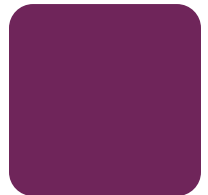




Denver Employees Retirement Plan

# Active Member Handbook

Your Guide to DERP Benefits  
*Revised January 2022*



*Powering Your Future, Together.*



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# Executive Director Welcome Message

## Welcome to the Denver Employees Retirement Plan



We're the Denver Employees Retirement Plan (DERP), your partner in building, planning, and living a secure retirement future while serving the city you love. For more than 50 years, DERP has proudly served as the comprehensive provider of retirement benefits, programs, and services to City and County of Denver employees, certain employees of the Denver Health and Hospital Authority, DERP staff, and retirees or their beneficiaries.

As a DERP member, your **DERP Pension Benefit** is one of the most important benefits you receive as it provides a guaranteed lifelong monthly pension for you, or your beneficiary, when you retire. In addition to managing the DERP Pension Benefit, we also provide a wide range of retirement benefits for you and your loved ones including disability, death, survivor, health and more.

Whether you're a new member, midway through your career, or ready to retire, your income in retirement is a shared responsibility between DERP, the City and County of Denver, and you. Although we manage your retirement benefits, you still have an important role to prepare for a secure retirement. This latest edition of the Active Member Handbook is an excellent resource to help you understand your benefits and to build, plan, and live a secure retirement future. I encourage you to take some time to read through this handbook and to keep it for future reference.

The DERP team and I believe our highest priority is helping you secure your financial future. We are committed to providing you with the information, education, guidance, and support needed to make informed retirement decisions across your entire career. You'll find a wealth of information on the **DERP website**, and your **MyDERP.org** account provides you with 24-hour access to your personal information seven days a week. To ensure you take the right path towards your retirement journey, we are here to support you.

We look forward to partnering with you and *Powering Your Future, Together.*

A handwritten signature in black ink that reads "Heather K. Darlington".

Heather K. Darlington, CPA  
Executive Director

# What is the Denver Employees Retirement Plan?

The Denver Employees Retirement Plan (DERP) was established January 1, 1963 to provide a defined benefit plan for eligible City and County of Denver employees in the Career Service, certain employees of the Denver Health and Hospital Authority, and DERP staff. As a trusted steward of the city's pension plan for over 50 years, DERP has helped thousands of eligible employees build, plan, and live a strong retirement future through prudent investment management, exceptional member service, and a commitment to deliver retirement benefits to our members.

## What DERP Does

The DERP team administers retirement, disability, and survivor benefits for eligible City and County of Denver employees in the Career Service, certain employees of the Denver Health and Hospital Authority, and DERP staff.

### Our Mission

To provide promised retirement benefits and exceptional service to our members through prudent investment and administration.

### Our Vision

To remain financially secure, to exceed evolving customer service expectations, and to be recognized as best in class among public retirement systems.

### Our Values

- Adhere to **diligent and prudent** processes
- Approach issues in a **proactive and strategic** manner
- **Communicate** effectively
- Cultivate **accountability** to each other and to all who rely on us
- Demonstrate **sound leadership** in governing and managing the Pension Benefit
- Ensure **compliance** with fiduciary standards of conduct
- Exhibit **professionalism**
- Foster **teamwork** and depth of knowledge through the **pursuit of continuous education**
- Proactively **engage all key audiences** within our operating community
- Maintain the **transparency** required and expected of a public retirement plan
- Operate with **integrity** in all our business practices
- **Respect diversity** and different points of view
- Safeguard the **security and confidentiality** of members' data and personal information
- Strive for **innovation and continuous improvement**
- Take **responsibility** for our decisions and actions

# Section 1

## DERP's Organizational Structure

DERP is governed by a five-person retirement board, appointed by the Mayor, for staggered 6-year terms. The retirement board appoints the executive director, who oversees DERP's day-to-day operations and staff. There is also an advisory committee that represents the interest of active and retired members by soliciting input and providing feedback to the retirement board.

### Retirement Board

The retirement board's role is to ensure the Denver Employees Retirement Plan is appropriately governed and managed. The board acts as trustees for active members, retired members, and their beneficiaries and oversees the investment of assets, approves the operating budget, and sets policy. One member must be a vested, active employee and one must be a retired member.

Diane Barrett	Retired member	Term expires 1/1/26
George Delaney	Retired member	Term expires 1/1/28
Maurice Goodgaine		Term expires 1/1/23
Guadalupe Gutierrez-Vasquez	Active member	Term expires 1/1/27
Lisa Zúñiga Ramirez, CFA		Term expires 1/1/25

### Advisory Committee

The advisory committee consists of voluntary and unpaid non-voting members who are elected by membership to serve staggered 3-year terms. One seat is filled by a vested, active Denver City and County (city) or Denver Health and Hospital Authority (DHHA) employee, one seat is filled by a retired member, and another seat is appointed by the Denver Career Service Board. The fourth seat can be filled by an active, vested city or DHHA employee or a retired member. An election is held every spring to elect, or re-elect, a member. An advisory committee member represents city employees, DHHA covered employees, and DERP retired members and presents suggestions and questions to the DERP Retirement Board

Heather Britton	Appointed by the Career Service Board	Term expires 6/23
Victoria Gallo	Retired member	Term expires 6/22
Frank Fresquez	Retired member	Term expires 6/22
Andrew Luxen	Active member	Term expires 6/23
Joseph A. Margoshes	Active member	Term expires 6/22

### DERP Staff

The DERP staff shares one vision, is committed to working smart, and is dedicated to providing the best customer service possible. DERP's executive director and the leadership team are responsible for fulfilling the vision of the retirement board.



### Retirement Board Meetings

There are eight retirement board meetings each year that are open to members and the public. Unless otherwise noted, meetings are held the third Friday of the month at 8:00 a.m. Special meetings may be held between regular meetings to conduct business that cannot wait until the next regularly scheduled board meeting.

Meeting agendas are posted on the DERP website prior to the meeting, and meeting minutes are posted after retirement board approval, generally at the next regularly scheduled meeting.

### Managing Investments for the Long Haul

DERP's investment strategy is disciplined, balanced, and focused on long-term results. Our investment strategy considers that there will be investment gains in some years and losses in others, and relies on professional investment management, diversification of investments, and a long-term investment strategy to achieve its goal. To withstand significant market swings, we follow a strategic asset allocation policy, so we are invested across multiple asset classes (i.e. bonds, U.S. stocks, foreign stocks, real assets, and private equity).

The goal of the asset allocation is to provide the highest level of return at an acceptable level of risk. We partner with some of the best investment professionals in the country using best practice investment strategies to maximize returns and manage investment risk and collaborate with partners who challenge us to be innovative and take different routes. Our investment consultant works with us to adopt forward-looking and progressive investment strategies, enabling continued delivery of retirement benefits.

DERP is required to make investment management decisions solely for the benefit of the trust funds it manages. As fiduciaries of the pension funds, DERP staff and the retirement board are required to use the diligence, skill, and care that a prudent investor would use in managing a large public pension fund. Investment guidelines, set by the retirement board, are the parameters that must be followed to make investment decisions.

## Section 2

# Your DERP Membership

Congratulations on being a DERP member! Your DERP membership is your foundation for a strong retirement future, providing you and your beneficiaries a guaranteed lifetime income upon retirement, disability, or death. And, after earning five years of service credit, you become vested into the plan and eligible to receive a range of other benefits.

## Eligibility

By law, eligible employees are automatically enrolled in the Denver Employees Retirement Plan (DERP). Employees become members of DERP on their first day of employment.

### Employees eligible for a DERP Pension Benefit

- Appointed officials
- Elected officials
- Any employee designated by the Mayor to be exempt from Career Service as an administrative position
- Any employee of
  - Board of Adjustment for Zoning
  - Career Service who regularly works 20+ hours per week
  - City Council
  - Civil Service Commission
  - County Court
  - Denver Employees Retirement Plan
  - District Attorney
  - Library Commission
  - Undersheriff
- Certain employees of Denver Health and Hospital Authority hired before December 31, 2000

### Employees not eligible for a DERP Pension Benefit membership

- Career Service employees who regularly work less than 20 hours per week
- Denver Health and Hospital Authority employees hired on or after January 1, 2001
- Judges
- On-call employees
- Uniformed fire and police



## Contributions

On your first day of employment in an eligible position, you and the City and County of Denver, Denver Health and Hospital Authority (DHHA), or the Denver Employees Retirement Plan (DERP) start contributing to your DERP Pension Benefit. Each pay period, both you and your employer contribute a pretax percentage of your total gross salary to your retirement plan. Those contributions are:

- Employer contributions - 16.75% of payroll
- Employee contributions - 8.85% of payroll

Employer and employee contributions are made on a pretax basis through a payroll deduction. Your contributions are pooled with thousands of other DERP Pension Benefit members and become part of the DERP trust fund. Together, you and your employer's contributions, plus income from investments, fund the retirement benefits for members and their beneficiaries.

### What happens to my DERP Pension Benefit contributions if I leave employment with the city, DHHA, or DERP?

It depends if you are vested or not vested.

- **Not Vested** – If you have less than five years of service credit, you are not vested. When you separate from the city, DHHA, or DERP, or you transfer to a position that is no longer eligible for membership, your personal contributions, plus interest, can be refunded to you in a lump-sum\*, or as an alternative, you may roll your personal contributions over to another qualified retirement account. If you request a contribution refund, you forfeit all years of service credit and any future DERP Pension Benefit eligibility. Your employer's contributions remain with DERP.

\* *There is a mandatory federal withholding when contributions are taken in a lump-sum.*

- **Vested but Not Age-Eligible to receive your DERP Pension Benefit** – Your personal contributions cannot be refunded when you separate from the city, DHHA, or DERP. Instead, your contributions will remain a part of the DERP trust fund and will be used to fund your future DERP Pension Benefit.

### What happens if I return to work in a city eligible position after receiving a refund of my DERP Pension Benefit contributions?

If you return to work in a DERP eligible position, you are eligible to reinstate the service credit you lost by repaying the amount of the refund, plus interest, within 24 months of your rehire date. If you want to purchase this service after 24 months of your rehire date, the amount you pay will be based on the full actuarial cost of the service.

## Vesting

You are vested once you earn five years of service credit. Once you reach that milestone, you qualify to receive your guaranteed monthly DERP Pension Benefit upon reaching retirement age. When you are vested, no matter how much longer you work for the city, your accumulated benefits will be there when you retire. If you leave before you are vested, only your contributions, plus interest, can be refunded or rolled over into a qualified retirement account. Your employer's contribution remains with DERP.

## Earning Service Credit

You earn service credit every pay period that you receive pay and contribute to DERP, even if you only work a portion of the pay period. Service credit is an important factor in determining eligibility for, and the calculation of, your DERP Pension Benefit.

- You can earn up to 12 months service credit per calendar year
- Because payroll periods do not align with calendar months, it is possible to earn 5 years of service credit before your 5-year anniversary date
- Refunded members, who are rehired into an eligible position and become an active member, may receive service credit for the years of service forfeited if the amount refunded, plus interest, is repaid to DERP within 24 months of being rehired. If the refund is repaid after 24 months of being hired, the amount will be based on the full actuarial cost of the service.

## Membership Tiers

Membership tiers refer to groups of members whose DERP Pension Benefit is determined by hire date. Each tier has eligibility requirements unique to their group.

## Membership Tier 1

- Hired before September 1, 2004
- Receives a 2% monthly lifetime DERP Pension Benefit based on the average of the highest 36 consecutive months' salary and service credit
- Can retire as early as age 55 under the Rule-of-75 retirement option without a benefit reduction, provided the combined years and months of service credit and age at termination equal or exceed the sum of 75
- Vested upon earning five years of service credit or upon reaching age 65, whichever comes first

## Membership Tier 2

- Hired on or after September 1, 2004
- Receives a 1.5% monthly lifetime DERP Pension Benefit based on the average of the highest 36 consecutive months' salary and service credit
- Can retire as early as age 55 under the Rule-of-75 retirement option without a benefit reduction, provided the combined years and months of service credit and age at termination equal or exceed the sum of 75
- Vested upon earning five years of service credit or upon reaching age 65, whichever comes first

## Membership Tier 3

- Hired on or after July 1, 2011
- Receives a 1.5% monthly lifetime DERP Pension Benefit based on the average of the highest 60 consecutive months' salary and service credit
- Can retire as early as age 60 under the under the Rule-of-85 retirement option without a benefit reduction, provided the combined years and months of service credit and age at termination equal or exceed the sum of 85
- Vested upon earning five years of service credit regardless of age

### Rehired Member Benefits

If you are rehired with the city in an eligible position, your DERP Pension Benefit for all future service credit earned will be based on the calculation criteria in effect at that time you are rehired. The age you can retire at is based on your DERP status when rehired.

Email [Help@DERP.org](mailto:Help@DERP.org) for questions about your specific situation.

## Section 3

# Your MyDERP.org Account

Your MyDERP.org account is a secure online resource where you can view and update your information, enroll in meetings and seminars, calculate the cost to purchase service, and more. Your MyDERP.org account provides you with 24-hour access to your personal information seven days a week.

- **MyDERP.org is safe**

Keeping your account safe and secure is DERP's highest priority. My.DERP.org incorporates internet security and encryption technology to ensure your information is protected.

- **MyDERP.org is convenient**

You can log into your MyDERP.org account at anytime from anywhere.

- **MyDERP.org is easy to use**

Because MyDERP.org is easy-to-navigate, you can quickly and easily access and update information.

## Set-Up your MyDERP.org Account

The first step in establishing your account is to validate your identity. Once your account is established, you will use your username and password to log in to your account.

1. Navigate to **MyDERP.org**.
2. Click the **New User** hyperlink.
3. Answer all questions, select and answer challenge questions, and read and agree to the terms and conditions.

Because your username and password allow you to securely access your account information, it is necessary to protect your credentials and we encourage you to take the following steps:

- Do not disclose your MyDERP.org username and password to anyone
- Do not place your MyDERP.org username and password in an accessible location
- Do not leave your computer unattended while logged on
- Always **log off** your MyDERP.org account and **close the browser** to ensure your data stays protected

Notify DERP immediately if an unauthorized person obtains access to your MyDERP.org user name and password or if unauthorized activity is discovered.

## What You Can Do in Your Account

Once you create your account you can:

### Active/Inactive Members

- Access your annual member statement
- Update your primary and/or contingent beneficiary
- Calculate your retirement benefit estimate\*
- Start your retirement application
- View your account details and contribution summary
- Calculate the cost to purchase prior governmental or non-governmental service\*

### Retired Members

- View your direct deposit advices
- Update your direct deposit information
- Update your tax withholding preferences
- Update your address
- View/Print your 1099-R tax form
- Enroll in insurance during Open Enrollment

*\*Must be vested to calculate purchase of service cost and retirement benefit estimates*

Additionally, you can enroll in educational meetings and seminars and request an appointment with a membership services representative.

## The Most Important Step to Take in Your MyDERP.org Account – Designate a Beneficiary

Beneficiary designations are a necessary part of planning for the future for you and your loved ones. Since your DERP Pension Benefit provides benefits to your survivors, it's important to designate a primary beneficiary who will receive survivor benefits upon your death. You can also designate a contingent beneficiary in the event you and your primary beneficiary pass away at the same time. If you don't name a beneficiary and pass away, DERP cannot provide benefits to your survivors.

You should review your beneficiary designations regularly and update them as needed based on major life events such as births, deaths, marriages, and divorces. Keeping your beneficiary information current ensures your DERP Pension Benefit is paid in accordance with your wishes in the event of your death.

### Important Facts to Keep in Mind When Designating a Beneficiary

- If you are married, your spouse must be your primary beneficiary, unless your spouse formally waives this right and consents in writing to the designation of another beneficiary. If you die without designating a beneficiary, your spouse is automatically the beneficiary.
- If you are not married, but have children under the age of 21, you must name all your children under age 21 as your primary beneficiaries.
- If you are not married, and do not have children under age 21, you may name any one individual person to be your primary beneficiary.
- If you pass away while working as a DERP eligible employee, DERP will pay a monthly DERP Pension Benefit to a qualified beneficiary.
- You may name one contingent beneficiary. Your contingent beneficiary will only receive a benefit from DERP if you were to pass away and your primary beneficiary on file has also passed away.
- You may not list an estate, trust, or charity as either your primary or contingent beneficiary.
- After you retire you cannot change your beneficiary designation.

To review and/or update your beneficiaries, log in to your **MyDERP.org** account and click the **Beneficiary** button.

## Your DERP Pension Benefit

Your DERP Pension Benefit is your foundation for a strong retirement future, providing you and your beneficiaries a guaranteed monthly lifetime income upon retirement, disability retirement, active death retirement, or death. Once vested, your DERP Pension Benefit cannot be taken away. In most cases, the DERP Pension Benefit paid to a member greatly exceeds the contributions made while working.

### What is a DERP Pension Benefit?

The DERP Pension Benefit is an employer-sponsored defined benefit pension retirement plan that pays a lifetime benefit to a vested employee or their beneficiary at retirement, disability, or death. Your DERP Pension Benefit is a qualified plan that meets the requirement of Section 401(a) of the Internal Revenue Code. Your contributions, along with your employer's contributions, plus income from investment, fund your DERP Pension Benefit. Contributions made are on a pretax basis through payroll deduction, and income is tax deferred until received as a benefit.

### Advantages of the DERP Pension Benefit

- **It's Guaranteed** – Once you have five years' service credit, you are eligible to receive a lifetime, monthly DERP Pension Benefit.
- **It's for Life** – You can't outlive your DERP Pension Benefit. No matter how long you live you will receive your monthly DERP Pension Benefit.
- **It's Professionally Managed** – As a member, your plan is maintenance free. You don't have to make investment decisions.
- **It Can Be Passed Onto Loved Ones** – If you choose, your DERP Pension Benefit can continue to be paid to your beneficiary upon your death.

### How It Works

- You and the city contribute a percentage of each paycheck, pretax, to your DERP Pension Benefit.
- Your monthly DERP Pension Benefit is built on a formula based on your age, length of service, and salary, not the contributions you make. The longer you work with the city, the higher your monthly benefit will be.
- When you leave, if you are vested, you will qualify for a lifetime DERP Pension Benefit. The combination of your pension, Social Security, and personal savings and investments will provide you with retirement income to live a secure retirement future.

## How It's Calculated

Your DERP Pension Benefit reflects your working career. The longer you work and contribute, the greater your benefit will be. Your DERP Pension Benefit is determined by a defined formula based on the three factors. These factors vary from member to member.

1. Average Monthly Salary (determined by your membership tier)
2. Multiplier (determined by your membership tier)
3. Years/Months of Service Credit (you earn service credit each pay period that you receive pay and contribute to your DERP Pension Benefit)

**Average Monthly Salary x Multiplier x Years/Months of Service Credit**

### Membership Tier 1

- Hired before September 1, 2004
- Receives a 2% monthly lifetime DERP Pension Benefit based on the average of the highest 36 consecutive months' salary and service credit

#### **Example**

Member's average monthly salary is \$5,000 and has 20 years' service credit  
 $\$5,000 \times 2\% \times 20 = \$2,000$

### Membership Tier 2

- Hired on or after September 1, 2004
- Receives a 1.5% monthly lifetime DERP Pension Benefit based on the average of the highest 36 consecutive months' salary and service credit

#### **Example**

Member's average monthly salary is \$5,000 and has 20 years' service credit  
 $\$5,000 \times 1.5\% \times 20 = \$1,500$

### Membership Tier 3

- Hired on or after July 1, 2011
- Receives a 1.5% monthly lifetime DERP Pension Benefit based on the average of the highest 60 consecutive months' salary and service credit

#### **Example**

Member's average monthly salary is \$4,000 and has 20 years' service credit  
 $\$4,000 \times 1.5\% \times 20 = \$1,200$



## Retirement Types

DERP offers four retirement types based on a range of unique factors, including your age at the time of retirement, your employment status with the city, your interest in receiving a reduced benefit in order to retire early, and more.

### Normal Retirement

You are eligible to retire and to receive your full DERP Pension Benefit once you meet the age and service credit requirement for your membership tier.

#### Membership Tiers 1 and 2

- **Hired Before July 1, 2011**
- Age 65
- Rule-of-75 – you may retire as early as age 55 if your age + your years of service credit equals or exceeds 75

#### Membership Tier 3

- **Hired on or after July 1, 2011**
- Age 65
- Rule-of-85 – you may retire as early as age 60 if your age + your years of service credit equals or exceeds 85

### Early Retirement

You may retire early if you have a minimum of 5 years' service credit and have met the minimum age requirement of your membership tier. It's important to know, if you choose an early retirement your DERP Pension Benefit will be reduced.

#### Membership Tiers 1 and 2

- **Hired Before July 1, 2011**
- Age 55
- Vested
- DERP Pension Benefit is reduced by 3% per year for each year under age 65

#### Membership Tier 3

- **Hired on or after July 1, 2011**
- Age 60
- Vested
- DERP Pension Benefit is reduced by 6% per year for each year under age 65

## Deferred Retirement

If you leave your job with the city and are vested but have not met the retirement age requirement based on your membership tier, you will be eligible for your DERP Pension Benefit when you reach your membership tier retirement age.

### Membership Tiers 1 and 2

- **Hired Before July 1, 2011**
- Age 55
- Vested
- Your DERP Pension Benefit is calculated based on the formula at the time of your termination of employment, and your age at the time of application.
- If you pass away prior to receiving your DERP Pension Benefit, your beneficiary is eligible for a benefit the month after you would have turned age 55. If you were over age 55 at the time of death, your beneficiary is eligible to receive your DERP Pension Benefit as early as the first day of the month following your death.

### Membership Tier 3

- **Hired on or after July 1, 2011**
- Age 60
- Vested
- Your DERP Pension Benefit is calculated based on the formula at the time of your termination of employment, and your age at the time of application.
- If you pass away prior to receiving your DERP Pension Benefit, your beneficiary is eligible for a benefit the month after you would have turned age 60. If you were over age 60 at the time of death, your beneficiary is eligible to receive your DERP Pension Benefit as early as the first day of the month following your death.

### Disability Retirement

If you become totally and permanently disabled and are unable to work, you may be eligible for a disability retirement. There is no age requirement and the disabling condition(s) need not be job related. If you are eligible for this retirement option, your DERP Pension Benefit is payable for life, provided the you continue to meet the eligibility requirements. You must notify DERP of any change in status.

If you qualify for a disability retirement, your DERP Pension Benefit becomes effective the first day of the month following your termination of employment with the city, Denver Health and Hospital Authority, or the Denver Employees Retirement Plan because of the disability.

Refer to the **Your Guide to Disability Benefits** publication for more information.

## Designate a Beneficiary

Your DERP membership is your foundation for a strong retirement future but what about the financial security of your loved ones?

Since your DERP Pension Benefit provides benefits to your survivors, it's important to designate beneficiaries who will receive survivor benefits upon your death. You should review and update your beneficiary designations on your MyDERP.org account when you experience a major life event. Keeping your beneficiary information current ensures your DERP Pension Benefit is paid in accordance with your wishes in the event of your death.

### Important Facts to Keep in Mind When Designating a Beneficiary

- If you are married, your spouse must be your primary beneficiary, unless your spouse formally waives this right and consents in writing to the designation of another beneficiary. If you die without designating a beneficiary, your spouse is automatically the beneficiary.
- If you are not married, but have children under the age of 21, you must name all your children under age 21 as your primary beneficiaries.
- If you are not married, and do not have children under age 21, you may name any one individual person to be your primary beneficiary.
- If you pass away while working as a DERP eligible employee, DERP will pay a monthly DERP Pension Benefit to a qualified beneficiary.
- You may name one contingent beneficiary. Your contingent beneficiary will only receive a benefit from DERP if you were to pass away and your primary beneficiary on file has also passed away.
- You may not list an estate, trust, or charity as either your primary or contingent beneficiary.
- After you retire you cannot change your beneficiary designation.

To review and/or update your beneficiaries, log in to your **MyDERP.org** account and click the **Beneficiary** button.

## Factors that May Impact your DERP Pension Benefit

### Furlough Days

Service credit is not impacted by individual furlough days. The amount of salary reported for a pay period that includes a furlough day will be less by that day's salary, but you will earn the same service credit for the pay period.

Furlough days may impact the average monthly salary piece of your DERP Pension Benefit calculation if the furlough days fall within your highest 36 or 60 consecutive months of salary. You can negate the impact of the furlough day on your DERP Pension Benefit by purchasing the furlough day.

If you want to purchase a furlough day, email [Help@DERP.org](mailto:Help@DERP.org) to request your cost. You will need to provide a copy of the payslip(s) showing the furlough day and missed salary.

### Payout of Accrued Leave

- **Sick and Vacation Leave** – If you were hired prior to January 1, 2010 and accrue sick and vacation leave, any unused leave cashed-out upon separation is treated as salary for pension calculation purposes. The cashed-out amount is added to your final month of salary, boosting your average monthly salary component of the pension calculation formula if the 36 consecutive months of salary were your final 36 months.
- **Paid Time Off (PTO)** – If you were hired prior to January 1, 2010 and accrue PTO, any unused leave cashed-out upon separation is treated as salary for pension calculation purposes. If you were hired on or after January 1, 2010 and accrue PTO, any unused PTO that is cashed-out upon separation is not legally able to be treated as salary for pension calculation purposes and does not alter your average monthly salary.

If you received a cash-out of unused accumulated leave, you may be eligible to have some, or all, of that amount directed to an account to defer taxes on funds. This deferral will not impact the calculation of your DERP Pension Benefit.

### Employment Separation

If you separate from the city, DHHA, or DERP, or you transfer to a position that is no longer eligible for membership, the impact to your benefit is dependent on if you are vested.

- **Not Vested** – If you have less than five years of service credit, you are not vested with DERP. You can request a refund of your employee contributions or roll them over to another qualified retirement account.

Log in to your **MyDERP.org** account and click the **Refund of Contributions** button.

- **Vested and Not Age-Eligible for a monthly lifetime DERP Pension Benefit** – If you have at least five years of service credit upon your separation, you are eligible to receive a monthly lifetime DERP Pension Benefit payment from DERP as early as age 55 or 60 depending on your membership tier. If you do not yet meet the age requirement, you will want to make sure you keep your contact and beneficiary information current with DERP. A membership services representative will contact you about applying for your monthly lifetime DERP Pension Benefit, and signing up for DERP Plus Benefits, 90 days prior to eligibility.

Log in to your **MyDERP.org** account to view/update your contact and beneficiary information.

- **Vested and Age-Eligible for a monthly lifetime DERP Pension Benefit** – If you have at least five years of service credit upon your separation and are at least age 55 or 60 (depending on your membership tier), you are eligible to start receiving your monthly lifetime DERP Pension Benefit payment as early as the first of the month following your separation date.
  - Read **Five Steps to Take to Ensure a Smooth Transition to Retirement** section in this handbook for an overview and the steps to take to apply for your DERP Pension Benefit.

If you are rehired into an eligible position and become an active member, you'll begin contributing to your DERP Pension Benefit once again and begin accruing additional service credit. If your contributions were refunded, you may receive service credit for the years of service forfeited if the amount refunded, plus interest, is repaid to DERP within 24 months of being rehired.

### Taxes in Retirement

When you begin receiving your DERP Pension Benefit it is subject to federal and state income tax. Colorado law excludes from Colorado state income tax total pension income up to \$20,000 per year per person for retirees age 55 through 64, or \$24,000 for retirees age 65 and over. Your age on December 31 is used to determine the exclusion amount for that year. DERP can withhold federal and Colorado state taxes from your benefit. DERP cannot withhold taxes for any other state.

DERP cannot provide tax counseling. Specific questions about your taxes should be directed to your personal tax advisor, the IRS, and/or the Colorado Department of Revenue.

### **Returning to Work After You've Retired**

If you have retired and are considering resuming employment with the city after you begin to receive your monthly DERP Pension Benefit, you must keep in mind the following to ensure your monthly benefit payments are not interrupted:

- You must be separated from employment and not receive any monies from the city, including any payment for accrued vacation and sick leave or paid time off, for a minimum of 30 days, and
- You cannot work more than 1,000 hours in any calendar year after the initial date of re-employment.

If you do not wait at least the minimum amount of time before resuming employment, or you work over 1,000 hours in a calendar year, your monthly DERP Pension Benefit will be suspended and you will be considered re-employed with the city in a benefitted position. You will be required to pay the applicable employee contributions to DERP, and in return will receive additional service credit until you separate again from employment. At that time, your initial monthly DERP Pension Benefit will resume. You will be required to apply for an additional DERP Pension Benefit, to be calculated based upon the new service and earnings accrued during the re-employment period. This new benefit will be paid in addition to the previously calculated benefit.

If you decide to work for a non-City and County of Denver employer, there are no limits on the amount of time you may work and your DERP Pension Benefit will not be affected.

### **Federal Limits on Benefits**

Internal Revenue Code (IRC) §415(b) sets limits on the retirement benefits that DERP can pay from its qualified trust. Most members are not affected because their DERP Pension Benefit will not exceed the §415(b) limits; however, a few highly paid members may exceed the limits.

Although §415(b) imposes these limits, IRC §415(m) allows DERP to use a replacement benefit arrangement (RBA) to provide relief for a retiree who exceeds the §415(b) limit. If it is determined that your DERP Pension Benefit will exceed the §415(b) limits, we will contact you and discuss what it may mean for you.

## Life Events

During your retirement, you will continue to experience a number of life events. These events may impact your DERP Pension Benefit, so it's critical to report life changes to DERP throughout your retirement years.

Keep in mind that some life events will qualify you to make updates to your health insurance outside of DERP's annual Open Enrollment period. A qualifying life event can include becoming eligible for Medicare, a marriage, a divorce, or an involuntary loss of previous health insurance.

- **Change of Residence**

Your address determines what health insurance is available to you. Moving out of your current ZIP code may affect your eligibility to maintain your current coverage and may qualify you to make updates to your health insurance outside of DERP's annual Open Enrollment period.

- **Change in Marital Status**

A change in marital status may qualify you to make updates to your health insurance outside of DERP's annual Open Enrollment period. For example, if you were recently married and are enrolled in DERP's health insurance, you can add your spouse to your coverage. If were recently divorced and your former spouse is enrolled in DERP's health insurance coverage, they will no longer be eligible to be enrolled and you can remove them from your coverage.

However, it's important to remember that a change in marital status does not allow you to update your retirement DERP Pension Benefit option or joint and survivor beneficiary as these elections became irreversible upon retirement.

- **Divorce and Domestic Relations Orders**

Your DERP Pension Benefit is considered marital property. In the event of a divorce, Colorado law may require DERP to divide your retirement benefit when a Domestic Relations Order (DRO) has been filed with the Court. Your DERP Pension Benefit will be divided based on your employment status.

- **Vested** – If you are vested when the DRO is entered, the division is based on either an agreed upon percentage or an exact amount of the retirement benefit earned while both married and employed.
- **Retired** – If you are retired when the DRO is entered, the calculation for the division of your DERP Pension Benefit is based on what you are currently receiving.
- **Not Vested** – If you are not vested, email [Help@DERP.org](mailto:Help@DERP.org) and ask if a DRO is appropriate for your situation.

For more information about how divorce and a DRO may impact you in regard to your DERP Pension Benefit, and the specific instructions to create a valid DRO that DERP will recognize, refer to **Your Guide to Divorce and Domestic Relations Orders** for more information.

- **Aging into Medicare**

Medicare is a federal health insurance program and is required when you turn age 65. Becoming Medicare eligible qualifies you to make updates to your health insurance outside of DERP's annual Open Enrollment period. If you want to enroll in a DERP Medicare Advantage plan, you must provide proof of Medicare Parts A and B.

Refer to the **Your Guide to Retiree Health Insurance** publication which contains details about the DERP Medicare Advantage plans.

- **Death of a Beneficiary and/or Insurance Dependent**

If your joint and survivor beneficiary passes away we will increase your monthly lifetime DERP Pension Benefit to the maximum benefit option as if you never elected a beneficiary effective the month after the passing of your beneficiary.

Your insurance dependent will be removed from your insurance coverage effective at the end of the month they passed away.



## Supplementing Your DERP Pension Benefit

Your DERP Pension Benefit is meant to provide part of your retirement income and is designed to be supplemented by Social Security benefits and other personal savings and investments. Although you cannot add extra money to your DERP Pension Benefit, you can contribute to your retirement in different ways, such as purchasing service credit and supplementing your retirement savings through the city's Summit Savings Deferred Compensation plan.

### Service Credit Purchase

Your monthly DERP Pension Benefit at retirement, in part, is based on your years and months of service credit. The longer you work and contribute, the greater your DERP Pension Benefit will be. Purchasing service credit will help enhance your DERP Pension Benefit by increasing the amount of service used in the calculation of your benefit. When you purchase service with DERP, you increase the amount of the DERP Pension Benefit paid to you at retirement.

#### What You Need to Know When Purchasing Service Credit

- Purchasing service credit will help you enhance your DERP Pension Benefit by increasing the amount of service used in the calculation of your retirement benefit. The benefit calculation is based on your membership tier and years and months of service.

#### Membership Tier 1

- Hired before September 1, 2004
- Benefit calculation is 2% of your average monthly salary (highest consecutive 36 months) multiplied by your years and months of service

#### Membership Tier 2

- Hired on or after September 1, 2004
- Benefit calculation is 1.5% of your average monthly salary (highest consecutive 36 months) multiplied by your years and months of service

#### Membership Tier 3

- Hired on or after July 1, 2011
- Benefit calculation is 1.5% of your average monthly salary (highest consecutive 60 months) multiplied by your years and months of service

- Service may be purchased in periods of one or more months. The purchase may be made directly, or the member may roll over money from another qualified retirement plan. Direct payments to purchase service is an after-tax contribution. The election to purchase service is irrevocable and the money used to purchase service is non-refundable.
- Purchased service will be used only to calculate the member's retirement benefit and will not be used in the calculation of the Rule-of-75, Rule-of-85, or health insurance premium reduction benefit.
- The cost to purchase service credit will be based upon the member's current age, service credit, average monthly salary (based on the highest 36 or 60 consecutive months' salary), and other actuarial factors.
- Members may purchase an unlimited amount of any other prior governmental service if they have not received or are not eligible to receive a benefit from its retirement plan.
- Members may purchase up to five years non-governmental service in addition to prior governmental service.

You must carefully weigh your options when considering a service credit purchase. There are situations where a purchase may be advantageous and other situations where it may be cost prohibitive, depending on your individual circumstance.

Email [Help@DERP.org](mailto:Help@DERP.org) to request an official calculation using your current data.

Refer to the **Your Guide to Service Credit Purchase** publication for more details and guidance.

## Open a Summit Savings Account

### **SUMMIT SAVINGS**

*Get With the Plan*

Summit Savings is a separate, personal retirement savings (457b) program offered by the City and County of Denver. The plan is designed to supplement DERP and Social Security, providing additional financial and retirement planning options. Summit Savings is a public sector equivalent to the private sector's 401k plans. Your Summit Savings investments can be customized as your needs require, and you can work with a retirement specialist to tailor your investment options. The city does not match deferred compensation contributions.

## Understand Your Social Security Account

Because DERP does not have detailed information regarding your benefits through Social Security, it's important for you to become familiar with your account. The following tools and resources can be found on the Social Security website at [SSA.gov](https://www.ssa.gov).

- **Social Security Benefits Estimator**

The Social Security Benefits Estimator helps you to better understand your Social Security benefit as you plan for your financial future. The benefit calculator can answer all your questions about payments and options.

- **Social Security Statement**

If you have questions about your Social Security Statement, this site has frequently asked questions that can guide you in the right direction for an answer.

- **Apply for Social Security Online**

The Social Security Administration has a wealth of information for current employees and retirees alike, including retirement planning calculators, Medicare information, and how to apply for benefits.

- **Social Security Publications**

The Social Security Administration produces a number of up-to-date, online publications that include information about retirement benefits, disability benefits, survivor's benefits, and more.

When applying for benefits, Social Security recommends you apply four months before you want to receive your first payment. If you would like to meet with a Social Security representative, you should plan to schedule the meeting several months in advance. You can apply one of three ways:

- Online at [SSA.gov](https://www.ssa.gov)
- By phone at 1-800-772-1213
- At a Social Security office

## Section 6

# Your DERP Plus Benefits

As a DERP member, in addition to receiving the security of your DERP Pension Benefit, you have a range of additional benefits to support a strong, healthy, and protected future. Your DERP Plus Benefits ensure that you and your loved ones are covered while you are employed or retired.

## DERP Plus Benefits Available While You're Employed

### • Disability Retirement

A disability retirement benefit is available for all active members of DERP. This benefit provides important protection for you and your loved ones if you become totally and permanently disabled, whether on-the-job or off-the-job. Disability retirement benefits provide a monthly lifetime benefit if you meet eligibility requirements and must stop working before you reach normal retirement age.

#### **On-the-Job**

If you become permanently disabled because of an accident or other medical reason in connection with your employment, you may be eligible for an on-the-job disability retirement benefit. This benefit would be based on the higher of 20 years' service credit or actual service plus 10 years. In either case, the service credit cannot exceed the service you would have earned at age 65. There are no minimum years of service requirements for this benefit. To qualify for an on-the-job disability, you must:

1. Submit proof of a work-related injury or disease.
2. Separate from employment within 24 months of the work-related injury or disease.
3. Apply in writing for a disability retirement within 90 days of your employment separation.
4. Qualify for a disability benefit as determined by Social Security standards.

#### **Off- the-Job**

A disability caused by sickness or other medical reason, not connected to the job, is 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. To qualify for an off-the-job disability retirement, you must:

1. Have at least five years' service credit.
2. Terminate employment with the employer due to medical reasons.
3. Separate from employment within 24 months of the injury or disease.
4. Apply in writing for a disability retirement within 90 days of your employment separation.
5. Qualify for a disability benefit as determined by Social Security standards.

Refer to the **Your Guide to DERP Disability Benefits** publication for more details and guidance.

- **Temporary Early Retirement**

Temporary early retirement (pending approval of a disability application) is available to active, vested members who are at least age 55 (or at least age 60, for members hired on or after July 1, 2011). This benefit is designed to provide income to the member during the process of fulfilling the disability application requirements. Temporary early retirement is limited to three years.

If you qualify for disability retirement, your DERP Pension Benefit becomes effective the first day of the month following your termination of employment with the city, Denver Health and Hospital Authority, or the Denver Employee Retirement Plan because of the disability.

- **Active Death Retirement**

If you are an active member and die while employed with the city, Denver Health and Hospital Authority, or the Denver Employee Retirement Plan, there are death benefits available for your beneficiary.

In most instances, the death benefit is a monthly lifetime DERP Pension Benefit for the designated beneficiary. If you are married, your spouse will receive the lifetime DERP Pension Benefit, unless your spouse formally consents to and waives this right and consents to another designated beneficiary. If you are not married, any children under age 21 will receive a benefit until they reach age 21. If you are not married and have no children under age 21, the designated beneficiary will receive the benefit. You should designate a beneficiary upon enrollment.

#### **On-the-Job**

If a death is classified as on-the-job, your beneficiary will receive a monthly lifetime DERP Pension Benefit with service credit calculated as the higher of 15 years' service or actual service plus five years. In either case, the additional service credit may not exceed the service which you would have earned by age 65. Benefits are calculated in accordance with the standard retirement calculation using the adjusted service credit. There are no minimum service requirements for this benefit.

#### **Off- the-Job**

If a death is classified as off-the-job, your beneficiary will receive a monthly lifetime DERP Pension Benefit that is 75% of the on-the-job death benefit. There are no minimum service requirements for this benefit.

#### **Benefits to Children Under 21**

If you die without a surviving spouse but with children under age 21, any benefit which would have been paid to the spouse will be paid to the child(ren's) guardian. Monthly benefit payments will continue until your children reach age 21.

## Section 6

### Death Benefit After Retirement

Your DERP Pension Benefit may be payable to your spouse or beneficiary after your death if you have elected a joint and survivor option at retirement. Upon your death, DERP will pay a monthly lifetime DERP Pension Benefit to your designated beneficiary. If your beneficiary passes away before you, your DERP Pension Benefit will increase to the maximum benefit as if no Joint and Survivor benefit had been selected.

It's important to review and update your beneficiaries periodically to ensure that any benefits payable upon your death are paid as you desire. Log in to your [MyDERP.org](https://MyDERP.org) account and click the **Beneficiary** button.

## DERP Plus Benefits Available When You Retire

### • Joint and Survivor

When you're preparing to retire, there are many decisions you must take into consideration. At the time you apply for your DERP Pension Benefit, you will choose from one of four options: maximum or one of three joint and survivor options.

When you select a joint and survivor option for a beneficiary, you are ensuring that upon your death your beneficiary will continue to receive a monthly DERP Pension Benefit for the remainder of their lifetime. Depending on the decision you make, your monthly DERP Pension Benefit can pay 100% of the benefit upon your death or a lower percentage of 75% or 50%. You choose which option will meet your needs and those of your loved ones.

Since your decision affects the amount of your monthly DERP Pension Benefit, the following information is designed to help you make an informed decision.

**Important** – Once retirement begins you cannot change your option or your joint and survivor beneficiary. This is a permanent decision.

### Joint and Survivor Benefit Options

**Maximum** – This selection provides you with the highest monthly DERP Pension Benefit payment for your lifetime. You are the only one to receive monthly lifetime benefits. Payments cease upon your death, and you do not elect a beneficiary.

**Joint and Survivor** – This selection provides a reduced monthly DERP Pension Benefit to you and your beneficiary for life. Joint and survivor options can be 100%, 75%, or 50% of the amount you will receive prior to death and is calculated based on the assumed life expectancies of both you and your beneficiary.

- Because the joint and survivor benefit covers two lifetimes, your monthly DERP Pension Benefit is reduced.

- If you are married, your spouse must be the designated beneficiary for at least a 50% joint and survivor benefit unless they formally consent to you electing the maximum benefit option.
- If you are married, your spouse must formally consent if you designate a joint and survivor benefit option for another beneficiary.
- If your beneficiary passes away before you, your DERP Pension Benefit will be increased to the maximum benefit as if no joint and survivor option had been elected.

To obtain an estimate of your DERP Pension Benefit with joint and survivor options, email [Help@DERP.org](mailto:Help@DERP.org). You will need to include your expected retirement date and your beneficiary's date of birth. If you were hired prior to January 1, 2010 and are anticipating sick and vacation leave or paid time off payout, please include this information, too.

#### • Lump-Sum Death

When you retire from active service, a single lump-sum death benefit payment is available to be paid upon your passing to your beneficiary, or to your estate if your beneficiary is no longer living. The following is a breakdown of the benefit amount based on retirement type:

**Normal, Rule-of-75, Rule-of-85, Disability Retirement (after age 65)** – The lump-sum death benefit is \$5,000.

**Disability Retirement before age 65** – The lump-sum death benefit is 150% of the member's annualized average monthly salary, limited to \$50,000. This benefit reduces to \$5,000 upon the disabled member reaching age 65.

**Early Retirement for Tier 1 and 2 Members (hired before July 1, 2011)** – The lump-sum death benefit is \$2,500 at age 55. This benefit is reduced by \$250 for each year of age under 65.

**Early Retirement for Tier 3 Members (hired on or after July 1, 2011)** – The lump-sum death benefit is \$2,500 at age 60. This benefit is reduced by \$500 for each year of age under 65.

**Important** – Retirement Law allows the lump-sum death benefit to be paid to the retired member in regular monthly installments. These regular payments may be made in 50 or 100 equal monthly installments while the retired member is still alive. This amount will be paid in addition to the regular monthly DERP Pension Benefit. Any remaining balance in the death benefit account will be paid to your beneficiary upon your death. Once you have withdrawn the complete death benefit, the payments will stop and there will not be a lump-sum death benefit for the beneficiary.

- **Insurance Premium Reduction**

The insurance premium reduction (IPR) is a benefit in which DERP contributes towards your monthly health insurance premiums. The amount DERP contributes is based on your years of service and Medicare status. To be eligible for the IPR, you must be enrolled in group health insurance offered by DERP. In addition, the IPR is only available to members and spouses receiving a joint and survivor benefit. The IPR is \$12.50 per year of service credit, per month, for non-Medicare retirees; \$6.25 per year of service credit, per month, for Medicare retirees.

- **Social Security Make-Up**

The normal retirement age under Social Security for Tier 1 and 2 members (hired before July 1, 2011) was extended beyond age 65 for individuals born in 1938 or later. If you are in this group, DERP will increase your monthly retirement benefits to help “make-up” for delayed Social Security benefits.

The Social Security make-up benefit is payable beginning at age 62, or your retirement date, whichever is later. This benefit will not be paid before your DERP Pension Benefit has begun. The benefit calculation is based on a percentage of your estimated primary Social Security benefit times service credit during which the contributions were made to Social Security (up to a maximum of 35 years) divided by 35.

The Social Security make-up benefit has been discontinued for Tier 3 members (hired on or after July 1, 2011).

Email [Help@DERP.org](mailto:Help@DERP.org) and ask us to calculate your Social Security make-up benefit.



## Your Journey to Retirement

Even though DERP manages your retirement benefits, you still have an important role to prepare for your secure retirement. Whether you're just starting out and not even focused on retirement, midway through your retirement journey and wondering if you'll have enough, or nearing the finish line, we partner with you to plan, build, and live a secure retirement future across your entire career. To ensure a smooth journey we've outlined the steps you should take at each stage.



### Four Steps to Take as a New Member

As a new member, retirement may be the furthest thing from your mind. But because your DERP Pension Benefit begins the day you start your job, it's important to take the following **four steps** now to get your retirement on track from the start.

#### Step 1 – Create Your MyDERP.org Account

Your MyDERP.org account is a secure online resource where you can view and update your information, enroll in seminars, request an appointment with a membership services representative, and more.

1. Navigate to **MyDERP.org**.
2. Click the **New User** hyperlink.
3. Answer all questions, select and answer challenge questions, and read and agree to the terms and conditions.

#### Step 2 – Designate Your Beneficiaries

It's important to designate a primary beneficiary to ensure any benefits payable upon your death are paid as you desire.

1. Log in to your **MyDERP.org** account.
2. Click the **Beneficiary** button and designate your beneficiary.

#### Step 3 – Learn About Your Benefits

Sign up and attend a **Understanding Your DERP Pension Benefit Seminar** and learn about your DERP Pension Benefit.

1. Log in to your **MyDERP.org** account
2. Click the **Seminars** button.
3. Sign up for a seminar.

#### Step 4 – Set Up a Summit Savings Deferred Compensation Plan

Summit Savings is a separate, personal, retirement savings (457b) program offered by the City and County of Denver. The Summit Savings plan is designed to complement Social Security, and your personal savings and investments, providing additional financial and retirement planning options.

1. Visit the city's **Summit Savings website** to learn more about the Summit Savings Deferred Compensation plan.



## Six Steps to Take as a Mid-Career Member

Mid-career is the time to sharpen your retirement focus and strengthen your retirement savings, report important life events, and become familiar with your DERP Pension Benefit. Take these six steps now to make sure your retirement future is strong.

### Step 1 – Strengthen Your Savings

Increase contributions to your Summit Savings Deferred Compensation Plan. The DERP Pension Benefit is designed to complement Social Security, and your personal savings and investments, providing additional financial and retirement planning options

Visit the city's **Summit Savings website** to learn more about the Summit Savings Deferred Compensation Plan.

### Step 2 – Look at Your Annual Member Statement

The **Annual Member Statement** is a valuable tool that you can use to help set your retirement goal. The statement reflects information such as your retirement eligibility, estimated monthly lifetime DERP Pension Benefit, and your primary beneficiary.

1. Log in to your **MyDERP.org** account.
2. Click the **Member Statement** hyperlink.
3. Download your statement.

### Step 3 – Review Your Beneficiaries

Look at your beneficiaries in your MyDERP.org account to ensure they are current, especially if you've experienced a major life event.

1. Log in to your **MyDERP.org** account.
2. Click the **Beneficiary** button.

### Step 4 – Get Familiar with Your Benefits

Attend a **DERP Sharpen Your Focus Seminar** to understand the range of DERP benefits available to you, including survivor benefits and disability.

1. Log in to your **MyDERP.org** account.
2. Click the **Seminars** button.

### Step 5 – Do the Math

Calculate your **DERP Pension Benefit** estimate so you can start to formulate a retirement budget and adjust your contributions to personal savings and investments if needed.

- **Get a DERP Pension Benefit Estimate**

Your estimate is based on your membership tier, your data, and provisions that are in place at that time. You can review your estimated benefit with and without deductions.

1. Log in to your **MyDERP.org** account.
2. Click the **Benefit Estimate** button.

If you want a precise calculation, email [Help@DERP.org](mailto:Help@DERP.org).

- **Consider Purchasing Service Credit**

Purchasing service credit will help increase your DERP Pension Benefit by increasing the amount of service used in the calculation of your retirement benefit. The benefit calculation is based on your membership tier and years and months of service.

1. Log in to your **MyDERP.org** account.
2. Click the **Service Purchase** button to get an estimated cost.

Refer to **Your Guide to Service Credit Purchase** for more information.

### Step 6 – Talk to a DERP Membership Services Representative

A DERP membership services representative will help you understand your retirement plan options, review paperwork, calculate your benefit, and more!

1. Log in to your **MyDERP.org** account.
2. Click the **Counseling Appointments** button to schedule an in-person, phone, or video counseling session.



## Six Steps to Take as a Late Career Member

Even though you may have been working for a while, you may not be ready to retire, and that's okay. But, because one of the biggest decisions you'll make in your lifetime is when to retire, it's never too early to plan and prepare. Whether you are five years, or one year, away from retirement, you should take these six steps now.

### Step 1 – Attend a DERP Plan and Prepare Seminar

Get an overview of your retirement benefits, the retirement process, and important timing steps.

1. Log in to your **MyDERP.org** account.
2. Click the **Seminars** button.

### Step 2 – Review Your Annual Member Statement

Your **Annual Member Statement** is a valuable tool to help you determine your retirement date. The statement reflects information such as your retirement eligibility, estimated monthly lifetime DERP Pension Benefit, and your primary beneficiary.

1. Log in to your **MyDERP.org** account.
2. Click the **Member Statement** hyperlink.
3. Download your statement.

### Step 3 – Meet with a DERP Membership Services Representative

Setup a counseling session with a membership services representative so you can ask questions, discuss health insurance options, review timelines, go over your paperwork, and more.

1. Log in to your **MyDERP.org** account.
2. Click the **Counseling Appointments** button to schedule an in-person, phone, or video counseling session.

### Step 4 – Understand Your Benefit Options

From survivor benefits and lump-sum death payment options and more, you'll have key decisions to make that will impact your DERP Pension Benefit payment to you and your beneficiary, for life.

Read **Section 6 – Your DERP Plus Benefits** in this handbook to learn about benefits that support a strong, healthy, and protected future.

### Step 5 – Do the Math

Calculate your DERP Pension Benefit estimate so you can start to formulate a retirement budget and adjust your contributions to personal savings and investments if needed.

- **Get a DERP Pension Benefit Estimate**

Your estimate is based on your membership tier, your data, and provisions that are in place at that time. You can review your estimated benefit with and without deductions.

1. Log in to your **MyDERP.org** account.
2. Click the **Benefit Estimate** button.

If you want a precise calculation, email [Help@DERP.org](mailto:Help@DERP.org).

- **Consider Purchasing Service Credit**

Purchasing service credit will help increase your DERP Pension Benefit by increasing the amount of service used in the calculation of your retirement benefit. The benefit calculation is based on your membership tier and years and months of service.

1. Log in to your **MyDERP.org** account.
2. Click the **Service Purchase** button to get an estimated cost.

Refer to the **Your Guide to Service Credit Purchase** publication for more information.

### Step 6 – Review the Retirement Checklist

Even if you're not thinking about retirement right now, it's never too early to learn about the steps you'll need to take, the documents you'll need to submit, and the key decisions you'll have to make.

Read the **Five Steps to Take to Ensure a Smooth Transition to Retirement** section in this handbook so you'll know what to expect and what you'll need to do.



## Five Steps to Take to Ensure a Smooth Transition to Retirement

Congratulations, you've made the decision to retire! DERP is here to help you navigate important next steps in the journey. The first step you need to take is to understand what you need to do to be prepared. There are a lot of decisions you will have to make, documents to gather, and filing dates to meet before you can begin to collect your monthly DERP Pension Benefit. Because your choices uniquely impact your retirement future, it's important to give yourself enough time to review your DERP Plus Benefits and options to ensure your countdown to retirement is on track and there are no delays. Let's get started!

### Step 1 – Gather Documents

Along with your **Retirement Application**, there are additional documents you must submit. To ensure you don't overlook anything and to avoid delays, we've created a **Retirement Checklist** of everything you need to include with your application.

	Member	Spouse/ Beneficiary
<p><b>Consent of Spouse Form</b> Your spouse must complete this form and have his/her signature notarized if you elect the Maximum benefit or a Joint and Survivor benefit for a beneficiary other than your spouse.</p>		●
<p><b>Certified Birth Certificate or Passport (provide copy)</b> A certified copy of a birth certificate is a legal document issued by the vital records office in the state where you were born. The certified copy will have a raised seal, show the signature of the Local Registrar, and is printed on security paper. DERP <b>will not accept</b> a birth registration, driver's license, or hospital-issued birth certificate. Contact the vital records office in the state where you were born to request a certified copy of your birth certificate.</p>	●	●

	Member	Spouse/ Beneficiary
<p><b>Social Security Estimate or Award Letter (provide copy)</b></p> <ul style="list-style-type: none"> <li>• <b>Estimate of Benefits</b> – If you have not applied for, and are not currently receiving, Social Security Administration (SSA) benefits, you must submit a copy of the <b>Estimate of Benefits</b> from SSA. You can get your <b>Estimate of Benefits</b> instantly online when you create or open your “my Social Security account.”</li> <li>• <b>Award Letter</b> – If you have applied for or are currently receiving SSA benefits, you must submit the <b>original Award Letter</b> (also known as a Notice of Award) you received from the SSA when your claim for benefits was approved.</li> </ul> <p>Keep in mind, it can take one to three months from the date your benefit is approved to receive your Award Letter. If you have misplaced your Award Letter you can request a copy by calling Social Security or visiting your local office. You cannot get it online. An Award Letter is not the same thing as a benefit verification letter.</p> <p><i>Only pertains to Tier 1 and Tier 2 members who are eligible for the Social Security Make-Up benefit.</i></p>	●	
<p><b>Marriage Certificate/Common Law Affidavit</b> (provide copy if applicable)</p>	●	
<p><b>Medicare Card or Medicare Entitlement Letter of Award</b> (if applicable)</p> <p>Medicare is for people age 65 and older. Certain people younger than age 65 can qualify if they have a disability or special conditions.</p> <p>If you intend to enroll in a Medicare Advantage medical plan through DERP and already have Medicare, you will need to provide a copy of your Medicare card showing you have Parts A and B. If you have applied and been approved, but haven’t received your card, you will need to provide a copy of your Medicare Entitlement Letter of Award.</p> <p>Visit the <b>Medicare</b> website for more information and to create or log in to your account</p>	●	●
<p><b>Decree of Dissolution of Marriage</b> (provide copy if applicable)</p>	●	

## Step 2 – Review and Decide

You'll have key decisions to make at retirement that will impact your monthly lifetime DERP Pension Benefit payment. Completing the Application for Retirement will be easier if you have an idea of the choices you want to make.

### Health Insurance Coverage

1. Review the **Your Guide to DERP Retiree Health Insurance** to determine which insurance plan meets your needs.
2. Review the presentations from our carriers on the **DERP.org** website describing the benefits their plans provide.

#### Non-Medicare plans

- Denver Health HDHP or HMO
- Kaiser HDHP or DHMO
- United Healthcare HDHP or CDP
- Dental – Cigna or Delta
- Vision – VSP

#### Medicare plans

- Humana HMO or PPO
- Kaiser Senior Advantage

### DERP Pension Benefit Options

When you apply for retirement you'll have to decide on the DERP Pension Benefit option that meets your needs. The maximum option will cease upon your passing, while a joint and survivor option will ensure that your beneficiary will receive a monthly DERP Pension Benefit payment for their lifetime upon your passing.

Read **Section 6 – Your DERP Plus Benefits** in this handbook to learn about your options.

### Lump-Sum Death

When you retire from active service, you will be eligible for a lump-sum death benefit. You will need to decide if you want to draw from it during your lifetime or if you want your beneficiary to receive it upon your passing.

Read **Section 6 – Your DERP Plus Benefits** in this handbook for more information about the lump-sum death benefit.

### Taxes in Retirement

When you begin receiving your monthly DERP Pension Benefit payment it is subject to federal and state income tax. You will need to decide if you want DERP to withhold taxes and, if so, the amount you want withheld.

*DERP cannot provide tax counseling. Specific questions about your taxes should be directed to your personal tax advisor, the IRS, and/or the Colorado Department of Revenue.*



### Step 3 – Meet with a DERP Membership Services Representative

Setup a counseling session with a membership services representative so you can ask questions, discuss health insurance options, review timelines, go over your paperwork, and more.

1. Log in to your **MyDERP.org** account.
2. Click the **Counseling Appointments** button to schedule an in-person, phone, or video counseling session.

### Step 4 – Submit Your Notification of Intent to Retire

Members who are retiring from active service should submit their notification of intent to retire, in writing, to their supervisor, the Office of Human Resources (OHR) or designated human resources representative, **and** to DERP. Be sure to clearly indicate your last day of work as an employee and state the reason for separation is **retirement**.

DERP will contact you upon receipt of your intent to retire, and/or your online Retirement Application, and share next steps.

### Step 5 – Submit Your Retirement Application

Your signed and notarized Retirement Application, and all required documents, must be received by DERP within 30 days of your last day worked. Submit your Retirement Application and all required documents to:

Email: [Help@derp.org](mailto:Help@derp.org)

Fax: (303) 839-9525

Mail: Denver Employees Retirement Plan  
777 Pearl St.  
Denver, CO 80203

**Important** – Your monthly DERP Pension Benefit payment will be deferred if you submit an incomplete package, or if DERP does not receive your complete package within 30 days of your last day worked. Failure to submit your retirement application and all other required forms and documents within 30 days of separation, will result in your DERP Pension Benefit monthly payments being delayed and the loss of the Lump-Sum Death Benefit.

Your DERP Pension Benefit is effective the first day of the month following your separation if you've worked continuously up to retirement. Your monthly DERP Pension Benefit will be deposited in your account on the first business day of each month.

## Section 8

# Frequently Asked Questions and Answers

## General

### **What happens to my contributions if I quit working for the city?**

If you have less than five years of service credit and separate employment from the city, you can request a refund of your employee contributions or roll them over to another qualified retirement account. In either case, you forfeit the service credit earned and any future DERP Pension Benefit eligibility.

If you have more than five years of service credit and separate employment from the city, you are vested and your contributions can't be refunded. Instead, your contributions will remain a part of the trust fund and you will be eligible to receive a monthly lifetime DERP Pension Benefit upon reaching retirement age.

### **If I request a refund/rollover of my contributions after separating employment with the city, when will I get my check?**

If you separate from employment with the city before you are vested and choose to receive a refund/rollover of your contributions, a check will be mailed from DERP within 60 days of your separation date.

### **Can I borrow against my DERP Pension Benefit?**

No. Because DERP is a defined benefit pension plan, IRS regulations do not allow DERP to offer loans to employees or retirees. However, the city's separate 457(b) retirement savings program may allow loans to participants under certain hardship circumstances. Visit the Summit Savings website to learn more about the Deferred Compensation plan.

## DERP Pension Benefit

### **How is my DERP Pension Benefit calculated?**

Your monthly lifetime DERP Pension Benefit is determined by your hire date and built on a formula based on your age, length of service, and salary, not the contributions you make. The longer you work with the city, the higher your monthly benefit will be.

If you were hired prior to September 1, 2004, your DERP Pension Benefit calculation is 2% of your average monthly salary (based upon your highest 36 consecutive months' salary) times your service credit.

If you were hired on or after September 1, 2004, but prior to July 1, 2011, your DERP Pension Benefit calculation is 1.5% of your average monthly salary (based upon your highest 36 consecutive months' salary) times your service credit.

If you were hired on or after July 1, 2011, your DERP Pension Benefit calculation is 1.5% of your average monthly salary (based upon your highest 60 consecutive months' salary) times your service credit.

**When can I retire?**

If you were hired before July 1, 2011, the earliest you can retire is age 55. Your lifetime DERP Pension Benefit will be reduced by 3% for each year you are under age 65 when you begin to receive your benefit (30% reduction at age 55) unless you have qualified for the Rule-of-75 (service credit + age = 75).

If you were hired on or after July 1, 2011, the earliest you can retire is age 60. Your lifetime DERP Pension Benefit will be reduced by 6% for each year you are under age 65 when you begin to receive your benefit (30% reduction at age 60) unless you have qualified for the Rule-of-85 (service credit + age = 85).

**What is the Rule-of-75?**

**Rule-of-75** - For members hired before July 1, 2011, the Rule-of-75 Retirement enables a member to retire as early as age 55, without a benefit reduction, provided the combined service credit and age at termination equal or exceed the sum of 75.

**What is the Rule-of-85?**

**Rule-of-85** - For members hired on or after July 1, 2011, the Rule-of-85 Retirement enables a member to retire as early as age 60, without a benefit reduction, provided the service credit and age at termination equal or exceed the sum of 85.

**What happens to my accrued sick and vacation time or PTO when I retire?**

**Sick and Vacation Leave** - If you were hired prior to January 1, 2010, and accrued sick and vacation leave, any unused leave cashed-out upon separation is treated as salary for pension calculation purposes. The cashed-out amount is added to your final month of salary, boosting your average monthly salary component of the pension calculation formula if the 36 consecutive months of salary were your final 36 months.

**Paid Time Off (PTO)** - If you were hired prior to January 1, 2010 and accrued PTO, any unused leave cashed-out upon separation is treated as salary for pension calculation purposes. If you were hired on or after January 1, 2010, and accrued PTO, any unused PTO that is cashed-out upon separation is not legally able to be treated as salary for pension calculation purposes and does not alter your average monthly salary.

If you received a cash-out of unused accumulated leave, you may be eligible to have some, or all, of that amount directed to an account to defer taxes on funds. This deferral will not impact the calculation of your DERP Pension Benefit.

### **What happens to my DERP Pension Benefit if I get divorced?**

Your DERP Pension Benefit is considered marital property. In the event of a divorce, Colorado law may require DERP to divide your retirement benefit when a Domestic Relations Order (DRO) has been filed with the Court. Your DERP Pension Benefit will be divided based on your employment status.

- **Vested** – If you are vested when the DRO is entered, the division is based on either an agreed upon percentage or an exact amount of the retirement benefit earned while both married and employed.
- **Retired** – If you are retired when the DRO is entered, the calculation for the division of your DERP Pension Benefit is based on what you are currently receiving.
- **Not Vested** – If you are not vested, email [Help@DERP.org](mailto:Help@DERP.org) and ask if a DRO is appropriate for your situation.

For more information about how divorce and a DRO may impact you in regard to your DERP Pension Benefit, and the specific instructions to create a valid DRO that DERP will recognize, email [Help@DERP.org](mailto:Help@DERP.org).

## Supplementing Benefits

### **Can I purchase service credit to put toward my DERP Pension Benefit?**

If you are vested, you may purchase service credit prior to separation from employment. You can purchase unlimited prior governmental service credit, and up to five years of non-governmental service credit. Service credit may be purchased in periods of one or more months. The cost to purchase service credit is based upon your current age, service credit, average monthly salary (based on the highest 36 or 60 consecutive months' salary), and other actuarial factors.

Purchasing service credit will help you increase your DERP Pension Benefit by increasing the amount of service used in the calculation of your retirement benefit. Purchased service will be used only to calculate the member's retirement benefit and will not be used in the calculation of the Rule-of-75, Rule-of-85, or health insurance premium reduction benefit.

Email [Help@DERP.org](mailto:Help@DERP.org) to request an official calculation using your current data.

### **Can I add extra money to my DERP Pension Benefit?**

You cannot add extra money to your DERP Pension Benefit other than by purchasing service credit. However, you can contribute more to your future retirement through the voluntary retirement savings (457b) program offered by the city. Visit the **Summit Savings** website to learn more about the Deferred Compensation plan.

## DERP Plus Benefits

### What happens if I become disabled while working for the city?

A Disability Retirement benefit is available for all active members of DERP. This benefit provides important protection for you and your loved ones, if you become totally and permanently disabled, whether on-the-job or off-the-job. Disability retirement benefits provide a monthly lifetime benefit if you meet eligibility requirements and must stop working before you reach normal retirement age.

#### • On-the-Job

If you become permanently disabled because of an accident or other medical reason in connection with your employment, you may be eligible for an on-the-job disability retirement benefit. This benefit would be based on the higher of 20 years' service credit or actual service plus 10 years. In either case, the service credit cannot exceed the service you would have earned at age 65. There are no minimum years of service requirements for this benefit. To qualify for an on-the-job disability, you must:

1. Submit proof of a work-related injury or disease.
2. Separate from employment within 24 months of the work-related injury or disease.
3. Apply in writing for a disability retirement within 90 days of your employment separation.
4. Qualify for a disability benefit as determined by Social Security standards.

#### • Off- the-Job

A disability caused by sickness or other medical reason, not connected to the job, is 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. To qualify for an off-the-job disability retirement, you must:

1. Have at least five years' service credit.
2. Terminate employment with the employer due to medical reasons.
3. Separate from employment within 24 months of the injury or disease.
4. Apply in writing for a disability retirement within 90 days of your employment separation.
5. Qualify for a disability benefit as determined by Social Security standards.

#### • Temporary Early Retirement

Temporary early retirement (pending approval of a disability application) is available to active, vested members who are at least age 55 (or at least age 60, for members hired on or after July 1, 2011). This benefit is designed to income to the member during the process of fulfilling the disability application requirements. Temporary early retirement is limited to three years.

If you qualify for disability retirement, your DERP Pension Benefit becomes effective the first day of the month following your termination of employment with the city, Denver Health and Hospital Authority, or the Denver Employee Retirement Plan because of the disability.

### **What happens if I die while working for the city?**

If you are an active member and die while employed with the city, Denver Health and Hospital Authority, or the Denver Employee Retirement Plan, there are death benefits available for your beneficiary.

In most instances, the death benefit is a monthly lifetime DERP Pension Benefit for the designated beneficiary. If you are married, your spouse will receive the lifetime DERP Pension Benefit, unless your spouse formally consents to and waives this right and consents to another designated beneficiary. If there you are not married, any children under age 21 will receive a benefit until they reach age 21. If you are not married and have no children under age 21, the designated beneficiary will receive the benefit. You should designate a beneficiary upon enrollment.

- **On-the-Job**

If a death is classified as on-the-job, your beneficiary will receive a monthly lifetime DERP Pension Benefit with service credit calculated as the higher of 15 years' service or actual service plus five years. In either case, the additional service credit may not exceed the service which you would have earned by age 65. Benefits are calculated in accordance with the standard retirement calculation using the adjusted service credit. There are no minimum service requirements for this benefit.

- **Off- the-Job**

If a death is classified as off-the-job, your beneficiary will receive a monthly lifetime DERP Pension Benefit that is 75% of the on-the-job death benefit. There are no minimum service requirements for this benefit.

- **Benefits to Children Under 21**

If you die without a surviving spouse but with children under age 21, any benefit which would have been paid to the spouse will be paid to the child(ren's) guardian. Monthly benefit payments will continue until your children reach age 21.

- **Death Benefit After Retirement**

Your DERP Pension Benefit may be payable to your spouse or beneficiary after your death if you have elected a Joint and Survivor Option at retirement. Upon your death, DERP will pay a monthly lifetime DERP Pension Benefit to your designated beneficiary. If your beneficiary passes away before you, your DERP Pension Benefit will increase to the maximum benefit as if no Joint and Survivor benefit had been selected.

It's important to review and update your beneficiaries periodically to ensure that any benefits payable upon your death are paid as you desire. Log in to your **MyDERP.org** account and click the **Beneficiary** button.

**What is a joint and survivor beneficiary?**

At the time you apply for your DERP Pension Benefit, you will choose one of four options: Maximum or one of three Joint and Survivor Options.

When you select a joint and survivor option for a beneficiary, you are ensuring that upon your death your beneficiary will continue to receive a monthly DERP Pension Benefit for the remainder of their lifetime. Depending on the decision you make, your monthly DERP Pension Benefit can pay 100% of the benefit upon your death or a lower percentage of 75% or 50%. You choose which option will meet your needs and those of your loved ones.

**Important** – *Once retirement begins, you cannot change your option or your joint and survivor beneficiary. This is a permanent decision.*

**How is the Insurance Premium Reduction (IPR) calculated and paid?**

DERP contributes towards your monthly health insurance premiums based on your years of service and Medicare status. To be eligible for the IPR, you must be enrolled in group health insurance offered by DERP. In addition, the IPR is only available to members and spouses receiving a joint and survivor benefit. For non-Medicare retirees, the IPR is \$12.50 for each year of service credit, per month. For Medicare retirees, the IPR is \$6.25 for each year of service credit, per month. Any health insurance premiums not covered by the IPR are deducted from your DERP Pension Benefit after taxes.





# Notes

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## **Disclaimer**

The **Active Members Handbook** is intended primarily for the members and benefit recipients of the Denver Employees Retirement Plan (DERP) to provide a general overview. It is for informational and educational purposes only. Although efforts are made to ensure the accuracy and timeliness of the information, it is for general information only. If you have questions, you are encouraged to contact a DERP membership representative for specific information regarding your DERP Pension Benefit.

DERP and its administration of the DERP Pension Benefit 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 contained in this handbook is based on the pertinent laws in effect as of this date, it cannot be relied upon 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.

DERP suggests you consult with an attorney and/or a tax advisor if you have any specific legal or tax question concerning the information provided in this handbook. In all cases, the provisions of the governing laws, rules, and regulations will prevail.



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Denver, CO 80203



**DERP.org**  
**MyDERP.org**