



Denver Employees Retirement Plan

2009

ANNUAL REPORT

A Component Unit
of the City and County
of Denver, Colorado

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Denver Employees Retirement Plan
777 Pearl Street
Denver, Colorado 80203-3717
www.derp.org

June, 2010

Dear Plan Members:

The Retirement Board and the Executive Director are pleased to present the 2009 Annual Report for the Denver Employees Retirement Plan. We hope the information presented in this summary publication will provide the reader with a good understanding of the Plan's financial position and the many benefits offered to our members.

The difficult economic times experienced in recent years have proven once again the benefit of participating in a traditional defined-benefit pension plan. Under our Plan, the amount of each member's retirement benefit is determined by his or her years of service and average monthly salary. The amount of the benefit is paid for the member's lifetime upon retirement.

During 2009, securities markets began to recover from the global financial turmoil that dramatically affected pension funds and other investors throughout the world. The Plan's investment return for 2009 of 13.68% net of all fees significantly surpassed the Plan's actuarially expected rate of return of 8.0%, allowing the Plan to start to recover some of the investment losses of 2008.

The Plan's pension benefit fund ended the year with assets equaling 88.4% of liabilities on an actuarial basis, placing the fund at the very upper end of funded status compared to our peer group of other public pension funds. Similarly, the funded status at year-end of the Plan's separate fund for retiree medical benefits exceeded that of nearly all the medical benefit funds administered by other public pension plans.

The Retirement Board, the Executive Director, and the Plan staff remain committed to managing the Plan's assets and liabilities to maintain the long-term financial soundness of the Plan and to have the funds needed to pay every dollar of benefits promised to every current and future retiree.

Sincerely,

Irving S. Hook
Retirement Board Chairman

Steven E. Hutt
Executive Director

May 26, 2010

Board of Trustees
Denver Employees Retirement Plan
777 Pearl St
Denver, CO 80203

**Re: Denver Employees Retirement Plan
Actuarial Valuation as of January 1, 2010**

Dear Board Members:

Requirements for the administration of the Denver Employees Retirement Plan are contained in Chapter 18 of the Revised Municipal Code of the City and County of Denver. In accordance with these requirements, an actuarial valuation of the Plan for the 2010 plan year commencing January 1, 2010, was authorized. The main purposes of this valuation were to:

- Review the funded status of the Plan and
- Determine whether the current level of contributions is sufficient to fund Plan benefits.

The 2010 valuation was based on the Plan provisions and participant data as of January 1, 2010. The valuation was conducted using generally accepted actuarial principles and practices, and the assumptions used represent reasonable expectations of future Plan experience.

Based on the results of the 2010 valuation and our other knowledge of plan operations:

- Assets cover 88.39% of the Plan's actuarial accrued liabilities;
- Contribution increases have been recommended, primarily in response to the decline in assets that occurred in 2008 that are still being recognized.

Respectfully submitted,



Leslie L. Thompson, FSA, FCA, EA, MAAA
Senior Consultant

Denver Employees Retirement Plan Statements of Plan Net Assets as of December 31, 2009, and 2008

Assets

- Cash and short-term investments
- Securities lending collateral
- Receivables
- Investments, at fair value
- Capital assets
- Total assets

Liabilities

- Accounts payable
- Securities lending obligations
- Total liabilities

Net assets held in trust for benefits

- Net assets held in trust for pension and health benefits
- Net assets held in trust for DROP benefits
- Net assets held in trust for benefits

Statements of Changes in Plan Net Assets for the years ended December 31, 2009, and 2008

Additions

- Contributions
- Investment Earnings
 - Net appreciation in fair value of investments
 - Earnings on investments
 - Less: Investment expenses
 - Net income from securities lending
 - Net investment earnings
 - Total additions

Deductions

- Benefits
- Administrative expenses
- Total deductions

Change in net assets

Net assets held in trust for benefits

- Beginning of year
- End of year

For more detailed financial information, refer to the Plan's Comprehensive Annual Financial Report at www.derp.org.

2009**2008**

\$	43,707,135	\$	42,991,952
	208,050,981		151,271,779
	6,439,380		8,562,703
	1,619,090,291		1,482,922,796
	<u>2,845,256</u>		<u>1,006,588</u>
	1,880,133,043		1,686,755,818

	7,266,979		4,053,518
	<u>213,779,401</u>		<u>157,380,786</u>
	<u>221,046,380</u>		<u>161,434,304</u>
\$	<u><u>1,659,086,663</u></u>	\$	<u><u>1,525,321,514</u></u>

\$	1,560,663,849	\$	1,428,520,134
	<u>98,422,814</u>		<u>96,801,380</u>
\$	<u><u>1,659,086,663</u></u>	\$	<u><u>1,525,321,514</u></u>

2009**2008**

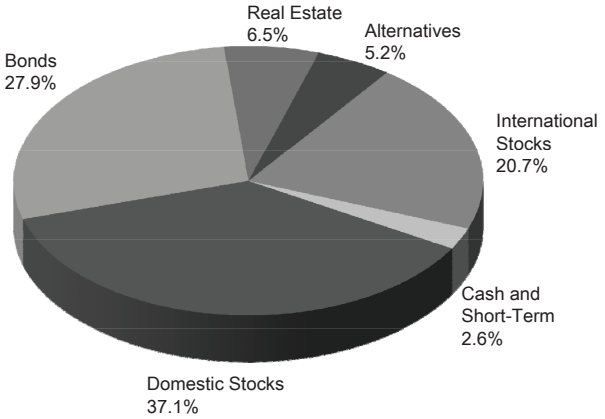
\$	61,819,351	\$	62,604,555
	164,521,983		(599,567,940)
	49,251,343		57,994,161
	(7,383,055)		(9,099,773)
	<u>880,613</u>		<u>1,894,183</u>
	<u>207,270,884</u>		<u>(548,779,369)</u>
	269,090,235		(486,174,814)

	132,645,820		126,430,117
	<u>2,679,266</u>		<u>2,978,184</u>
	<u>135,325,086</u>		<u>129,408,301</u>

	133,765,149		(615,583,115)
	<u>1,525,321,514</u>		<u>2,140,904,629</u>
\$	<u><u>1,659,086,663</u></u>	\$	<u><u>1,525,321,514</u></u>

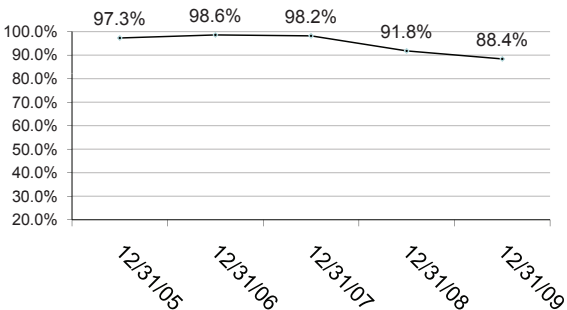
Allocation of Investments

December 31, 2009



Plan's Portfolio	% Return	Comparisons	% Return
Total Fund	13.68	CPI	2.70
Domestic Stock	25.49	Russell 3000	28.34
International Stock	30.16	MSCI EAFE Index	31.78
Core Bonds	9.58	Barclays Capital Aggregate Index	5.93
Real Estate	-37.94	ODCI Index	-29.76

Funded Position of Pension Plan Last 5 Years



Summary Plan Description

Retirement Program

Denver Employees Retirement 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.

Contributions

The City and County of Denver (City) and Denver Health and Hospital Authority (DHHA) contribute 8.5% of the employee's total gross salary to the trust fund. In 2009, the employee contributed 2.5% of his or her total gross salary, on a pretax basis through a payroll deduction. Effective January, 2010, the employee contribution rate increased to 4.5% of gross salary. The employer and employee contributions, plus income from investments, fund the retirement benefits for employees and their beneficiaries.

Retirement Benefits

Calculation of Retirement Benefits

For active members employed by the City/DHHA prior to September 1, 2004, the retirement benefit calculation is 2% of the member's average monthly salary (AMS)(based upon the highest 36 consecutive months' salary with an agency covered by this retirement plan) times years of credited service. For members who were originally 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. The vesting requirement is five years of credited service. Active, vested members may purchase additional service. Retirement benefits from the Plan are payable for life.

Normal Retirement

Normal retirement becomes effective the first day of any month after the member reaches age 65 and terminates employment with the City/DHHA. There are no service requirements for this benefit.

Normal Retirement - Rule-of-75

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

Early Retirement

A member may retire early upon reaching age 55 with a minimum of five years credited service. Benefits are determined in accordance with the above calculation based on credited service to the early retirement date and reduced by 3% per year for each year under age 65.

Deferred Retirement

Following the month of application, a member with a minimum of five years credited service who has terminated employment with the City/DHHA may elect to receive a benefit upon reaching age 55 or older. Calculation of a deferred benefit is based on the member's age at the time of application for retirement benefits, AMS and credited service earned as a City/DHHA employee. If a member should die prior to receiving a monthly deferred retirement benefit, the spouse, or children under age 21, may be eligible for a benefit.

Maximum Lifetime Benefit

This option provides a maximum lifetime benefit to the member and ceases upon the member's death. If the member is married and chooses the maximum lifetime benefit, the spouse must formally forfeit all rights to any lifetime monthly benefit from the Plan.

Joint and Survivor Option

The Plan also provides a Joint and Survivor benefit option. Under this benefit option the member will receive a reduced lifetime monthly benefit in order to provide a lifetime monthly benefit for a beneficiary. If the member is married, the spouse must be the designated beneficiary unless the spouse formally forfeits these rights and consents to the designation of another beneficiary.

Disability Retirement - On-the-Job

If a member should become permanently disabled 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 that the member would have earned at age 65. There are no service requirements for this benefit. The member must meet all Ordinance requirements to qualify for an On-the-Job Disability.

Disability Retirement - Off-the-Job

A permanent disability not directly 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 be vested and meet all Ordinance requirements.

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. If the member is married, the member's spouse will receive the lifetime benefit unless the spouse had formally waived this right and consented to another designated beneficiary. If there is no spouse, any children under age 21 will receive a benefit until they reach age 21. If the member is not married and has no children under 21, the designated beneficiary will receive the lifetime monthly benefit.

On-the-Job Death

If a death is classified as On-the-Job, the member's beneficiary will receive a lifetime monthly benefit calculated at 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.

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 service requirements for this benefit.

Death Benefits After Retirement

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 death benefit for Normal Retirement, Rule-of-75, or Disability (after age 65) is \$5,000.

Insurance After Retirement

The Plan offers health and dental insurance options for retired members and the member's family. The Plan contributes a portion of the monthly health and dental insurance premiums, based on the member's years of credited service.