DERP®
Denver Employees Retirement Plan

Popular Annual Financial Report

A Component Unit of the City and County of Denver, Colorado
Fiscal Year Ended December 31, 2025



Powering Your Future, Together.

About This Report

The **Popular Annual Financial Report** (PAFR) includes condensed and simplified information from the 2025 Denver Employees Retirement Plan (DERP) **Annual Comprehensive Financial Report** (ACFR) presented in clear, easy-to-understand language. The financial information presented is unaudited and doesn't provide all the necessary financial statement and note disclosures required by the Generally Accepted Accounting Princpiles (GAAP). To learn more about DERP, and for electronic copies of the ACFR, visit DERP.org.



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Message to Members



As the executive director of the Denver Employees Retirement Plan (DERP), I'm grateful for the opportunity to lead an organization dedicated to helping you build a secure retirement.

> Defined benefit pensions provide nearly twice the benefit per dollar invested compared to individual savings plans due to higher returns, longevity pooling, and lower fees.
>
> Source: National Institute on Retirement Security

Keeping you informed is a big part of that dedication. That's why I'm excited to share the **2025 Popular Annual Financial Report** (PAFR). It's designed to give you a clear, accessible snapshot of our financial health and the decisions that shape your future. If you're interested in a deeper dive into our investments, performance, and long term planning, you can explore the full **Annual Comprehensive Financial Report** (ACFR) at DERP.org/About/Financial-Reports.

Reflecting on 2025

In 2025, we focused on enhancing the security of your personal data, expanding access to information, and strengthening your overall member experience.

Multi-Factor Authentication (MFA) now safeguards your MyDERP.org account, adding an important layer of protection.

We redesigned several publications to make them clearer and easier to use. They now include action items, member stories, and simple, approachable language to help you move forward with confidence. We also released six new member education videos, giving you and your loved ones 24/7 access to key retirement topics whenever and wherever you need them.

Our RetireStrong Education Program was refreshed with presentations that are more engaging, easier to follow, and better aligned with the needs of members at every career stage.

Looking Ahead

Many exciting initiatives are already underway in 2026 to keep you informed, supported, and prepared for what's ahead.

Customized emails with timely information will keep you updated at key moments in your career and retirement journey.

We're continuing to refresh our publications to ensure they remain relevant and user-friendly.

New resources are in development to help you find information you need when you need it most.

And, **MyDERP.org** is being redesigned: the new member portal will be mobile-friendly and easier to navigate and use.

Everything we do is centered on helping you feel secure and confident not just today, but for decades to come. Whether you're just starting your career, planning ahead, or already enjoying retirement, my team and I are here to make sure you have the support, tools, and confidence you need to move forward.

We're grateful for your trust and look forward to continue **Powering Your Future, Together**.

Best wishes,



Heather K. Darlington, CPA
Executive Director

What Is the Denver Employees Retirement Plan or DERP?

We were established January 1, 1963, to provide a defined benefit plan for eligible City and County of Denver (city) employees in the Career Service, certain employees of the Denver Health and Hospital Authority (DHHA), and DERP staff.

Executive Leadership
Our executive leadership team is a passionate group of hard-working people comprised of an executive director, a membership and technology leader, a financial expert, an investment strategist, a legal professional, and a skilled communicator. As part of a small and dynamic team, each one plays an integral role and brings a unique perspective to the table.

Retirement Board
We're governed by a 5-person retirement board appointed by the mayor to staggered 6-year terms. Retirement board members serve as trustees for members and their beneficiaries and ensure we're appropriately governed and managed. They oversee the investment of assets, approve the operating budget, and set policy. The retirement board also appoints the executive director, who oversees our day-to-day operations and staff. One retirement board member must be an active, vested employee and one must be a retired member.

Advisory Committee
The advisory committee represents our members and presents suggestions and questions to the retirement board and staff. They aren't responsible for the administration or management of DERP and don't vote on retirement board motions or resolutions. Our advisory committee consists of four members who serve staggered 3-year terms. One is appointed by the Denver Career Service Board, and the other three are elected by membership. One elected member must be an active, vested city or DHHA employee, one must be a retired member, and the third can be either a retired member or an active, vested DHHA or city employee.

As the trusted steward of the city's pension plan for over 60 years, we've helped thousands of eligible employees build, plan, and live a strong retirement future through exceptional member service, investment management, and a commitment to deliver retirement benefits to our members.

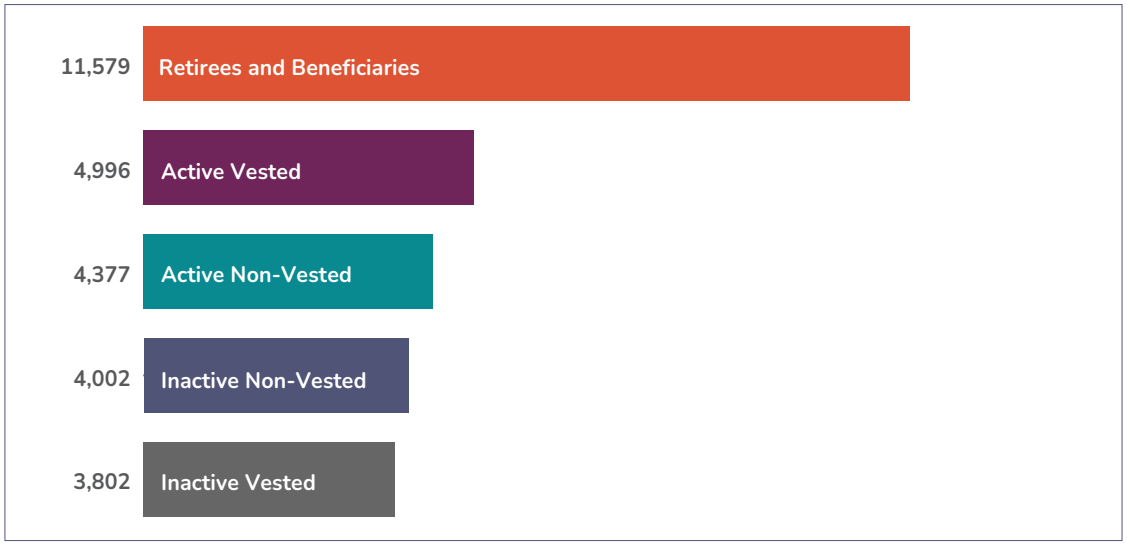


Membership

City and County of Denver employees in the Career Service, certain employees of the Denver Health and Hospital Authority (DHHA), and DERP staff are covered by the defined benefit plan. Denver Police Department and Denver Fire Department uniformed employees are covered by a separate retirement system.

Eligible employees are automatically enrolled in DERP and become a member on their first day of employment. After earning five years of service credit, they become vested and eligible to receive a guaranteed monthly DERP Pension Benefit upon reaching retirement age. Once vested, their accumulated retirement benefits will always be there when they retire.





In 2025 we had 28,756 members in the following categories:

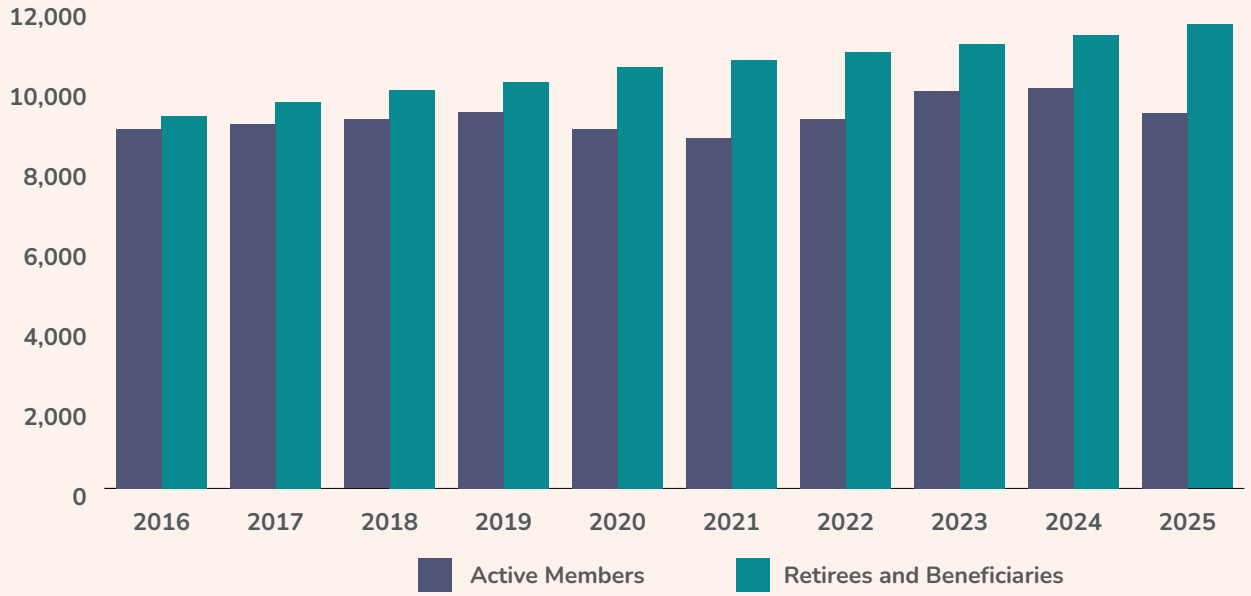
- **Retirees and Beneficiaries** – Retirees and beneficiaries currently receiving a lifetime monthly DERP Pension Benefit.
- **Active Vested** – Active, vested members have five years of credited service, and are eligible to receive a guaranteed future lifetime monthly DERP Pension Benefit when they reach retirement age.
- **Active Non-Vested** – Active, non-vested members have less than five years of credited service and do not yet qualify for a future lifetime monthly DERP Pension Benefit.
- **Inactive Non-Vested** – Inactive, non-vested members do not qualify for a future lifetime monthly DERP Pension Benefit. Members in this category may request a refund of their contributions or roll them over into a qualified retirement account. Employer contributions remain with DERP.
- **Inactive Vested** – Inactive, vested members are no longer active employees, but they're eligible to receive a future lifetime monthly DERP Pension Benefit once they reach retirement age.

10-Year Snapshot

Over the last 10 years, the number of active members making contributions to DERP increased more than 8%, from 8,636 to 9,373.

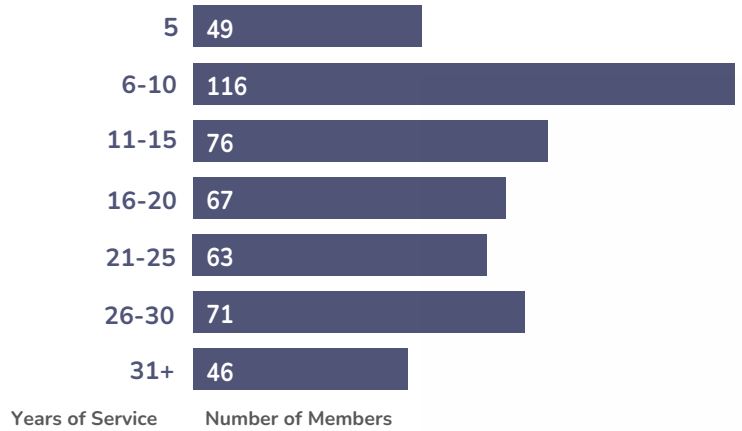
By comparison, the number of retirees and beneficiaries collecting benefits has increased nearly 28%, from 9,074 to 11,579.

Active Members Compared to Retirees and Beneficiaries



Years of Service Credit at Retirement

In 2025, 488 members retired from covered employers. Among them, over half had more than 15 years of service credit at retirement. Members with 6-10 years of credited service were the largest group.





Member Benefits

Eligible employees become members on their first day of employment, and contribute a pretax percentage of each paycheck to their future DERP Pension Benefit. They earn service credit in each pay period where they receive pay and contribute to their DERP Pension Benefit.

Once a member accumulates five years of service credit, they become vested and qualify to receive a guaranteed lifetime monthly DERP Pension Benefit upon retirement.

What Is the DERP Pension Benefit?

The DERP Pension Benefit is an employer-sponsored defined benefit pension retirement plan that pays a monthly lifetime benefit to a vested member or their beneficiary at retirement, disability, or death. It's a qualified plan that meets the requirements of Section 401(a) of the Internal Revenue Code.

Member contributions, employer contributions, and investment income fund the DERP Pension Benefit and DERP Plus Benefits. Contributions made are on a pretax basis through payroll deduction, and income is tax-deferred until received as a benefit. In most cases, the DERP Pension Benefit paid to members greatly exceeds the contributions they made while working.

What Are DERP Plus Benefits?

DERP Plus Benefits ensure the member and their loved ones are covered while the member is employed or retired.

DERP Plus Benefits available to members while employed include

- Disability retirement
- Active death retirement

Upon retirement, DERP Plus Benefits available to members include

- Joint and Survivor
- Lump-Sum Death
- Access to group health insurance
- An Insurance Premium Reduction

Advantages of the DERP Pension Benefit

It's Guaranteed

Vested members are eligible to receive a lifetime monthly DERP Pension Benefit.

It's for Life

Members can't outlive their DERP Pension Benefit. No matter how long they live, they'll receive a monthly DERP Pension Benefit.

It's Professionally Managed

The DERP Pension Benefit is maintenance-free for members, as they don't have to make investment decisions.

It Can Be Passed On to a Loved One

A member's DERP Pension Benefit can continue to be paid to their beneficiary upon their passing.

Member Services

We're committed to empowering members with the knowledge, resources, and tools to make informed decisions. Because our members have an active role to play in preparing for their secure retirement future, we provide a range of services to educate and support them during their journey to retirement and afterwards.

RetireStrong Education Program
Our RetireStrong Education Program helps members understand their retirement benefits, decisions, and actions they should take at the different stages of their life and career. There seminars in this program focus on members in three career stages:

- New/Early
- Mid/Late Career
- Ready to Retire

The seminar format encourages attendees to ask questions and engage directly with our membership services representatives.

One-on-One Member Support
We offer one-on-one counseling, providing members the opportunity to ask specific questions about their unique retirement journey. Office, phone, or virtual appointments are available.

Open Enrollment Health Benefits Fair
Every autumn we host a benefits fair for our retired members so they can learn about the medical, dental, and vision plans available and select a plan(s) that meets their needs for the year ahead.

Online Resources
Members can access a wealth of information across their careers and in retirement, through DERP.org and their online member portal, MyDERP.org.

- **DERP.org** provides members with robust information about retirement benefits, member education programs, resources, retirement planning tools, and more.
- **MyDERP.org** gives members a safe and convenient way to view and manage their information, 24/7.
    - Active and inactive members can view their annual member statements, review and update beneficiaries, calculate their retirement benefit estimate, and more.
    - Retired members can view their direct deposit advices, update direct deposit information, modify tax withholding preferences, access their 1099-R tax forms, and update contact information.



Financial Reporting Awards

The Government Finance Officers Association (GFOA), founded in 1906, represents public finance officials throughout the United States and Canada. The GFOA's mission is to enhance and promote the professional management of governmental financial resources by identifying, developing, and advancing fiscal strategies, policies, and practices for the public benefit. The GFOA has established several highly regarded professional recognition programs to encourage and assist state and local governments of all types and sizes to improve the quality of their financial management and to recognize their achievement.

Award for Outstanding Achievement in Popular Annual Financial Reporting

The GFOA has given us an Award for Outstanding Achievement in Popular Annual Financial Reporting for our Popular Annual Financial Report for the fiscal year ended December 31, 2024.



The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. DERP has received this award for the last six consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

Certification of Achievement for Excellence in Financial Reporting

Our Annual Comprehensive Financial Report for the fiscal year ended December 31, 2024, from which the information for this report was drawn, was awarded the Certificate of Achievement for Excellence in Financial Reporting by GFOA. This was the thirty-sixth consecutive year we received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we have submitted it to GFOA to determine its eligibility for another certificate.

Assets and Liabilities

The table to the right shows our assets, liabilities, and deferred inflow of resources for the years ended December 31, 2025, 2024, and 2023. The fiduciary net position represents the funds we had available at end of the year to pay DERP Pension Benefits to our retired members or their beneficiaries, as well as health care insurance premium reduction payments for current and future retirees.

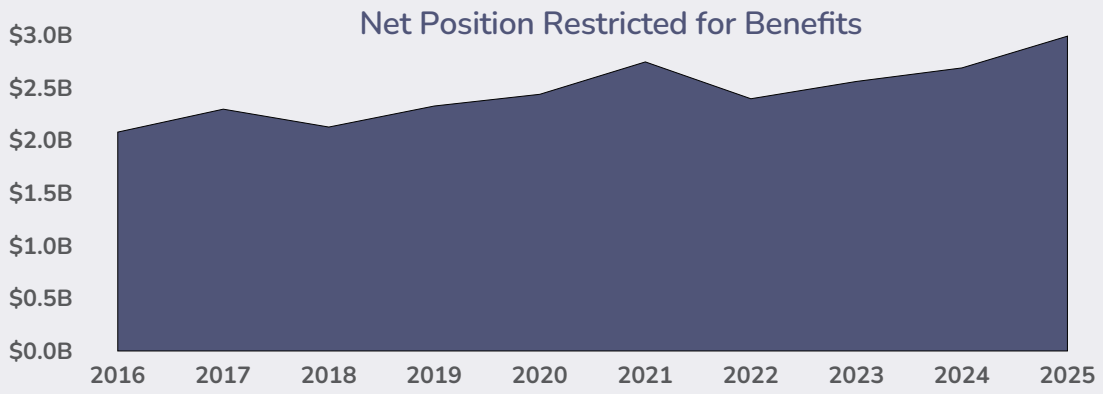
The increase in fiduciary net position is mainly driven by investment returns. In 2025, investment earnings exceeding deductions for benefit payments totaled approximately $40 million. This excess results in an increase to the investment portfolio. Comparatively, in 2024, benefit payments exceeded the investment earnings by approximately $105 million, causing a drag on the portfolio. As of December 31, 2025, we had a fiduciary net position of $2.99 billion.

	2025	2024	2023
Assets			
Cash and short-term investments	$ 92,020,731	$ 62,204,580	$ 54,754,251
Securities lending collateral	45,856,050	35,894,038	61,700,970
Receivables	11,902,236	11,967,878	13,629,026
Investments, at fair value	2,899,360,490	2,630,466,661	2,496,217,623
Prepaid items	2,051,174	1,944,906	-
Capital assets	797,533	1,213,094	1,529,228
Total assets	**3,051,988,214**	**2,743,691,157**	**2,627,831,098**
Liabilities			
Accounts payable	2,387,678	2,473,181	2,158,922
Leases payable	28,197	59,729	34,650
Unearned contributions	8,897,517	-	-
Securities lending obligations	45,856,050	35,894,038	61,700,970
Total liabilities	**57,169,442**	**38,426,948**	**63,894,542**
Deferred inflow of resources	**93,591**	**23,600**	**56,475**
Fiduciary net position restricted for benefits	**$ 2,994,725,181**	**$ 2,705,240,609**	**$ 2,563,880,081**

The value of our assets increased by $308 million during 2025. This increase was largely due to the fair value of investments being higher than their value at the end of 2024.

10-Year Snapshot

Our fiduciary net position represents assets available to pay pension and health benefits. The fund was $2.99 billion at the end of fiscal year 2025. The increase relative to 2024 was driven by investment returns in 2025 exceeding deductions for benefits.



Income and Expenses

The table to the right shows our income (additions) and expenses (deductions) for the years ended December 31, 2025, 2024, and 2023. In 2025, additions from contributions and investment returns totaled $597 million.

Deductions for 2025 were approximately $308 million, of which $301 million were paid in refunds to separated employees and in retirement benefits (including monthly retiree DERP Pension Benefit payments, health insurance premium reduction payments, and DROP distributions) to 11,579 retirees and/or their beneficiaries.

It's important to keep in mind some years will have positive returns, while others will be neutral or negative. When years are poor, we absorb the loss and continue to meet our commitment to members.

As long-term investors, we work to maximize the availability of investable assets by reducing costs, controlling expenses, and structuring long-term solutions to address inequities.

	2025	2024	2023
Additions			
Employeer contributions	$ 174,348,147	$ 172,012,862	$ 159,584,423
Member contributions	81,097,350	80,309,044	75,788,120
Investment earnings			
Net appreciation (deprecation) in fair value of investments	309,441,659	157,093,210	194,982,293
Earnings on investments	48,528,046	50,752,795	46,893,824
Less: investment expenses	(16,513,729)	(17,565,127)	(16,217,030)
Net income from securities lending	364,426	286,679	231,678
Total additions	**597,265,899**	**442,889,463**	**461,263,308**
Deductions			
Member benefits and refunds	301,374,244	295,631,473	291,323,819
Administrative expenses	6,407,083	5,897,462	5,303,549
Total deductions	**307,781,327**	**301,528,935**	**296,627,368**
Change in fiduciary net position	**289,484,572**	**141,360,528**	**164,635,940**
Fiduciary net position restricted for benefits			
Beginning of year	2,705,240,609	$ 2,563,880,081	2,399,244,141
End of year	**$ 2,994,725,181**	**$ 2,705,240,609**	**$ 2,563,880,081**

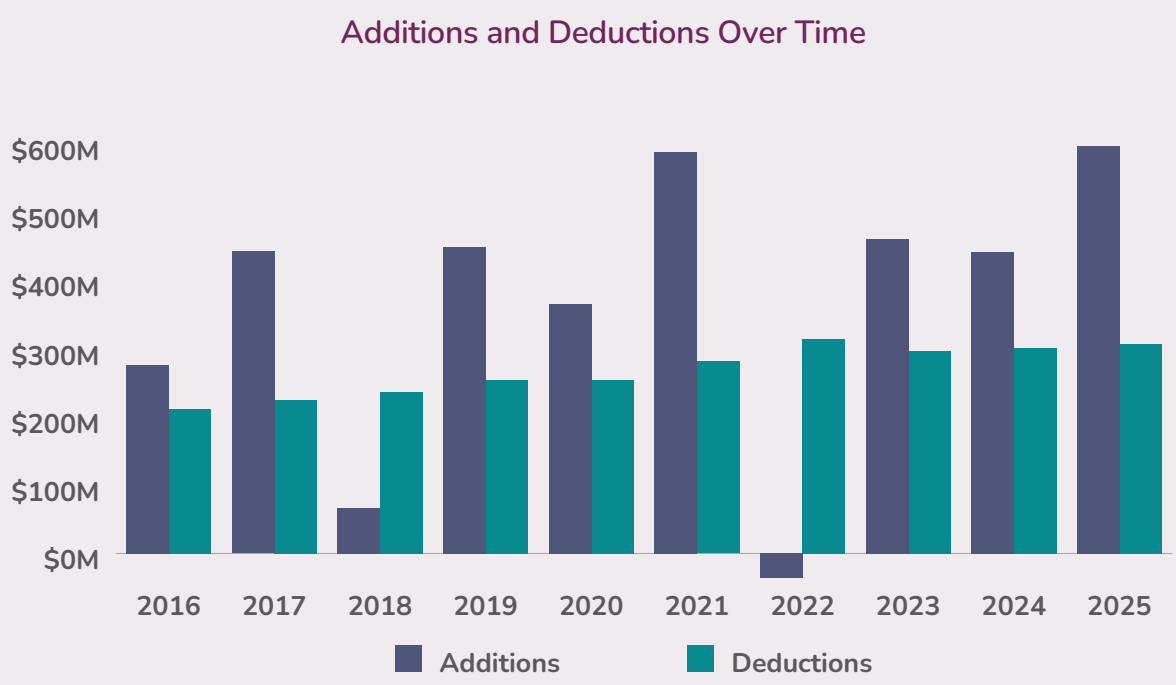
Our largest expense is providing monthly DERP Pension Benefit payments and health benefits to retirees and/or their beneficiaries. Investment expenses are netted against investment earnings and accounted for approximately $16 million in 2025. The administrative expenses include necessary day-to-day costs to operate the plan (personnel and professional services, information technology, depreciation, and building expenses). The annual administrative and investment management expenses combined represent less than 1% of our assets under management.

During 2025 our investment earnings net of expenses increased by $151 million compared to 2024. This increase was due to a stronger market during 2025 compared to the 2024 market. During 2025, investment returns were 12% which exceeded the assumed rate of return of 7%. Benefits paid increased by approximately $4 million during 2025 compared to 2024. This increase was largely due to a $9 million increase in benefits paid to a larger number of retirees and beneficiaries, offset by a decrease in benefits paid from the Deferred Optional Retirement Program (DROP) of $5 million.

10-Year Snapshot

Additions to the fund include employee and employer contributions, and net earnings/losses on investments. Deductions include payments to retirees and beneficiaries, contribution refunds, and the costs of administering the fund. In certain years, the fund may experience negative additions. This is due to reporting requirements to show both investment earnings and losses as additions.





Investments

Our investment strategy is disciplined, balanced, and focused on long-term results.

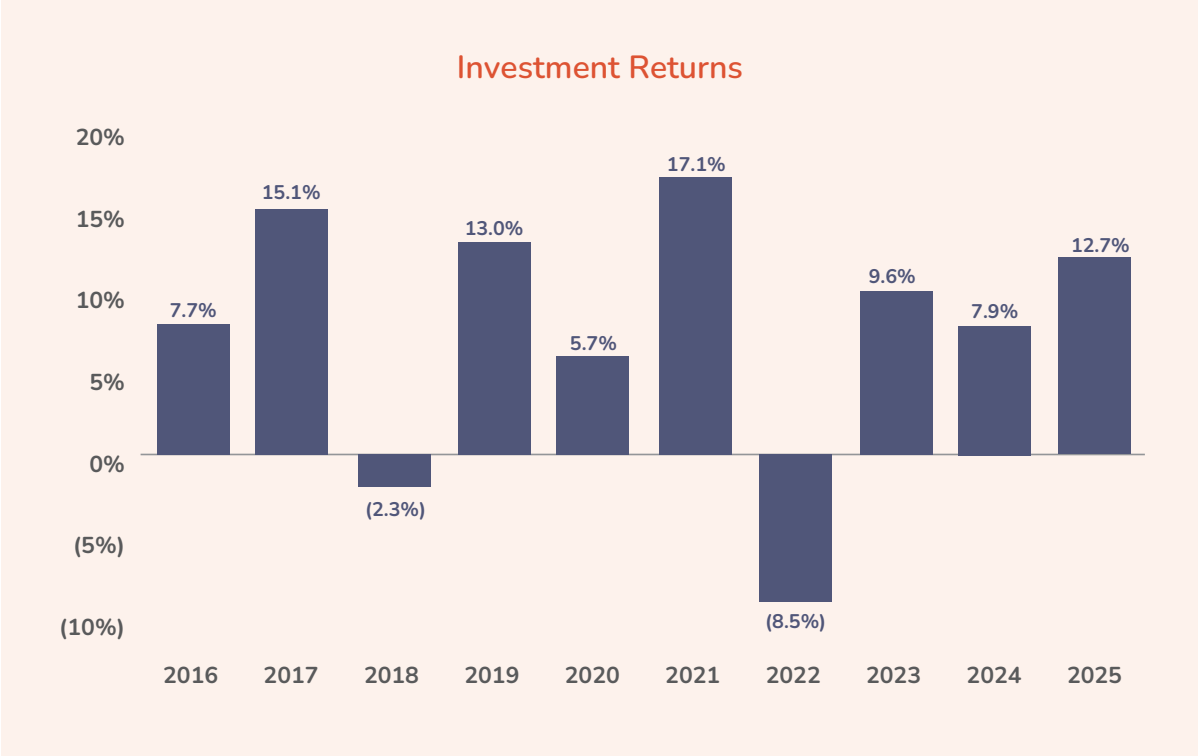
It's our goal to provide the highest level of return with an acceptable level of risk. We use best practice investment strategies to maximize returns and manage investment risk. We partner with some of the best investment professionals in the world who challenge us to be innovative. Our staff, and the retirement board, use the same diligence, skill, and care a prudent investor uses in managing a large public pension fund.

Although we expect investment gains in some years and losses in others, we take a long-term view to achieve our goals. We rely on professional investment management and a broadly diversified portfolio of investments. To withstand significant market swings, we invest across multiple asset classes (for example, bonds, U.S. stocks, foreign stocks, real estate, and private equity).

Because investment returns are expected to provide approximately 42% of the funding for a retiree's DERP Pension Benefit, our investment results are important. Our continuing investment goal is to attain a return over the long term that provides adequate funding for benefits.

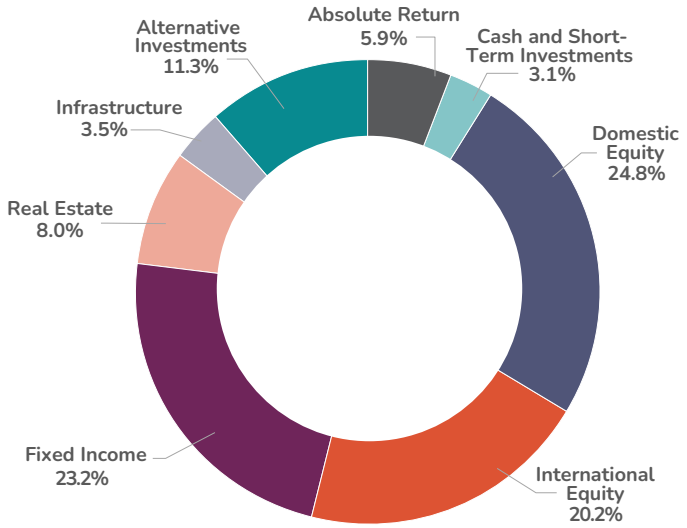
Investment Returns

After struggling with tariff uncertainty early in the year, markets rebounded to finish strong. Stocks around the world did well, driven by technology, helpful currency movements, and generally favorable economic conditions. For 2025, our investment portfolio's return was 12.7% net of all fees. This is better than our expected average annual return of 7.0%. Our best performing investments were international equities, which rose 30.9%. U.S. equities also made a big contribution and were up 13.2%. Even assets like infrastructure and hedge funds were up 9.6% and 9.3%, respectively.



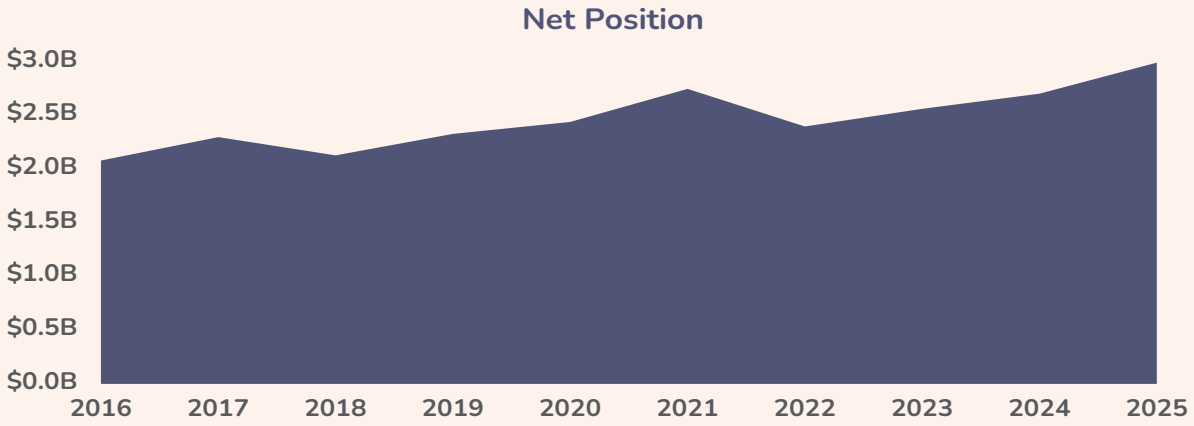
Investment Allocation

The most significant contributor to a fund's long-term performance is the allocation among various investments. The allocation process helps control risk and ensures our portfolio is broadly diversified. The DERP Retirement Board, with the help of staff and an external consultant, adopts the asset allocation policy. The allocation graph shows the distribution of our $2,994,725,181 investment portfolio as of December 31, 2025.



10-Year Snapshot

Our net position represents assets available to pay retirement benefits. The fund was $2.99 billion at the end of fiscal year 2025.

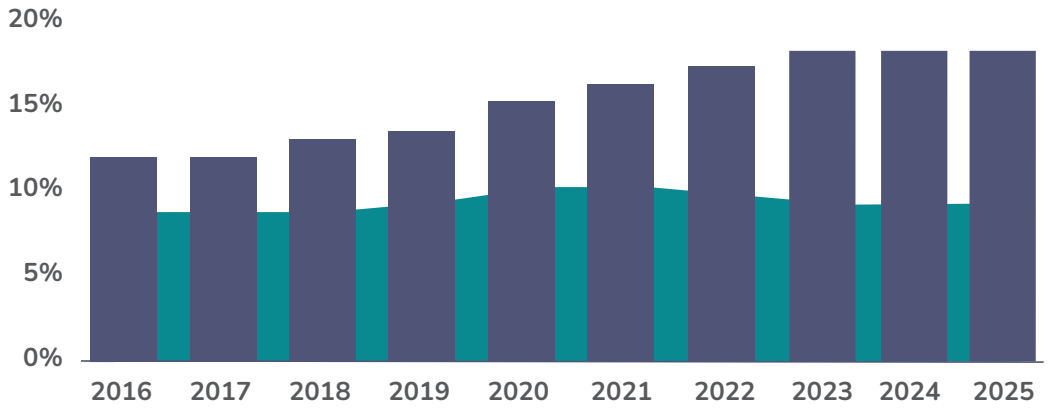


Funding

Employee and Employer Contributions

Each pay period eligible City and County of Denver employees, Denver Health and Hospital Authority covered employees, and DERP employees contribute a pretax percentage of their total gross salary through a payroll deduction. Usually, their contributions, along with employer contributions, plus income from investments, fund retirement benefits for members and/or their beneficiaries. However, in years where there are investment losses, we draw from our investment portfolio to fund retirement benefits.

The graph below shows contributions over the past 10 years. In 2025, payroll contributions from employers and employees remained at 17.95% and 8.45%, respectively.

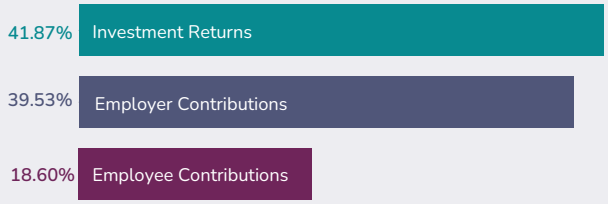


Where does the funding come from?

Our revenue consists of three main streams:

- Employer contributions – 17.95% of payroll
- Employee contributions – 8.45% of payroll
- Investment returns – a 7.00% rate of return is expected

The graph below details funding percentages when our assumptions are met.





Funded Status

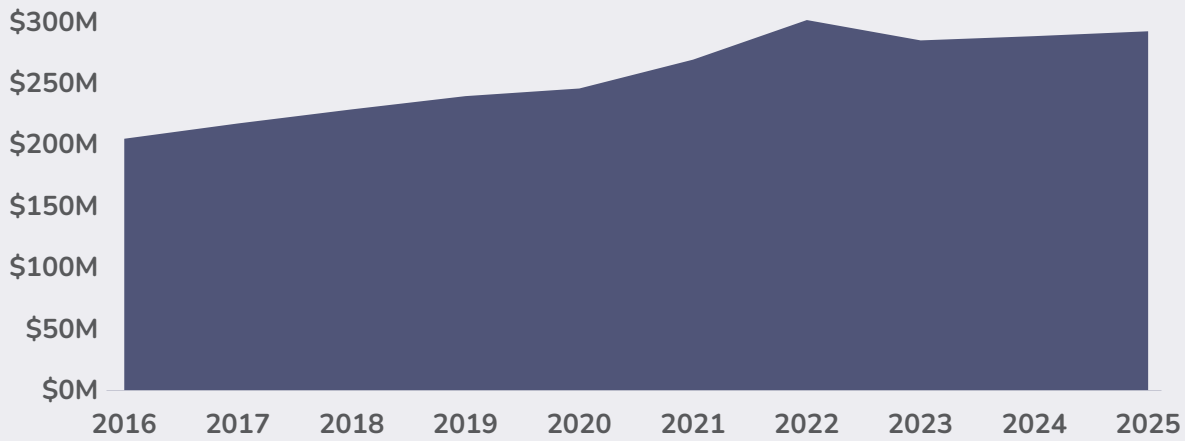
Funded status measures the progress of accumulation of the funds necessary to meet future obligations. Our January 1, 2025, funded status, on an actuarial basis, is 61.5%. Funded status represents the ratio of the accumulated actuarial liabilities compared to the actuarial value of assets. The unfunded liabilities that arise from investment gains and losses are recognized in the Actuarial Determined Contribution over a 5-year period, while all other gains and losses are recognized over a 20-year period starting subsequent to the year they are incurred. Our unfunded liability has a remaining equivalent amortization period of 14.6 years. The most significant changes to our funded status during 2025 were deferred investment losses being recognized and exceeding investment gains. These losses were offset by contributions being higher than expected.

In addition to an annual valuation, our actuaries perform an experience study every five years. An experience study looks back at the actual experience of the plan compared to demographic and economic assumptions and looks forward using demographic, economic, and capital market projections. The most recent experience study was completed in early 2023.

Retirement Benefits Paid

In 2025, we paid over $292 million in total gross benefits to 11,579 retired members and/or their beneficiaries. This is an increase of $87 million, or 43%, since 2015.

Retirement benefits include a monthly DERP Pension Benefit and DERP Plus Benefits.



DERP in Numbers

This page provides a snapshot of our membership as of December 31, 2025, and highlights average monthly DERP Pension Benefit payments made to retirees and their beneficiaries.

$2,004
Average DERP Pension Benefit for all members

$3,063
Average DERP Pension Benefit for members who retired in 2025



102
Oldest member

4
Members older than 100

11,579
Retirees and/or beneficiaries receiving a DERP Pension Benefit

70.4
Average age of retirees and beneficiaries

28,756	Total active and inactive members and retirees and/or beneficiaries
43.6	Average age of active members
$7,849	Average monthly salary of active members
59.2	Average age at retirement
21.9	Average years of service at retirement

Giving Back

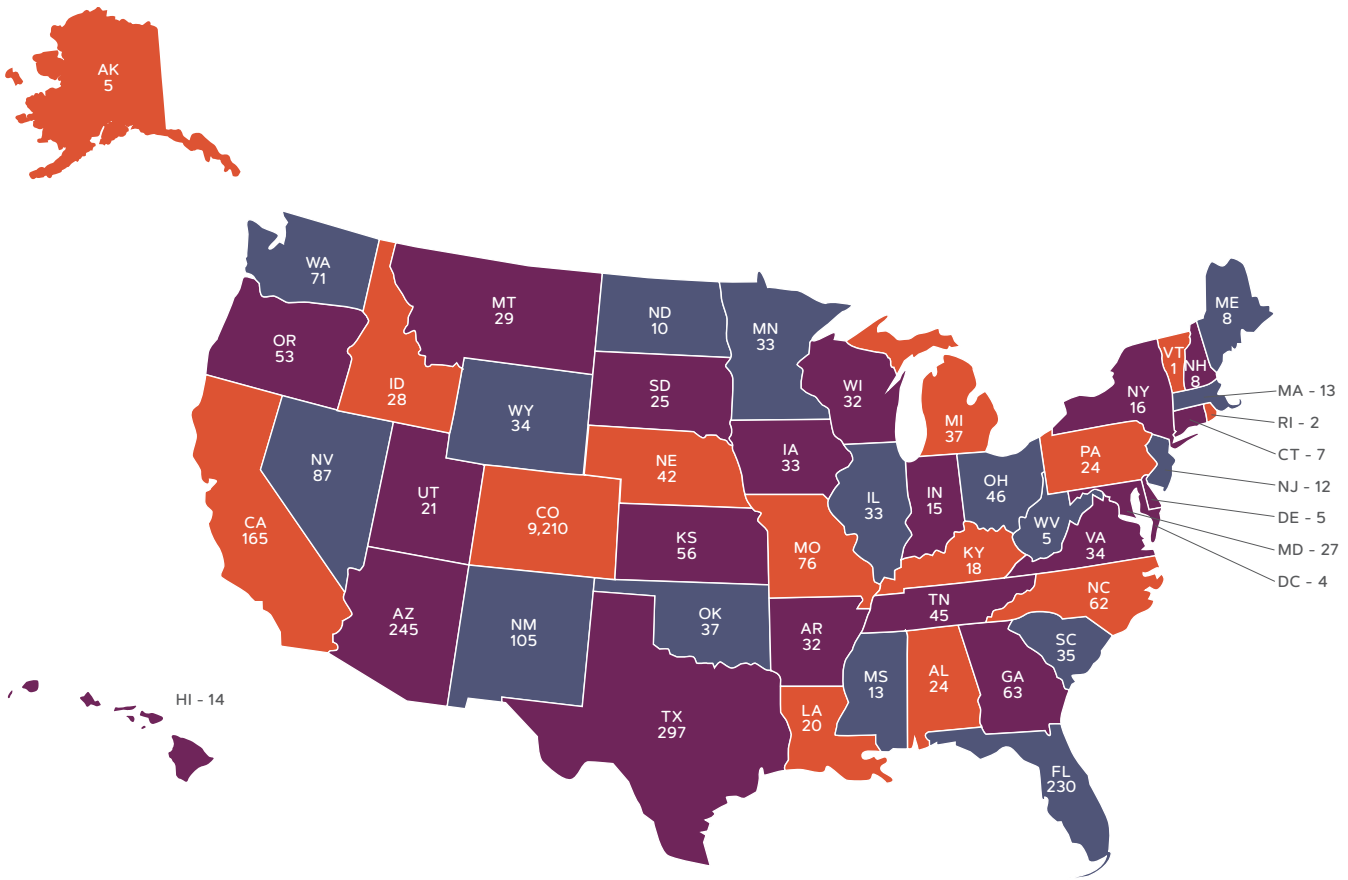
Our retired members contribute to the economy of the city and state in which they live when they use their monthly DERP Pension Benefit to purchase goods and services within their community.

In 2025, 79.5% of DERP Pension Benefit payments were made to 9,210 Colorado residents. Out of the $273.4 million in gross benefit payments, nearly $232.8 million stayed in Colorado.

Other Countries

Australia	2
Brazil	1
Canada	2
Costa Rica	2
Ecuador	1
France	2
Germany	1
Indonesia	1
Israel	2
Japan	2
Mexico	2
New Zealand	2
Philippines	1
Poland	1
United Kingdom	4

Locations of DERP's Retirees and Beneficiaries



DERP®
Denver Employees
Retirement Plan


Help@DERP.org
(303) 839-5419


777 Pearl St.
Denver, CO 80203


DERP.org
MyDERP.org