



Denver Employees  
Retirement Plan

# Popular Annual Financial Report

A Component Unit of the City and County of Denver, Colorado  
Fiscal Year Ended December 31, 2024



*Powering Your Future, Together.*

# About This Report

The Popular Annual Financial Report (PAFR) includes condensed and simplified information from the 2024 Denver Employees Retirement Plan (DERP) [Annual Comprehensive Financial Report](#), or ACFR, presented in clear, easy-to-understand language. The financial information presented is unaudited and does not provide all the necessary financial statement and note disclosures required by the Generally Accepted Accounting Principles (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 honored to lead an organization that's committed to **Powering Your Future, Together.**

Your financial security is what drives us every day. My team and I are committed to supporting you at every stage of your retirement journey, making sure you have the resources, guidance, and confidence to plan for what's ahead.

Keeping you informed is a big part of how we power your future, together. That's why I'm excited to share the **2024 Popular Annual Financial Report (PAFR)**. This report breaks down key financial information in a clear, easy-to-read format, giving insight into our financial health and the decisions that shape your future. Want to dive deeper? You can find the full **Annual Comprehensive Financial Report (ACFR)** at [DERP.org/About/Financial-Reports](https://DERP.org/About/Financial-Reports).

I'm pleased to share that in 2024, our fund achieved a solid 7.9% rate of return, surpassing our 7% assumed rate. This performance reflects strong market conditions and the long-term investment strategies that guide our financial decisions. Year over year, we've consistently

Eighty-six percent of Americans say all workers, not just those employed by state and local governments, should have a pension.

Source: National Institute on Retirement Security

navigated economic ups and downs, delivering long-term growth that supports your retirement security.

In addition to our continued dedication to financial stewardship, we remain committed to growing the services and resources for you, our members. In 2024 we introduced our new RetireStrong Education Program video library, a series of animated videos designed to provide members with valuable information on a variety of topics relevant to members in all career stages. I encourage you to visit the video library at [DERP.org/Resources/Videos](https://DERP.org/Resources/Videos). The videos present complex retirement concepts in an easy-to-understand and engaging format, ensuring that every member can access the knowledge they need to plan confidently for their future.

Everything we do is about making sure you feel secure and confident in your retirement – not just today, but for years to come. We're excited to keep **Powering Your Future, Together**, helping you plan for the future and make your retirement dreams a reality.

Best Wishes,

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 (city) employees in the Career Service, certain employees of the Denver Health and Hospital Authority (DHHA), and DERP staff.

### Executive Leadership

The executive leadership team is a passionate group of hard-working people comprised of an executive director, a benefits and membership 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, for staggered 6-year terms. The retirement board's role is to ensure we're appropriately governed and managed. The retirement board acts as trustees for city employees, DHHA-covered employees,

and retired members and their beneficiaries. They oversee the investment of assets, approve the operating budget, and set policy. One member must be an active, vested employee and one must be a retired member. The retirement board appoints the executive director, who oversees our day-to-day operations and staff.

### Advisory Committee

Advisory committee members represent city employees, DHHA-covered employees, and retired members and present suggestions and questions to the retirement board. Our advisory committee consists of four members who serve staggered 3-year terms. One member 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. Advisory committee members are not responsible for the administration or management of DERP and do not vote on retirement board motions or resolutions.

As a trusted steward of the city's pension plan for over 60 years, we have 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 qualify 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.



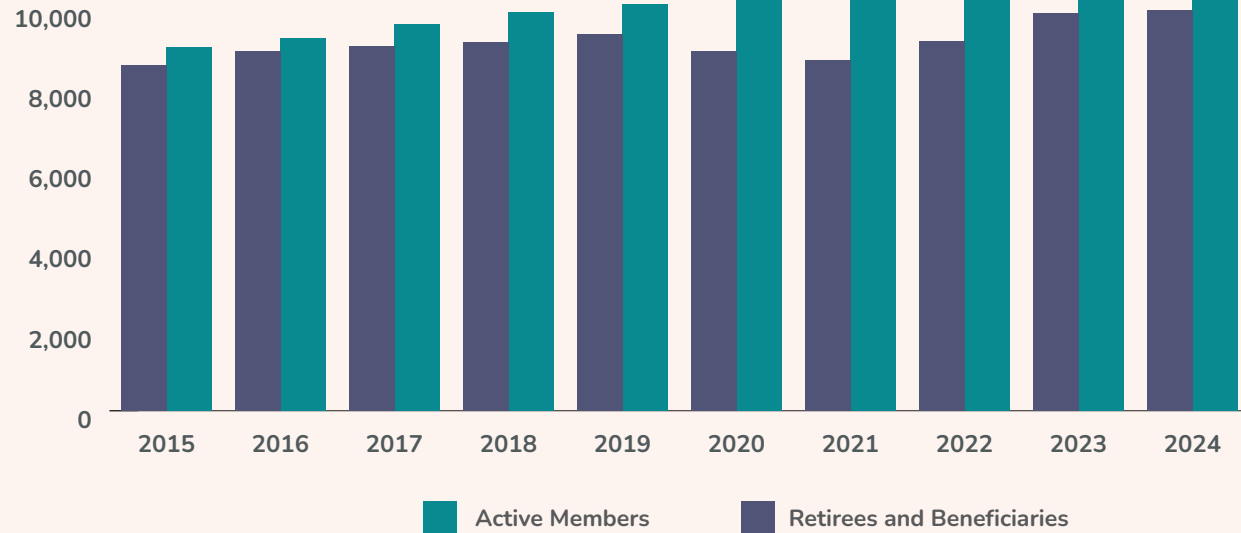
### In 2024 DERP had 28,855 members in the following categories:

- **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 have qualified to receive a future lifetime monthly DERP Pension Benefit once they reach retirement age.

### 10-Year Snapshot

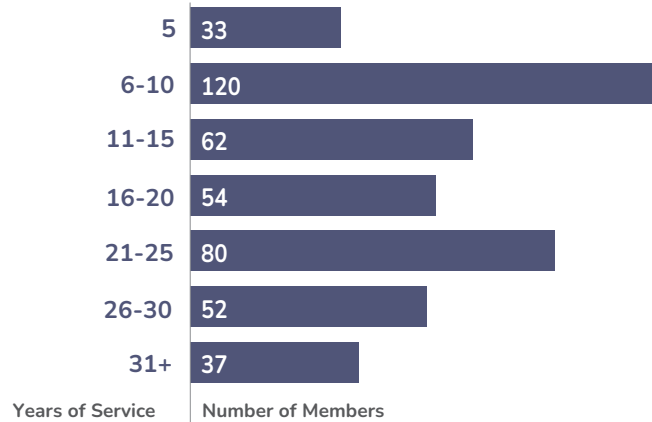
Over the last 10 years, the number of active members making contributions to DERP increased more than 16%, from 8,489 to 9,987. The number of retirees and/or beneficiaries collecting benefits has increased 28%, from 8,815 to 11,312.

### Active Members Compared to Retirees and Beneficiaries



### Years of Service Credit at Retirement

In 2024, 438 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

## 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. DERP is a qualified plan that meets the requirements of Section 401(a) of the Internal Revenue Code. A member's contributions, along with employer contributions, plus income from investments, fund the DERP Pension Benefit and the DERP Plus Benefits. Contributions made are on a pretax basis through payroll deduction, and income is tax-deferred until it's received as a benefit. In most cases, the DERP Pension Benefit paid to a member greatly exceed the contributions made while working.

## What are DERP Plus Benefits?

In addition to receiving the security of their DERP Pension Benefit, members have a range of additional benefits to support a protected future. 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 and active death retirement.

Upon retirement, DERP Plus Benefits available to members include joint and survivor, lump-sum death, health insurance, and an insurance premium reduction. Contributions made are on a pre-tax basis through payroll deduction, and income is tax-deferred until received as a benefit.

## How It Works

Eligible employees become members on their first day of employment, and contribute a percentage of each paycheck, pre-tax, to their 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.

**Advantages of the DERP Pension Benefit**

**It's Guaranteed** - Once 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 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 after they pass.

## 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 are three seminars in this program including one for new/early career members, one for mid/late career members, and one for ready-to-retain members. 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 our [DERP.org](https://www.derp.org) website and their online member portal, [MyDERP.org](https://www.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.

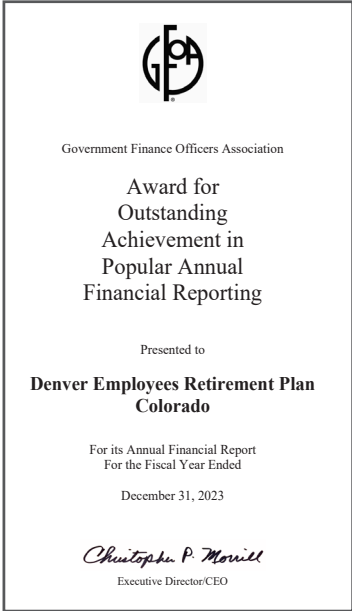


# Financial Reporting Awards

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, 2023.



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 five 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, 2023, 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-fifth 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.

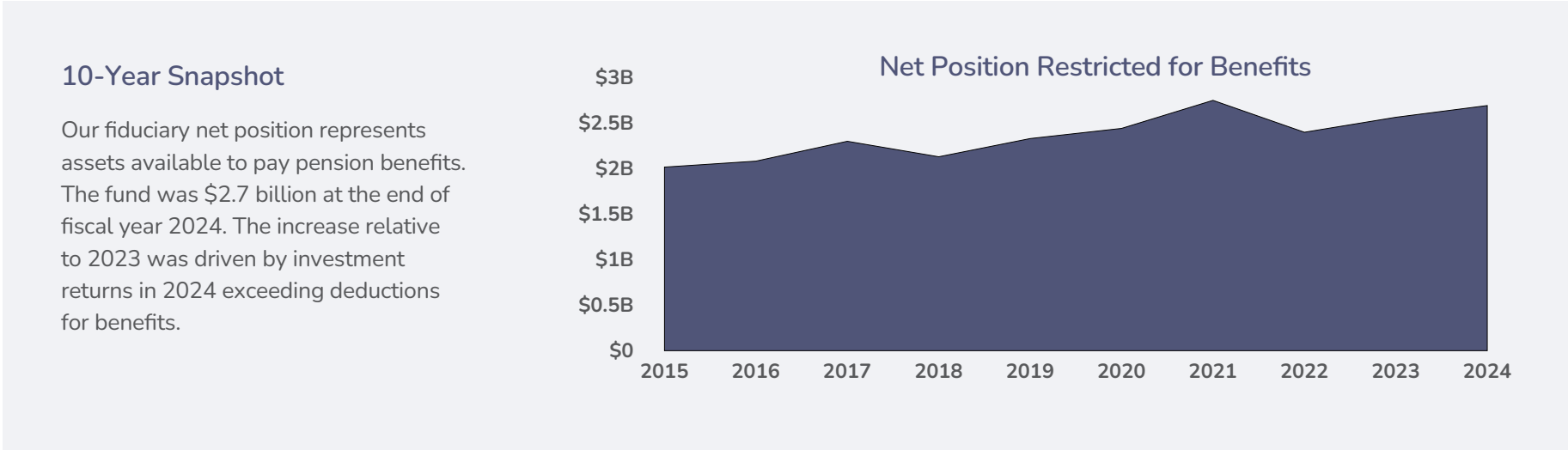
A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements and we have submitted it to GFOA to determine its eligibility for another certificate.

# Assets and Liabilities

This table shows our assets, liabilities, and deferred inflow of resources for the years ended December 31, 2024, 2023, and 2022. 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 due to investment returns during 2024 exceeding deductions for benefit payments. Additionally, contributions from all sources increased in 2024 largely due to an increase in the city’s covered payroll. As of December 31, 2024, we had a fiduciary net position of \$2.7 billion.

The value of our assets increased by \$116 million during 2024. This increase was largely due to the fair value of investments being higher than their value at the end of 2023.

	2024	2023	2022
<b>Assets</b>			
Cash and short-term investments	62,204,580	\$ 54,754,251	\$ 56,579,912
Securities lending collateral	35,894,038	61,700,970	68,602,894
Receivables	11,967,878	13,629,026	10,235,726
Investments, at fair value	2,630,466,661	2,496,217,623	2,332,598,410
Prepaid items	1,944,906	-	-
Capital assets	1,213,094	1,529,228	1,950,243
<b>Total assets</b>	<b>2,743,691,157</b>	<b>2,627,831,098</b>	<b>2,469,967,185</b>
<b>Liabilities</b>			
Accounts payable	2,473,181	2,158,922	2,013,812
Leases payable	59,729	34,650	19,963
Securities lending obligations	35,894,038	61,700,970	68,602,894
<b>Total liabilities</b>	<b>38,426,948</b>	<b>63,894,542</b>	<b>70,636,669</b>
<b>Deferred inflow of resources</b>	<b>23,600</b>	<b>56,475</b>	<b>86,375</b>
<b>Fiduciary net position restricted for benefits</b>	<b>\$ 2,705,240,609</b>	<b>\$ 2,563,880,081</b>	<b>\$ 2,399,244,141</b>



## Income and Expenses

This table shows our income (additions) and expenses (deductions) for the years ended December 31, 2024, 2023, and 2022. In 2024, additions from contributions and investment returns totaled \$443 million. Deductions for 2024 were approximately \$302 million, of which \$295 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 11,312 retirees and/or their beneficiaries.

It's important to keep in mind some years will have positive returns, while other years 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.

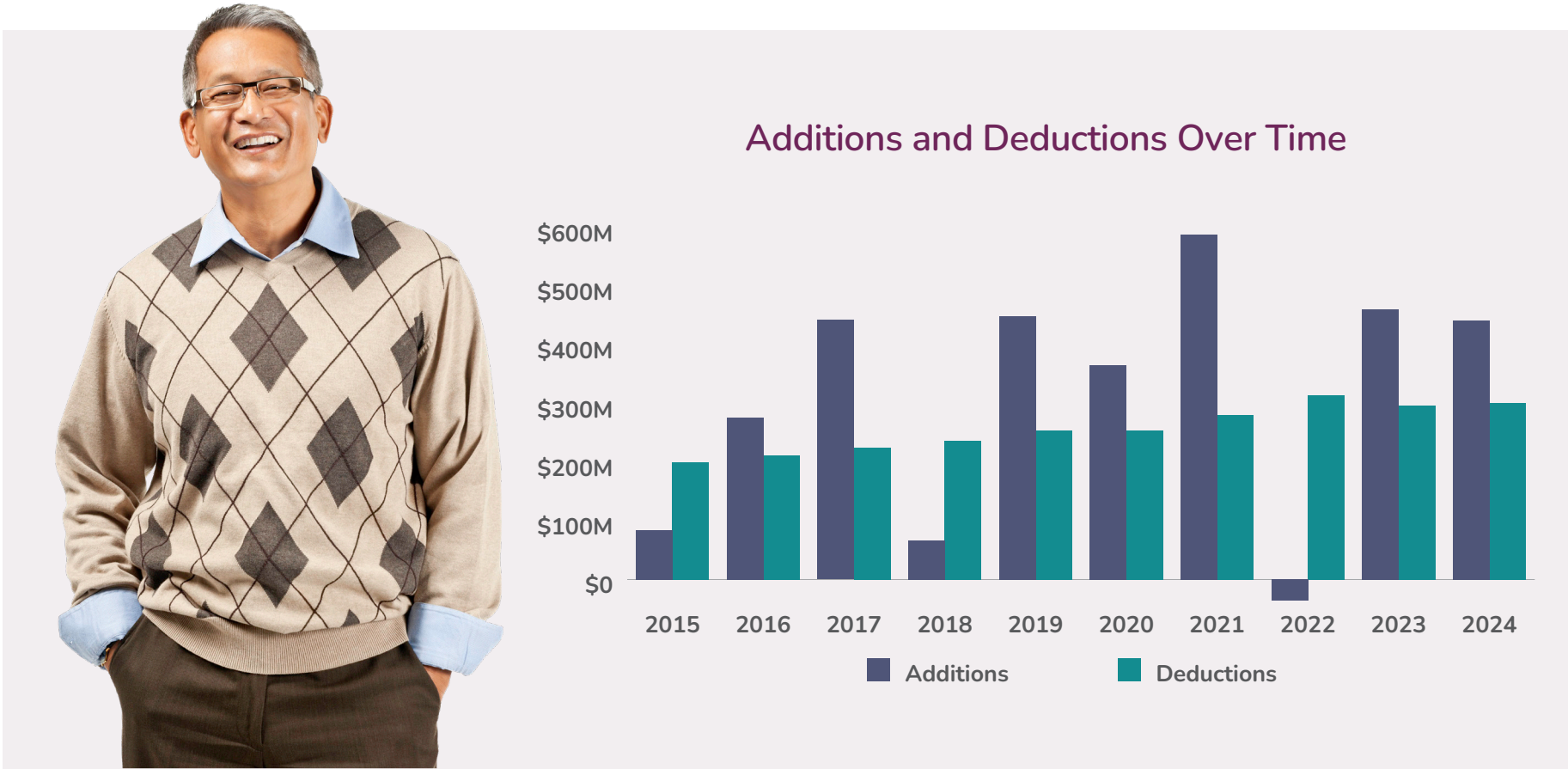
	2024	2023	2022
<b>Additions</b>			
Employer contributions	\$ 172,012,862	\$ 159,584,423	\$ 136,145,712
Member contributions	80,309,044	75,788,120	72,428,925
Investment earnings			
Net appreciation (depreciation) in fair value of investments	157,093,210	194,982,293	(293,751,342)
Earnings on investments	50,752,795	46,893,824	64,583,514
Less: investment expenses	(17,565,127)	(16,217,030)	(14,914,617)
Net income from securities lending	286,679	231,678	261,548
<b>Total additions</b>	<b>442,889,463</b>	<b>461,263,308</b>	<b>(35,246,260)</b>
<b>Deductions</b>			
Member benefits and refunds	295,631,473	291,323,819	310,458,134
Administrative expenses	5,897,462	5,303,549	4,804,468
<b>Total deductions</b>	<b>301,528,935</b>	<b>296,627,368</b>	<b>315,262,602</b>
<b>Fiduciary net position restricted for benefits</b>	<b>\$ 2,705,240,609</b>	<b>\$ 2,563,880,081</b>	<b>\$ 2,399,244,141</b>

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 \$18 million in 2023. 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 DERP's asset under management.

During 2024 our investment earnings net of expenses decreased by \$35 million compared to 2023. This decrease was due to a stronger market during 2023 compared to the 2024 market. However, during 2024 investment returns exceeded the assumed rate of return of 7%. Benefits paid increased by approximately \$4 million during 2024 compared to 2023. 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.

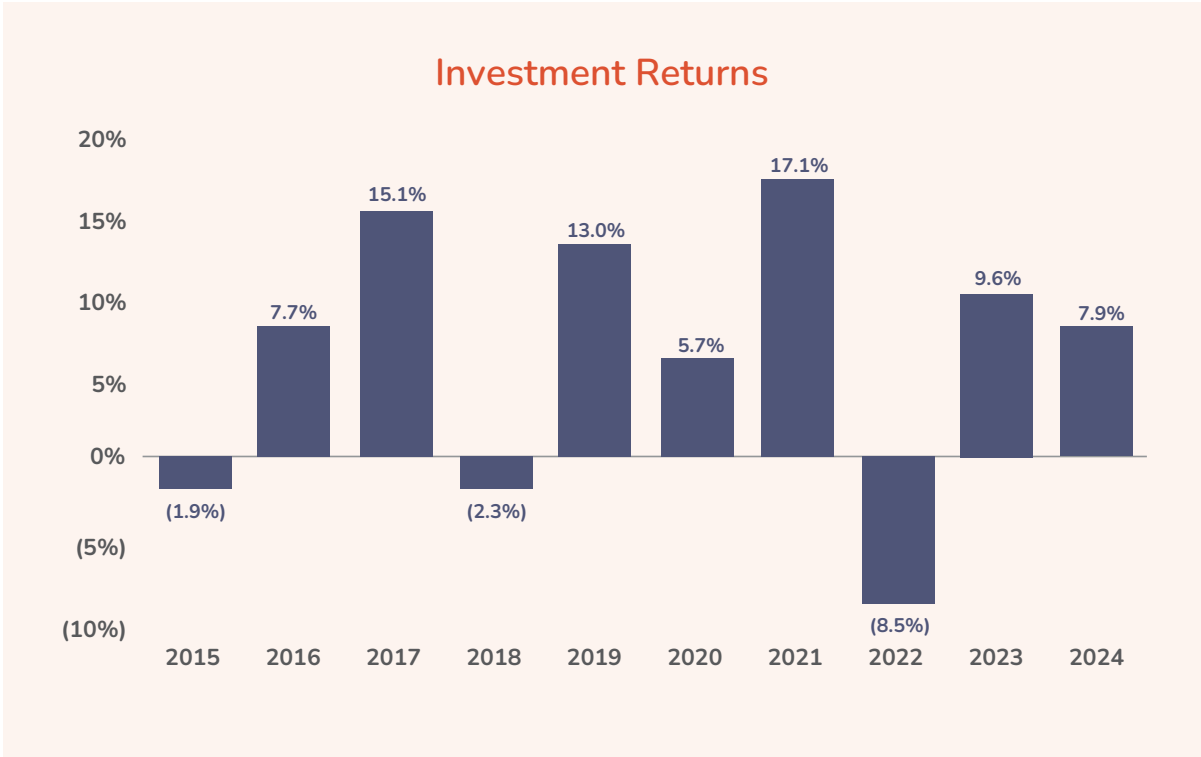
Although we expect investment gains in some years and losses in others, we take a long-term view to achieve our goals. We rely on professional investment management and a broadly diversified portfolio of investments.. To withstand significant market swings, we invest across multiple asset classes (for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

Our goal is 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 country 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.

Because investment returns 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.

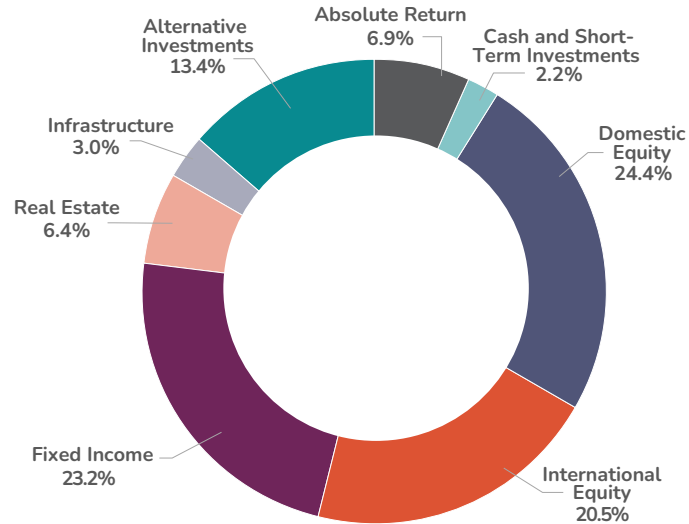
## Investment Returns

In 2024, the fund gained 7.9%, exceeding our 7% assumed rate of return. Our U.S. equities made the biggest impact (up 21.6%), as large tech companies continued to dominate and the overall economy remained good. International stocks (up 6.9%) were supported by lowered inflation expectation and China stimulus measures. Other contributors were private loans (up 10.2%), and infrastructure (up 9.0%).



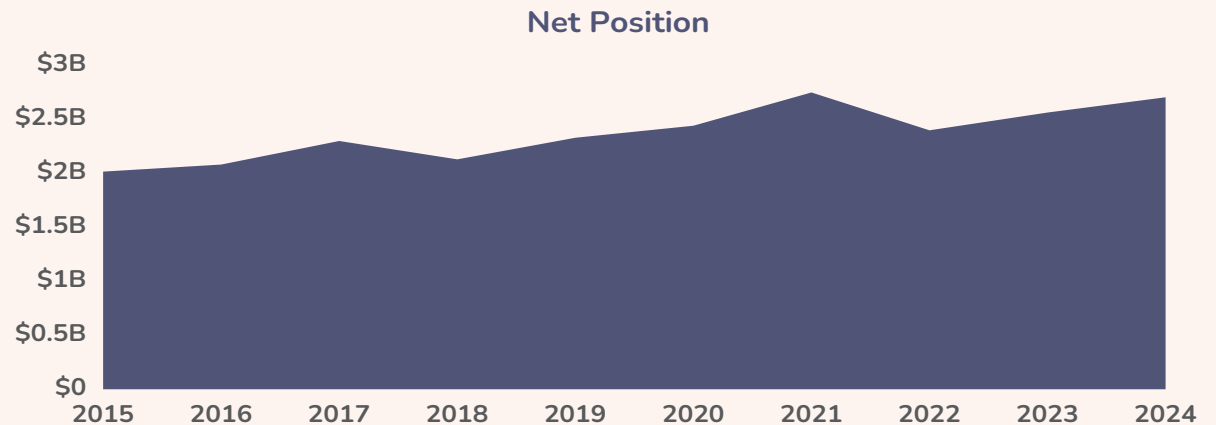
### Investment Allocation

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 \$2,692,671,241 investment portfolio as of December 31, 2024.



### 10-Year Snapshot

Our net position represents assets available to pay retirement benefits. The fund was \$2.7 billion at the end of fiscal year 2024.

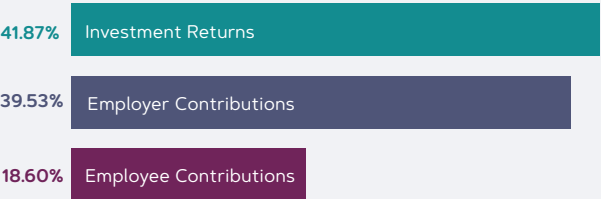


# Funding

## Where does the funding come from?

Our annual revenue consists of 3 main streams:

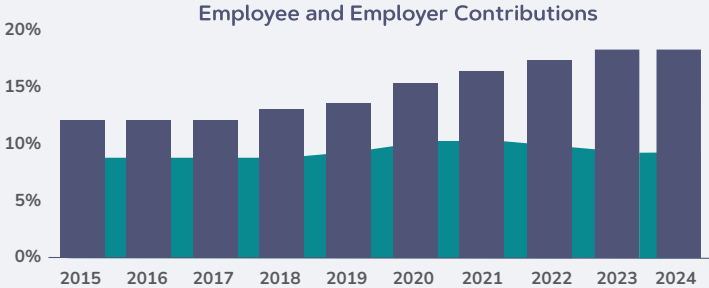
- Employer contributions – 17.95% of payroll
- Employee contributions – 8.45% of payroll
- Investment Returns – a 7.00% rate of return is expected



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

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 to DERP 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 **Employee and Employer Contributions** chart shows contributions over the past 10 years. In 2024, payroll contributions from employers and employees remained at 17.95% and 8.45%, respectively.

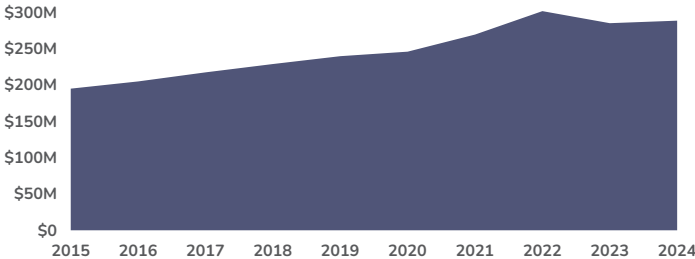


## Funded Status

Funded status measures the progress of accumulation of the funds necessary to meet future obligations. Our January 1, 2024, funded status, on an actuarial basis, is 60.6%. Funded status represents the ratio of the accumulated actuarial liabilities compared to the actuarial value of assets. DERP’s 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 15.5 years. The most significant changes to our funded status during 2024 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.

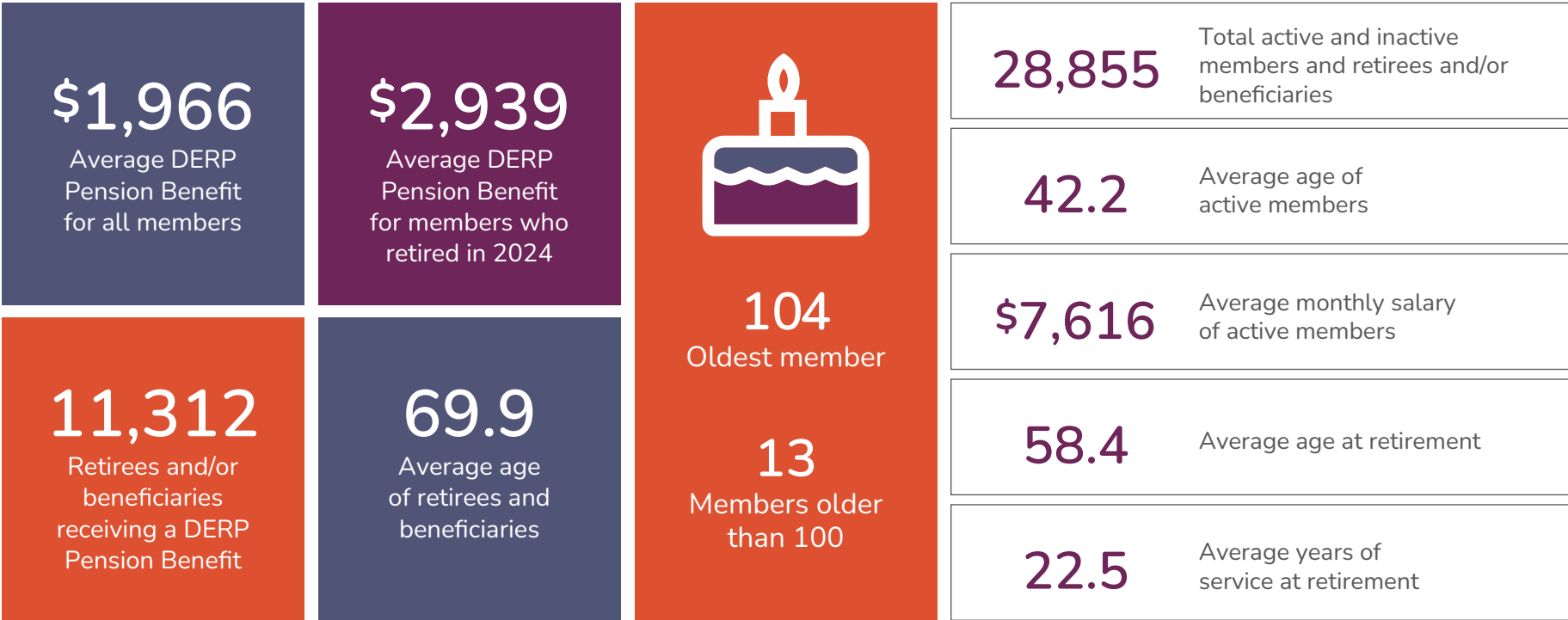
## Retirement Benefits Paid



In 2024, we paid over \$295 million in total gross benefits to 11,312 retired members and/or their beneficiaries. This is an increase of \$98 million, or 50%, since 2014. The retirement benefits include a monthly DERP Pension Benefit, joint and survivor, death and disability, retiree health, dental, and vision benefits, and the insurance premium reduction benefit.

# DERP in Numbers

This page provides a snapshot of our membership as of December 31, 2024, and highlights average monthly DERP Pension Benefit payments made to retirees and their beneficiaries.

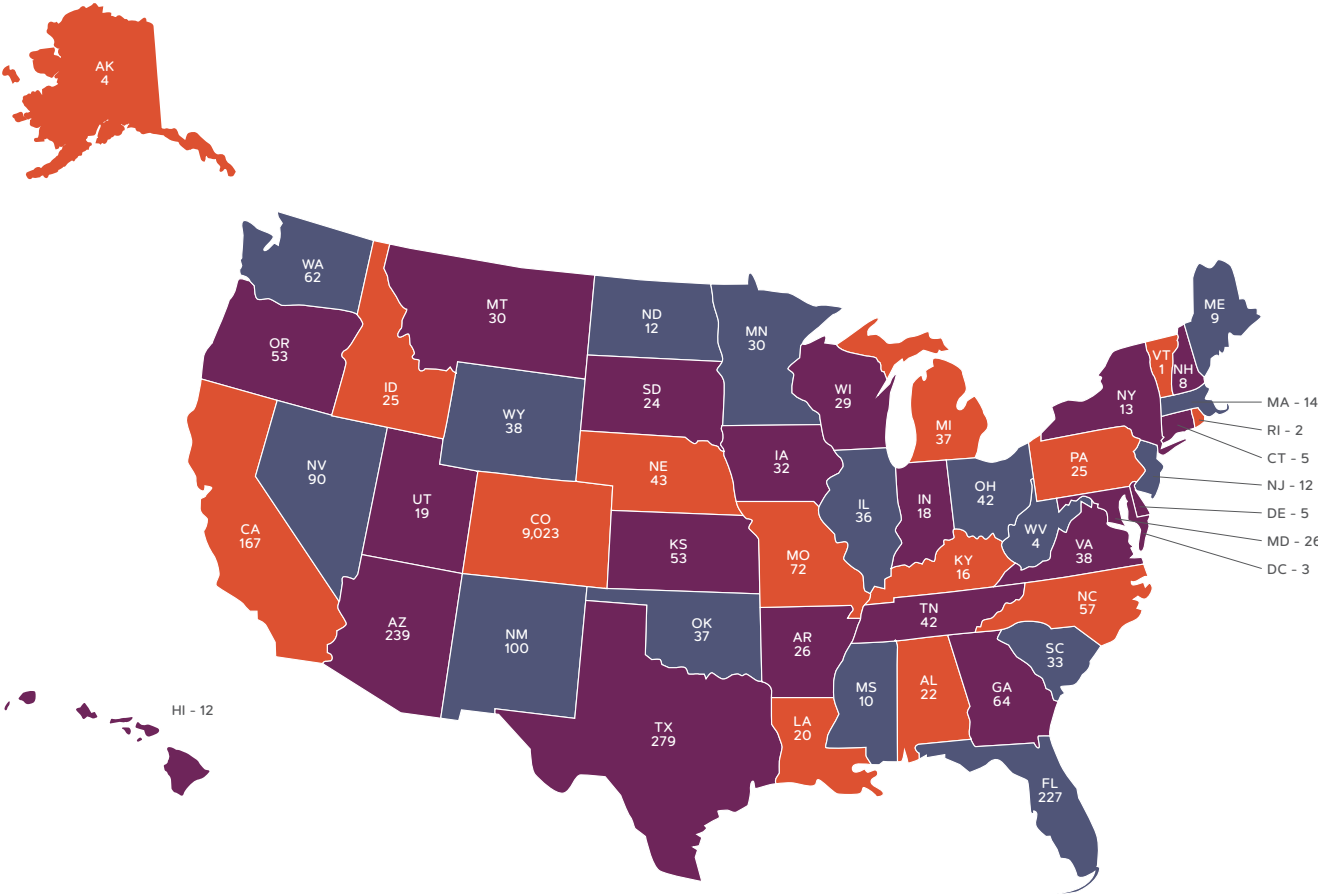


# Giving Back

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 2024, 79.8% of DERP Pension Benefit payments were made to 9,023 Colorado residents. Out of the nearly \$264.8 million in gross benefit payments, over \$226.6 million stayed in Colorado.

Locations of DERP's Retirees and Beneficiaries



## Other Countries and Territories

Armed Forces	1
Australia	2
Canada	2
Costa Rica	2
France	1
Germany	1
Israel	2
Italy	1
Japan	2
Mexico	2
Netherlands	1
New Zealand	1
Philippines	1
Poland	1
United Kingdom	4

## Armed Forces

Africa, Canada, Europe, or Middle East . . . 1



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