55, without a benefit reduction, provided the combined years and months of credited service and age at termination equal or exceed the sum of 75.

For Example:

Assumption: The member was hired before September 1, 2004, is age 55, has worked for the employer for 20 years, and has an average monthly salary of \$3000.

The maximum benefit calculation is:

$$\$3000 \times .02 = \$60 \times 20 \text{ yrs.} = \$1200$$

EARLY RETIREMENT- *from age 55 to 65*

A member may retire early upon reaching age 55 with a minimum of five years credited service. The Early Retirement benefit is determined in accordance with a calculation based on credited service to the early retirement date and reduced by 3% per year for each year under age 65. For example, at age 55 there would be a 30% reduction in the retirement benefit.

For Example:

Assumption: The member was hired before September 1, 2004, is age 55, has worked for the employer for 10 years and has an average monthly salary of \$3000.

The maximum benefit calculation is:

$$\$3000 \times .02 = \$60 \times 10 \text{ yrs.} = \$600 - 30\% = \$420$$

DEFERRED RETIREMENT- at or after age 55

A vested member who has terminated employment with the employer may elect to begin receiving a benefit upon reaching age 55 or older. Calculation of a deferred benefit is based on the formula at the time of the member's termination of employment, and the member's age at the time of application. If a member should die prior to receiving a monthly Deferred Retirement Benefit, the spouse or, if not married, children under 21, may be eligible for a benefit.

BENEFITS

BENEFIT OPTIONS

There are two benefit options available to members. They are the Maximum Lifetime Benefit and the Joint and Survivor Benefit. **Once the retirement benefit begins, the chosen benefit option cannot be changed.**

MAXIMUM LIFETIME BENEFIT

This option provides a Maximum Lifetime Benefit to the member but ceases upon the member's death. This option does not provide a lifetime monthly benefit to a beneficiary. If the member is married and chooses the Maximum Lifetime Benefit, the spouse must formally consent in writing and forfeit all rights to any lifetime monthly benefit from the Plan.

JOINT AND SURVIVOR BENEFIT

Under the Joint and Survivor Benefit option the member will receive a reduced lifetime monthly benefit in order to provide a lifetime monthly benefit for a beneficiary. All benefits are calculated on the assumed mortality rate of the member and the beneficiary based on their respective ages upon retirement. The member can choose for their spouse or named beneficiary to receive a lifetime monthly benefit of 100%, 75%, or 50% of the monthly benefit the member was receiving at death. Because this benefit covers two lifetimes, the monthly benefit is reduced.

For example:

Assumption: The member was hired before September 1, 2004. The member is age 65, has worked for the employer for 20 years and has an average monthly salary of \$3000.

Member's Monthly Benefit	Beneficiary's Monthly Benefit
Maximum Lifetime Benefit: \$1200.00	-0-
100% Survivor Benefit: \$1095.12	\$1095.12
75% Survivor Benefit: \$1119.60	\$ 839.70
50% Survivor Benefit: \$1145.16	\$ 572.58

If the member is married, the spouse must be the designated beneficiary unless the spouse formally forfeits these rights and consents in writing to the designation of another beneficiary. If the spouse or named beneficiary should predecease the member, the member's benefit will be increased to the maximum benefit as if no Joint and Survivor option had been elected. **Once retirement benefits begin, neither this option nor the beneficiary can be changed.**

SOCIAL SECURITY MAKE-UP BENEFIT

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The normal retirement age under Social Security was extended beyond age 65 for individuals born in 1938 and later. In an effort to help members "make-up" for delayed Social Security benefits, the Plan will increase monthly retirement benefits to those individuals affected, if they retire after December 1995. The benefit is based on a percentage of the member's estimated Social Security benefit times credited service with the City during which contributions were made to Social Security (up to a maximum of 35 years), divided by 35. This additional benefit is payable beginning at age 62 or the member's retirement date, whichever is later.

PURCHASE OF SERVICE CREDITS

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With certain restrictions, vested members may purchase, prior to retirement and subject to procedures established by the Plan, unlimited governmental service credit and up to five years of nongovernmental service credit, for the purpose of adding years or months of service to the calculation of the member's benefit. The cost to purchase service will be based on the member's age, earliest unreduced retirement age, average monthly salary and certain actuarial factors. Service can be purchased in periods of one or more months, but may be made only for full months, with full payment for each month. Please review the Plan's "Purchase of Service" booklet for more details.

HEALTH INSURANCE

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The Plan offers group health and dental insurance to retired members, eligible spouses and dependents. The Plan will contribute a portion of the monthly health insurance premium provided the member is enrolled in group insurance offered by the Plan. The monthly amount the Plan contributes toward health insurance is established by the Board based on the member's credited service with the employer (excluding purchased service credits). The Plan also offers a Health Insurance Premium Reimbursement for its out-of-state members who are under age 65. Contact the Plan for more information.

DOMESTIC RELATIONS ORDER (DRO)

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For vested, active, and retired members of the Plan who are going through a divorce, the member and his or her spouse may agree to have the spouse directly receive a portion of the member's retirement benefit and/or DROP or DROP II account, pursuant to court order. The retirement benefit from the Plan can be divided in a divorce, legal separation, or invalidity of marriage proceeding, if finalized on or after July 1, 2004, through a Domestic Relations Order (DRO). A DRO is a judgment, decree, or other order made in accordance with the Plan's procedures and Section 18-418 of the Revised Municipal Code of the City and County of Denver, which divides the member's retirement benefit and/or DROP/DROP II account at the time the member retires.

For more information on the Domestic Relations Order, please contact the Plan.

DISABILITY BENEFITS

DISABILITY RETIREMENTS

- ◆ On-the-Job Disability
- ◆ Off-the-Job Disability
- ◆ Temporary Early Retirement
(pending approval of disability application)

Disability Retirement is designed for the member with a permanent disability. For either an On or Off-the-Job Disability, the benefit is payable for life, provided the member continues to meet the eligibility requirements. This benefit becomes effective the first day of the month after the member terminates employment with the employer because of the disability. The member must apply within 90 days of termination and complete the application requirements within two years.

ON-THE-JOB DISABILITY

If a member should become permanently disabled because of an accident or other medical reason in connection with the member's employment, the member may be eligible for an On-the-Job disability retirement benefit. This benefit would be based on the higher of 20 years credited service or actual service plus 10 years. In either case the credited service cannot exceed the service the member would have earned at age 65. There are no minimum years of service requirements for this benefit. The member must fulfill the following requirements to qualify for an On-the-Job disability:

- ◆ Submit proof of a work-related injury;
- ◆ Qualify for a disability benefit as determined by Social Security standards.

OFF-THE-JOB DISABILITY

A disability caused by sickness or other medical reason not connected to the job will be classified as an Off-the-Job Disability. The Off-the-Job Disability benefit is 75% of the benefit calculated for an On-the-Job Disability. The member must fulfill the following requirements to qualify for an Off-the-Job Disability:

- ◆ Qualify for a disability benefit as determined by Social Security standards;
- ◆ Have at least five years credited service with the Plan; and
- ◆ Terminate employment with the employer because of the disability.

TEMPORARY EARLY RETIREMENT

Pending approval of a disability application, a retirement benefit is available to an active, vested member who is at least age 55. This benefit is designed to provide income to the member during the process of fulfilling the disability application requirements. There is a two year limit on this retirement benefit.

DEATH BENEFITS

DEATH BENEFITS *BEFORE* RETIREMENT

If an active member should die while employed with the City or DHHA, there are death benefits available for the member's beneficiary. In most instances, the Death Benefit is a lifetime monthly benefit for the designated beneficiary. If the member is married, the member's spouse will receive the lifetime benefit unless the spouse formally consents and waives this right and consents to another designated beneficiary. If there is no spouse, all children under age 21 will receive a benefit until they reach age 21. If the member is unmarried and has no children under age 21, the designated beneficiary will receive the benefit. The member should designate a beneficiary upon enrollment. It is important for a member to keep the Plan informed of any beneficiary changes. Change of beneficiary forms can be obtained from payroll technicians, the Plan or the Plan's web site at www.derp.org. This form must be notarized.

ON-THE-JOB DEATH

If a death is classified as On-the-Job, the member's beneficiary will receive a lifetime monthly benefit with service credits calculated as the higher of 15 years service or actual service plus five years. In either case, the credits may not exceed service which would have been earned by the member at age 65.

Benefits are calculated in accordance with the standard retirement calculation using the adjusted credited service. There are no minimum service requirements for this benefit.

OFF-THE-JOB DEATH

If a death is classified as Off-the-Job, the member's beneficiary will receive a lifetime monthly benefit that is 75% of the On-the-Job death benefit. There are no minimum service requirements for this benefit.

DEATH BENEFITS *AFTER* RETIREMENT

In some instances there are benefits payable to a retired member's spouse or beneficiary after the death of the member. Below is a list of those circumstances.

LUMP-SUM DEATH BENEFIT

A lump-sum death benefit is available to members who retire directly from active service. This single payment will be paid to the member's beneficiary or to the member's estate if the designated beneficiary is no longer living. The benefit schedule is shown below:

- ◆ **For Normal, Rule-of-75, Disability Retirement at and after age 65, and for Temporary Early Retirement pending approval of disability,** the lump-sum death benefit is \$5,000.
- ◆ **For Disability Retirement before age 65,** the death benefit is one and a half (1 1/2) times the member's annualized average monthly salary, limited to \$50,000. This benefit is reduced to \$5,000 when the disabled member reaches age 65.
- ◆ **For Early Retirement,** the lump-sum death benefit is reduced by \$250 for each year of age under 65. At age 55, the benefit would be \$2500.
- ◆ While the member is alive, the lump-sum death benefit may be taken in 50 or 100 equal installments, added to the member's monthly retirement benefit.

THE RETIREMENT PROCESS

SOCIAL SECURITY AND MEDICARE INFORMATION

◆ SOCIAL SECURITY ADMINISTRATION:

In order to receive specific information regarding Social Security, it is recommended that members contact the Social Security Administration directly. The Plan's membership service representatives do not have detailed information regarding benefits offered through Social Security. The Social Security telephone number is **1-800-772-1213**.

◆ RETIREMENT DATE:

Contact Social Security two to three months prior to retirement for an appointment. At that time you will be provided information necessary to process your retirement.

◆ MEDICARE:

To be eligible for Medicare supplemental health coverage through the Plan, those age 65 or older, or eligible because of a disability, must enroll in both Medicare Parts A (Hospital) & B (Medical) when applying for Social Security benefits. Members can get answers to Medicare questions by calling **1-800-633-4227**. The Medicare web site is **www.medicare.gov**.

◆ EARNINGS RESTRICTIONS:

Post-retirement Social Security earnings restrictions for members under age 65 can be obtained by contacting the Social Security Administration. There are no earnings restrictions for members over age 65.

THE PLAN'S RETIREMENT PROCESS

◆ **Retirement Benefit Estimates.** The Plan will calculate members' estimated retirement benefits upon request. The Plan will need the date of intended retirement. Estimates including the Joint and Survivor benefit option (continuation of benefit payment to a surviving spouse or other qualified beneficiary) are also available. To receive a Joint and Survivor benefit estimate, include the beneficiary's birth date and gender.

◆ **Notice of Member's benefit options and distribution.** The Plan will provide members information regarding their benefit options no less than 30 days and no more than 90 days before their retirement date. However, members may elect and begin receiving benefit payments in less than 30 days after the notice.

When members are ready to retire they should:

◆ **Notify the supervisor and payroll technician** approximately 30 to 90 days prior to the date selected for retirement.

◆ **Contact a Membership Service Representative at the Retirement Plan office with the retirement date.** The Plan will then send a Certification of Retirement form to the agency's payroll technician to certify the termination date.

◆ **Come to the Plan's offices and complete the retirement application.** Upon receipt of the completed certification form from the payroll technician, the Plan will send a letter requesting the member to come to the Plan's offices for an individual appointment to complete the retirement application.

THE PLAN'S RETIREMENT PROCESS (CONTINUED)

Items to bring to the Plan's office when completing the retirement application:

◆ **Forms:**

- Copy of the member's birth certificate;
- Copy of the beneficiary's birth certificate (if electing a joint and survivor benefit);
- Social Security numbers (member and beneficiary); and
- A deposit slip if electing direct deposit for monthly benefit payments.

◆ **Health insurance information:**

For a member, and an eligible spouse or dependent obtaining health insurance coverage through the Plan's group insurance, the member should provide the following:

- Primary care physician selection;
- Social Security number; and
- Date of birth.

Discover your options:

The benefit you receive from the Plan is designed to be supplemented by Social Security and personal investments. All members may wish to meet with a financial advisor to further plan for retirement.

This publication is for informational and educational purposes only. The Denver Employees Retirement Plan ("DERP") and its administration of the Plan is governed by the Revised Municipal Code of the City and County of Denver, as well as the Internal Revenue Code and its rules and regulations which are complex and subject to change. Though the information and explanations contained in this publication are based on the pertinent laws in effect as of this date, it cannot be relied on as legal authority, and any conflict or inconsistencies between it and the governing laws are resolved and controlled by those governing laws. DERP makes no guarantees pertaining to the information contained within it.