

45th
ANNIVERSARY
1967 - 2012

GERP | City of Aurora
General Employees'
Retirement Plan

Table of Contents

PLAN ADMINISTRATION 2

Who is responsible for the retirement plan?

- > Board Members
- > Professional Advisors
- > Administrative Staff

Who do I contact for help?

PARTICIPATION IN THE PLAN 3

Who is eligible to participate in GERP?

How much are employees required to contribute?

How much does the City contribute?

MONTHLY BENEFITS AT RETIREMENT 5

When can I retire?

What is the Defined Benefit Pension?

- > Final Average Monthly Compensation
- > Credited Service
- > Early Retirement Benefit Formula
- > Benefits Table

What is the Money Purchase Pension Benefit?

How do I apply for benefits?

PENSION PAYMENT OPTIONS 9

Straight Life

100% Joint and Survivor

75% Joint and Survivor

50% Joint and Survivor

10 Year Certain and Lifetime

15 Year Certain and Lifetime

Partial Lump Sum Payment

ADDITIONAL BENEFITS AFTER RETIREMENT 12

Are there supplemental benefits for medical expenses?

How does the Cost of Living Adjustment (COLA) work?

LEAVING THE CITY BEFORE RETIREMENT 13

When am I vested in City contributions?

How are lump sum benefits paid?

Leaving my money in the Plan (Deferred Vested Participant)

SPECIAL CIRCUMSTANCES 15

What if I am disabled before retirement?

What if I leave and become re-employed by the City?

DEATH BENEFITS 16

LEGAL STATEMENT 20

IMPORTANT: The provisions explained in this booklet apply only to employees hired during 2012 or later.



PLAN ADMINISTRATION

Q: What is GERP?

A: General Employees' Retirement Plan (GERP)

Who is responsible for the retirement plan?

The General Employees' Retirement Plan (referred to in this booklet as "GERP" or "the Plan") was established by the Aurora City Council in 1967 for the exclusive benefit of participating City employees and their beneficiaries. Responsibility for the administration and proper operation of the Plan is delegated to the ten member General Employees' Retirement Board.

Voting board members

- Three trustees are employees of the City of Aurora who participate in the Plan. An employee election is held each October to fill one of these seats.
- The Aurora City Council appoints three trustees. They cannot be participants in the Plan and must be residents of the City of Aurora.
- The seventh voting member is selected by the other six trustees. This trustee must also reside in Aurora.
- All voting Board members serve three-year terms.

Non-voting board members

Three City of Aurora officials are automatically entitled to Board membership by virtue of their office and employment. They are the City Manager, the Director of Finance and the Director of Human Resources.

All members serve without compensation, except for reimbursement for any necessary expenses incurred in the performance of their authorized duties.

Advisors

The Aurora City Attorney serves as the Board's legal consultant. Other professionals are retained to advise the Board on investments and other issues. Each year a C.P.A. firm is engaged to conduct an independent audit of the retirement trust and a consulting actuary provides an actuarial valuation of the Plan.



Administrative staff

The Retirement Board employs an administrative staff consisting of a Pension Plan Administrator, a Benefit Administrator and an Administrative Assistant to conduct the daily operations of the Plan. The Pension Plan Administrator also serves as secretary and treasurer of the Retirement Board.

Who do I contact for help?

Plan information and assistance

In addition to the annual statements provided by the Plan to all participants, the GERP administrative staff may prepare estimates of benefit amounts to assist participants who are nearing retirement. A final review of pension computations is conducted by the Retirement Board, which must approve each pension prior to its start.

GERP Administrative Office

12100 E. Iliff Ave., Suite 108 | Aurora, CO 80014

303.368.9160

Who is eligible, and who is not?
How does GERP work ... in simple terms?

PLAN PARTICIPATION

Who is eligible to participate in GERP?

Employees of the City of Aurora automatically become participants in the General Employees' Retirement Plan upon completion of one hour of service. Their first day of participation becomes their *credited service date*, the starting point for benefit accrual. Except as noted below for executive personnel, covered employees may not terminate their participation in the Plan unless their employment with the City terminates.

Employees hired in or promoted to executive level positions (as defined in Aurora City Code) have a one-time irrevocable option to participate in GERP or in the Executive Personnel Money Purchase Plan.

Who doesn't participate in GERP?

- Elected officials or members of boards and commissions appointed by City Council, unless an individual is also an employee of the City
- Police officers
- Paid firefighters
- Temporary employees



How does GERP work ... in simple terms?

- GERP is a “defined benefit” retirement plan that is designed to provide lifetime monthly retirement benefits to eligible employees.
- Both employees and the City make contributions to the retirement plan.
- The investments and administration of the Plan are handled by professionals.
- Retirement benefits are “defined” based upon: final average monthly compensation, years of credited service, and a pension benefit formula.
- If you leave the City before retirement you may be eligible for future benefits at retirement age, or you can receive a lump sum distribution.
- GERP provides several distribution options and additional benefits, which are described in detail in this guide.

CONTRIBUTIONS

The City of Aurora matches each employee's contributions to GERP

How much do employees contribute?

Each pay period, participating employees contribute a percentage of their pensionable earnings (defined below) to the Plan. Contributions are made on a before-tax basis, reducing participants' taxable income. These tax-deferred contributions become taxable income for a participant when he or she receives either a contribution refund upon termination of service, or a monthly benefit at retirement.

A separate accounting is kept of each employee's contributions, which are credited with interest each pay period and compounded bi-weekly. The Retirement Board establishes the interest rate for each calendar year, based upon an annual review of the Plan. Therefore, interest rates should be expected to change from time to time. The interest rate for the current calendar year is provided in the *GERP Supplemental Information Disclosure* page, which is inserted in the rear pocket folder of this guide.

The sum of your contributions held by the Plan, plus earned interest, is referred to as the *participant's contribution accumulation*.

How much does the City contribute?

The City of Aurora contributes an amount equal to the amount contributed by participants every pay period. Participants begin to vest in ownership of the City contributions after completing 5 years of service, and are 100% vested after 15 years (see vesting schedule on page 13).

Year	Employee	Employer Match
2012	5.75%	5.75%
2013	6.00%	6.00%
2014	6.25%	6.25%
2015	6.50%	6.50%
2016	6.75%	6.75%
2017	7.00%	7.00%

After 2017 The rate will be based on the Plan's funded status.



Pensionable earnings

Pensionable earnings are the portion of a participant's compensation from the City that are subject to GERP contributions. They are defined as total base pay including acting pay and any amounts contributed by employees under sections 125, 414(h) and 457 of the United States Internal Revenue Code (contributions to an Aurora Choice flexible spending account, to GERP and to the City's deferred compensation plan).

Pensionable earnings do not include: overtime pay, single sum payments received in lieu of accrued vacation or sick leave upon termination and other non-regular pay, such as bonuses or awards.

Since its inception in 1967, the Plan has used a defined benefit formula to determine pension benefits. In 1997 GERP added an alternative method of computing benefits known as the money purchase pension. Participants receive the higher of the two benefit amounts. In the section that follows, both methods are described in detail and examples are provided.

Defined Benefit Pension

Your monthly retirement benefits from this option are based on three factors: (1) your final average monthly compensation; (2) the pension benefit formula, which is 1.75%; and (3) your years of credited service. These factors determine the Straight Life Defined Benefit Pension (SLDB), which is paid for the lifetime of the retiree only, and does not consider any early retirement reduction. Other benefit payment options that provide survivor benefits are explained on pages 9-11.

When Can I Retire?



- Normal Retirement Age - Age 67 is the Plan's normal retirement age for employees hired after 2011. A participant who works until age 67 can receive an unreduced pension with no minimum service requirement.
- Early Retirement - You may collect a monthly benefit as early as age 50 if you have at least 10 years of credited service. However, an early retirement adjustment will be applied to a pension that begins before age 67, unless you meet the Rule of 80.
- Rule of 80 - You may retire with no early retirement adjustment at age 50, or after, if the total of your age and years of credited service is at least 80.

Straight Life Defined Benefit Formula



$$\begin{array}{rcl} \text{Final Average Monthly Compensation} & & \\ \times & \text{Pension Benefit Factor of 1.75\%} & \\ \times & \text{Years of Credited Service} & \\ \hline = & \text{Monthly Benefit*} & \end{array}$$

Final Average Monthly Compensation: The highest consecutive 36 months of pensionable earnings within the last 10 years worked, divided by 36.

Years of Credited Service: The number of years (and daily fractions of a year) between the participant's *credited service date* and termination date.

The *credited service date* is the same as the hire date for most participants. However, it may be adjusted for periods of unpaid leave (excluding military duty or disability, in most instances). Participants who quit and are later rehired by the City may also have adjustments to their credited service (see page 15).

* Does not include early retirement adjustment, if applicable.

MONTHLY RETIREMENT BENEFITS

Early retirement benefit

Quickly estimate retirement benefits



Quickly estimate retirement benefits

The table on the next page takes this early retirement adjustment into account and shows you how much of your final average compensation you can expect to receive as a defined benefit pension. The percentage is based upon the participant's age (read across the table) and years of credited service (read down the table) when distributions begin.

The age and service combinations subject to early retirement adjustments are shaded in red and those where full benefits are paid are shown in yellow or green.

While the values in the table are rounded for illustration purposes, actual benefits are computed to the nearest one-thousandth of one percent.

Example: A 55 year old participant retiring with 25 years of service would qualify for a pension equal to 43.8 % of his final average monthly compensation. If the participant postponed his retirement and worked four additional years to age 59, his starting pension amount would be 50.8% of his final average monthly compensation at the time of retirement.

Early retirement benefit

If you retire before your 67th birthday and you don't meet the Rule of 80 (the sum of your age plus years of credited service is less than 80), the Plan is required to adjust your defined benefit pension for early retirement.

Your pension is reduced by 6% each year you are short of reaching either the Rule of 80 or age 67, whichever is less.

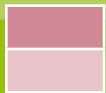
Color Codes for the Defined Benefit Pension Table on page 7



Years of credited service



Participant meets Rule of 80



Subject to adjustments for early retirement



Normal retirement age (67)

Approximately, how much of my salary can I expect in GERP retirement benefits if I choose a straight life defined benefit pension?

MONTHLY RETIREMENT BENEFITS

		Age When Benefits Begin																	
		50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67
Years of Credited Service	1																		1.8%
	2	<i>Not eligible for monthly retirement benefit; must receive lump sum distribution or rollover.</i>																	3.5%
	3																		5.3%
	4																		7.0%
	5																		<i>Eligible for monthly retirement benefits at age 67.</i>
	6	10.5%																	
	7	12.3%																	
	8	14.0%																	
	9	15.8%																	
	10	17.5%																	
	11	19.3%																	
	12	21.0%																	
	13	22.8%																	
	14	24.5%	24.5%																
	15	26.3%	26.3%	26.3%															
	16	28.0%	28.0%	28.0%	28.0%														
	17	29.8%	29.8%	29.8%	29.8%	29.8%													
	18	31.5%	31.5%	31.5%	31.5%	31.5%	31.5%												
	19	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%											
	20	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%										
	21	36.8%	36.8%	36.8%	36.8%	36.8%	36.8%	36.8%	36.8%	36.8%									
	22	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%								
	23	40.3%	40.3%	40.3%	40.3%	40.3%	40.3%	40.3%	40.3%	40.3%	40.3%								
	24	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%							
	25	43.8%	43.8%	43.8%	43.8%	43.8%	43.8%	43.8%	43.8%	43.8%	43.8%	43.8%							
	26	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%						
	27	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%						
	28	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%					
	29	50.8%	50.8%	50.8%	50.8%	50.8%	50.8%	50.8%	50.8%	50.8%	50.8%	50.8%	50.8%	50.8%	50.8%				
	30	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%		
Benefits increase by 1.75% each year after 30 years of credited service (examples for 35 and 40 years shown below)																			
35	61.3%	61.3%	61.3%	61.3%	61.3%	61.3%	61.3%	61.3%	61.3%	61.3%	61.3%	61.3%	61.3%	61.3%	61.3%	61.3%	61.3%		
40	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%		
Age	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	

*Monthly retirement benefits subject to adjustment for early retirement.
Money purchase pension formula may apply (see page 8).*

MONTHLY RETIREMENT BENEFITS

Every participant who elects a monthly benefit will automatically receive the greater of the defined benefit or the money purchase calculation.

Money Purchase Pension

The Money Purchase Pension (MPP) is an alternative method of calculating lifetime monthly retirement benefits. This process considers the actual value of contributions and earnings accrued on your behalf, rather than the formula(s) described previously. The MPP calculation provides some participants with a larger benefit than the defined benefit calculation. Deferred vested participants (described on page 14) will likely have higher benefit amounts under the MPP formula than under the defined benefit formula. GERP calculates benefits using both methods to ensure you will receive the highest retirement benefit.

Your money purchase pension (MPP) is calculated by dividing your lump sum benefit (see page 13) by the GERP Lifetime Annuity Factor, which is based on your age. However, you must still have 10 or more years of credited service and be at least 50 years old to start receiving a monthly benefit. The MPP formula looks like this:

Money Purchase Pension Formula

$$\begin{array}{r} \text{Lump Sum Benefit} \\ \div \quad \text{GERP Lifetime Annuity Factor} \\ \hline = \text{MPP Lifetime Monthly Retirement Benefit} \end{array}$$



Applying for Benefits

You should contact the GERP administrative office at least 60 days before your planned retirement date. When applying for benefits, you will be required to provide proof of age (normally a birth certificate). If you choose a joint & survivor payment option you will also be required to supply proof of age for your beneficiary as well as his or her Social Security number.

A retiree's first payment is usually paid retroactively (to the first day of the month after employment terminates or application for benefits is made, if later) to allow time for Retirement Board approval and initial payment processing. Subsequent pension payments are normally transmitted by electronic fund transfer ("direct deposit") to the retiree's bank account on the first business day of each month.

PENSION PAYMENT OPTIONS

The previous section described how a retiring participant's *straight life* benefit is computed. GERP offers six other payment options that would continue to provide income for a spouse or other beneficiary after the retiree's death. If a *joint and survivor* or a *period certain and lifetime* option is chosen, the monthly pension is reduced so that the total benefits paid to the retiree and beneficiary are *actuarially equivalent* to the straight life amount.

Actuarially equivalent in this case means that the reduced benefits paid for the lifetimes of the retiree and beneficiary are expected to total the same amount that would have been paid to the retiree alone, as an unreduced straight life benefit. The reduction factor used is computed by the Plan's actuary and depends on the age of both the participant and beneficiary at the time of retirement.

No matter which payment option is chosen, the Plan guarantees that the total benefits paid to a retiree and beneficiary together (including regular, supplemental and partial lump sum benefits) will be at least as much as the lump sum amount (the contribution accumulation, plus vested City contributions) that the retiree had earned up until the time of his or her pension commencement.

Before benefits can begin, you must choose one of the following seven payment options. Once selected, the form of payment may not be changed, nor may the beneficiary of a joint and survivor benefit be changed. Option 4 is the normal option for married participants. Spousal consent is required when selecting any other option.



1 Straight Life

Monthly payments are made for the lifetime of the retiree only and end upon his or her death.

2 100% Joint and Survivor with Pop-Up Feature

Reduced monthly payments are made for the lifetime of the retiree and continue in the same amount to the retiree's beneficiary upon the retiree's death. In the event that the beneficiary dies before the retiree, the retiree's pension will increase ("pop-up") to the original straight life benefit amount, plus any applicable cost of living adjustments.

PENSION PAYMENT OPTIONS

3

75% Joint and Survivor with Pop-Up Feature

Reduced monthly payments are made for the lifetime of the retiree and 75% of that amount continues to the beneficiary upon the death of the retiree. If the beneficiary dies before the retiree, the pension will increase to the original straight life amount, plus any applicable cost of living adjustments.

4

50% Joint and Survivor with Pop-Up Feature

Similar to the 75% Joint and Survivor, except that 50% of the pension continues to the retiree's beneficiary.

5

10 Year Certain and Lifetime

Reduced monthly payments are made for the lifetime of the retiree. In the event that the retiree dies before receiving 120 monthly payments, his or her beneficiary will receive the remaining payments, until the total number of payments is 120. At that point monthly payments would end.

6

15 Year Certain and Lifetime

Similar to the 10 Year Certain and Lifetime, except the guaranteed number of monthly payments is 180.



The reduction factors used to compute optional forms of payment vary depending on the participant's (and joint annuitant's) age at the time the pension begins. Participants who would like more precise figures may request an individualized benefit estimate from the Retirement Plan administrative staff.

Take up to 20% in the form of a partial lump sum and receive the balance in lifetime monthly installments

PENSION PAYMENT OPTIONS

7

Partial Lump Sum Payment

A participant may elect to receive up to 20% of the *actuarial equivalent value* of his or her accrued benefit in the form of a lump sum which is paid upon pension commencement. The participant must then choose one of the six other forms of payment listed on pages 9-10 for the remaining portion of the accrued benefit. The amount of the monthly pension is reduced to reflect the value of the lump sum payment received.

The *actuarial equivalent value* is the sum of the straight life monthly pension payments, including cost of living adjustments, that the Plan would expect to make over the participant's retired lifetime, discounted back to the pension commencement date to reflect the time value of money. This discounted sum is the present value or "actuarial equivalent" of the participant's accrued benefit. Up to 20% of that amount may be converted to a lump sum payment.

If the participant is married at the time of pension commencement his or her spouse must consent to the partial lump sum payment.

Lump sum payments may be made either as a cash distribution to a participant or as a direct rollover into an Individual Retirement Account (IRA) or to an eligible employer plan that accepts rollovers. If a participant elects to receive a cash distribution, there is a mandatory 20% withholding for federal income tax on the taxable portion of the distribution. A participant planning to take a partial lump sum payment should carefully consider the "Special Tax Notice" provided by GERP.



ADDITIONAL BENEFITS AFTER RETIREMENT

Supplemental benefit

A retiree (or the retiree's beneficiary) may receive a monthly supplemental benefit that is intended to help pay for health care expenses. The amount of this benefit depends on the length of the retiree's credited service. A minimum of 5 years credited service is required to receive a pro-rated portion of this benefit. Retirees with 20 or more years of credited service receive the maximum benefit amount. City Council has reserved the right to change this benefit at any time.

Years of Credited Service	Monthly Supplemental Benefit (effective 1/1/2012)
20 or more	\$176.00
19	\$167.20
18	\$158.40
17	\$149.60
16	\$140.80
15	\$132.00
14	\$123.20
13	\$114.40
12	\$105.60
11	\$96.80
10	\$88.00
9	\$79.20
8	\$70.40
7	\$61.60
6	\$52.80
5	\$44.00
less than 5	none

Annual Cost of Living Adjustments

The regular pension benefit and the supplemental benefit may be adjusted at the discretion of the Retirement Board. Both benefits may be increased (or decreased) by no more than 5 percent in any one year.

Insurance and other benefits

Questions regarding continuation of your health and dental insurance, and payment for your accumulated sick and annual leave should be directed to the City of Aurora's Human Resources Department. Contact the Benefits Division at 303-739-7239 to learn about your post-employment insurance options. If you are eligible to continue your insurance coverage through the City, and you elect to do so, you can have your monthly premiums deducted from your pension payment.



Social Security benefits

GERP participants are covered under the federal Social Security and Medicare programs. Contact the Social Security Administration at 1-800-772-1213, or online at www.ssa.gov, for an estimate or for information on how to apply for benefits.

Vesting in Ownership of City Contributions and Determination of Lump Sum Benefits

LEAVING THE CITY BEFORE RETIREMENT

When am I vested in City contributions?

Participants begin to vest in (become entitled to a future payment of) a share of City contributions once they have completed 5 years of credited service. Vested City contributions are defined to be 50% of the participant's contribution accumulation after 5 years of credited service, increasing by 5% for each additional year of credited service completed. Participants are 100% vested in City contributions after 15 years of credited service.

How are lump sum benefits determined?

The table shows how the lump sum distribution amount is calculated. Participants are always 100% vested in the contributions they have made to GERP and interest earned on them. The matching percentage of vested City contributions that a participant is entitled to increases with years of credited service completed.

Any participant who terminates employment may elect to receive a lump sum distribution of his or her contribution accumulation plus vested City contributions. This distribution can be made either as a cash refund to the participant, or as a direct rollover into an Individual Retirement Account (IRA) or an eligible retirement plan that accepts rollovers.

For participants receiving a cash refund, there is a mandatory 20% withholding for federal income tax on the taxable portion of the distribution. A participant who plans to take a cash refund should carefully consider the "Special Tax Notice" provided by GERP.

Terminating employees may choose to rollover part or all of their lump sum distribution. The full rollover amount is transferred to an account designated by the participant, with no tax withholding.

Participants with less than 5 years of credited service are required to withdraw their lump sum benefits from the Plan. If a participant fails to provide GERP with payment instructions within 90 days of the date employment ends, the Plan Administrator will automatically transfer distributions of \$1,000 or more to an IRA rollover account. For distributions under \$1,000, a check will be mailed to the participant's last known address.

Lump Sum Benefit Vesting Schedule

Years of Credited Service	Participant's Contributions and Interest	Vested City Match	Total Distribution
Less than 5	100%	0%	100%
5	100%	50%	150%
6	100%	55%	155%
7	100%	60%	160%
8	100%	65%	165%
9	100%	70%	170%
10	100%	75%	175%
11	100%	80%	180%
12	100%	85%	185%
13	100%	90%	190%
14	100%	95%	195%
15 or more	100%	100%	200%

LEAVING THE CITY BEFORE RETIREMENT

Taxes, Penalties, and Other Consequences to Consider Before Taking Lump Sum Benefits
Becoming a Deferred Vested Participant
Loss of Valuable GERP Pension Benefits

What are the consequences associated with receiving a cash refund?

If you choose to have your lump sum distribution paid directly to you,

- Your GERP membership is terminated and you will lose your right to claim any pension or supplemental benefits from GERP in the future.
- You will have to pay federal and state income taxes on your lump sum distribution and you may also be subject to an additional 10% penalty if you are under age 59½.

GERP is required to withhold 20% from cash refunds for federal income tax. However, it is important to note that 20% is merely an estimate and you may find that you owe considerably more when you file your federal and state income tax returns.

How can I postpone, reduce or eliminate these taxes and penalties?

You should consider leaving your account balance with GERP and becoming a *Deferred Vested Participant*, if you have earned 5 or more years of credited service. Your account balance will continue to earn interest as long as it remains with the Plan. You can choose to receive either a monthly pension or a lump sum distribution at a later date.

If you have less than 5 years of credited service when your employment ends, you can ask GERP to rollover your account balance to an IRA or to another qualified retirement plan. Your full distribution amount will be transferred to the new account that you designate, preserving those funds for your future retirement needs.

When you do eventually receive benefits from GERP (or any other tax-deferred retirement account) they will be counted as part of your taxable income. However, many people find that their income tax rates are lower once they have retired. For example, the State of Colorado permits residents who are 55 or older to exclude the first \$20,000 of pension or annuity income from state income tax (this exemption increases to \$24,000 at age 65).

Loss of valuable GERP pension benefits

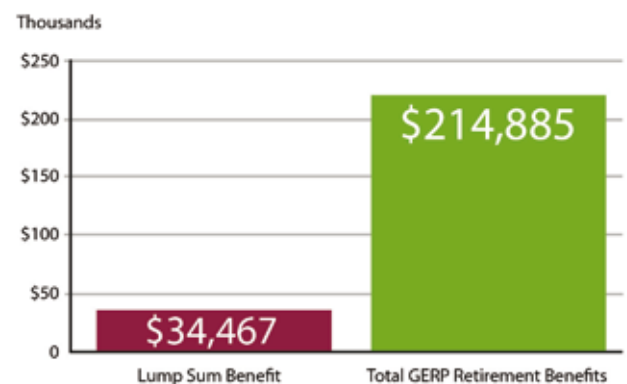
The most significant consequence of a lump sum distribution may be the loss of future GERP retirement benefits. Consider the following story of an actual GERP participant.

An employee decided to retire at age 65 after working for the City for 11 years. During his career he had contributed a total of \$25,749 to the Plan (with interest his lump sum distribution would have totaled \$34,467).

Instead of a cash refund, he chose to collect a monthly benefit. He received \$764 per month in his first year of retirement. Over the next 17 years his monthly benefit increased by 76% thanks to cost of living adjustments and Plan benefit improvements. At the time he passed away at age 82, he was receiving \$1,348 per month.

Within his first 4 years of retirement, the monthly benefits paid to this participant reached \$34,467, matching the value of the refund he gave up. He went on to collect \$174,168 more over the next 14 years. Upon his death, his family received an additional \$6,250 death benefit from the Plan.

Lump Sum vs. GERP Retirement Benefits



While this example accurately portrays one participant's experience, the Plan cannot make assurances that every person will have a similar outcome. The Plan does offer two guarantees to each participant who chooses to receive a monthly benefit, however. The first is that the monthly benefit will continue to be paid for as long as the participant lives (and for the beneficiary's lifetime too, if a survivor option is selected). Secondly, the total monthly payments that the Plan makes must be at least as much as the amount that the participant could have received as a lump sum distribution.

What if I become disabled?

You are considered disabled if you terminate employment due to disability and you receive long term disability insurance payments from the City. Once their regular employment ends, disabled participants must make a choice regarding their GERP benefits:

- They may request a lump sum distribution of their contribution accumulation and vested City contributions, as described on page 13. In that case their GERP membership is terminated and they lose their right to receive any other GERP benefits in the future.
- Or, they may leave their contribution accumulation in the Plan, allowing them to take advantage of GERP's valuable disability benefit provisions.

Disabled participants who leave their contributions in the Plan continue to earn credited service until (1) they no longer qualify for disability insurance payments under the City's long term disability plan or (2) they reach age 67, the Plan's normal retirement age.

If the participant's benefits under the City's long term disability plan cease prior to age 67 and he or she is not reemployed by the City, credited service stops accruing and the participant can elect to receive a refund, a rollover, or a monthly pension at a later date similar to a deferred vested participant.

If the participant continues to receive benefits under the City's long term disability plan until age 67, he or she becomes eligible for a disability pension at that time.

In computing the defined benefit amount for a disabled participant, his or her final average monthly compensation is multiplied by the accrued years of credited service and by 1.75% to determine the monthly benefit amount. The final average monthly compensation for a disability pension is defined to be the higher of (1) the monthly rate of compensation on the date of disablement or (2) the average of the highest consecutive 36 months of pensionable earnings within the last 10 years worked. If a disabled participant is

younger than age 67 when he or she elects to begin receiving a disability pension, a reduction for early retirement may apply. See pages 6 through 9 for a more complete explanation of the defined benefit pension formula and early retirement reductions.

What if I leave the City and return?

A deferred vested participant who is rehired by the City of Aurora in a position covered by GERP automatically has his or her previous credited service added to the new period of service (provided he or she has not begun receiving retirement benefits). Likewise, prior contributions and interest are carried forward and added to the current contribution accumulation.

Any former employee who took a refund or rollover distribution from the Plan may buy back previously earned credited service, provided he or she is reemployed within five years of the original termination date. Repayment of the amount withdrawn, plus compound interest since the time of the distribution, must be completed within five years of reemployment (or before retirement, if earlier). Reemployed participants may pay for their earlier service (1) by check, (2) by a rollover from an IRA or other qualified retirement plan, or a transfer of funds from a governmental 457(b) deferred compensation plan, or (3) by authorizing biweekly pre-tax payroll deductions over no more than 5 years at a minimum rate of \$1,000 per year. If a rehired participant is ineligible to or elects to not repay the earlier distribution, their previously earned credited service will not be reestablished.

What if I retire from the City and return?

If a retired participant who is receiving monthly benefits from the Plan is reemployed in a position covered by GERP, payment of his or her pension is temporarily suspended. When the participant retires a second time the pension will be increased to reflect the additional service that was earned.

DEATH BENEFITS

For Active, Deferred Vested, Disabled, and Retired Participants

The benefits payable upon a participant's death depend on his or her employment status at the time of death and the length of credited service completed. The tables on the pages that follow outline the benefits available. GERP provides forms for the designation of beneficiaries and encourages participants to periodically review the information on file to ensure that it is current.

Death prior to retirement

If a married participant dies before the start of a monthly pension benefit, his or her surviving spouse is automatically entitled to the participant's death benefits. A surviving spouse may elect to waive any death benefit in favor of an alternative beneficiary previously designated by the participant.

An unmarried participant may designate one or more persons to receive death benefits. If more than one beneficiary is named, the benefits may only be paid in the form of a lump sum distribution of the participant's contribution accumulation and vested City contributions.

Death occurring after retirement

Whether monthly benefits continue to a beneficiary after the death of a retiree depends on the form of payment that the retiree chose at the time the pension began. The table on the following page outlines the death benefits available.

Each retiree has the right to designate one or more persons as beneficiaries to receive a one-time lump sum death benefit of \$6,250 upon the death of the retiree. This amount is separate from, and in addition to, any other benefit to which the beneficiary may be entitled. If no beneficiary is designated, or the beneficiary predeceases the retiree, the \$6,250 lump sum death benefit will be paid to the estate of the retiree.



Death of a beneficiary

Participants who select a joint and survivor payment option should notify the Retirement Board if their beneficiary predeceases them. In that case, the pop-up feature (see pages 11-12) increases the pension to the original straight life benefit amount, plus any applicable cost of living adjustments, for the remainder of the retiree's lifetime.

DEATH BENEFITS

If the **retiree** dies after beginning monthly retirement benefits ...

... having chosen a straight life pension:	The last monthly payment made is for the month in which death occurs.
... having chosen a 50%, 75% or 100% joint & survivor pension:	Monthly benefits continue for the lifetime of the beneficiary designated at the time the pension began.
... having chosen a 10 (or 15) year certain & lifetime pension:	If the retiree had received more than 120 (or 180) payments while still living, no monthly benefits are payable to the beneficiary. If less than 120 (or 180) monthly payments were made to the retiree, the beneficiary will receive monthly benefits until a total of 120 (or 180) payments have been made.
... in all cases:	<p>A one-time \$6,250 lump sum death benefit is paid to the person or persons named by the retiree to receive this payment, or if none, payment is made to the retiree's estate.</p> <p>Once all monthly payments have ended, if the total sum paid by the Plan to both the retiree and beneficiary (excluding the one-time \$6,250 lump sum death benefit) is not at least equal to the lump sum amount that the retiree was eligible to receive at the time monthly benefits began, the difference is paid to the beneficiary or to the estate of the last to die of the retiree or beneficiary.</p>



DEATH BENEFITS

If the participant is a **former employee** who dies before receiving any benefits from GERP (this would include deferred vested participants and disabled participants who received long term disability payments through the City's insurance program up until the time of death) ...

... with less than 5 years credited service:

A surviving spouse or, if the participant was unmarried, his or her designated beneficiary, would receive the lump sum amount that the participant would have been eligible to receive on the date of his or her death.

... with 5 or more years credited service:

The surviving spouse must wait until the participant would have reached his or her earliest retirement date to receive a monthly benefit, or could chose an immediate lump sum distribution. The monthly benefit would be the higher of (i) 60% of the straight life defined benefit that the participant would have been eligible to receive on that date, adjusted for the payee's age or (ii) a full money purchase benefit based on the lump sum that the participant would have been eligible to receive.

An unmarried participant's sole beneficiary could elect to receive an immediate lump sum distribution or the monthly benefit described in the preceding paragraph. In the event the participant named more than one beneficiary, the beneficiaries would share the lump sum distribution.



DEATH BENEFITS

If the participant dies while **actively employed**,
or while on a paid or unpaid **leave of absence ...**

... with less than 5 years credited service and under age 67:	A surviving spouse or, if the participant was unmarried, his or her designated beneficiary(ies), would receive the lump sum amount that the participant would have been eligible to receive on his or her last day of employment.
... with 5 or more years credited service, but before attaining age 50 and completing 10 years of credited service:	<p>A surviving spouse must wait until the participant would have reached his or her earliest retirement date to receive a monthly benefit, or could chose an immediate lump sum distribution. The monthly benefit would be the higher of (i) 60% of the straight life defined benefit that the participant would have been eligible to receive on that date, adjusted for the payee's age or (ii) a full money purchase benefit based on the lump sum that the participant would have been eligible to receive.</p> <p>An unmarried participant's sole beneficiary could elect to receive an immediate lump sum distribution or the monthly benefit described in the preceding paragraph. In the event the participant named more than one beneficiary, the beneficiaries would share in the lump sum distribution.</p>
... after attaining age 50 and completing 10 years of credited service, but younger than age 67:	<p>A surviving spouse could elect to receive a monthly benefit or a lump sum distribution in the month following the participant's death. The monthly benefit would be the higher of (i) 60% of the straight life defined benefit that the participant would have been eligible to receive on that date, adjusted for the payee's age or (ii) a full money purchase benefit based on the lump sum that the participant would have been eligible to receive.</p> <p>An unmarried participant's sole beneficiary could elect to receive an immediate lump sum distribution or the monthly benefit described in the preceding paragraph. In the event the participant named more than one beneficiary, the beneficiaries would share in the lump sum distribution.</p>
... at age 67 or older:	<p>The surviving spouse could elect to receive a monthly benefit or a lump sum distribution in the month following the participant's death. The monthly benefit would be the higher of (i) the 100% Joint & Survivor defined benefit that the participant would have been eligible to receive on that date, adjusted for the payee's age or (ii) a full money purchase benefit based on the lump sum that the participant would have been eligible to receive.</p> <p>An unmarried participant's sole beneficiary could elect to receive an immediate lump sum distribution or the monthly benefit described in the preceding paragraph. In the event the participant named more than one beneficiary, the beneficiaries would share in the lump sum distribution.</p>

LEGAL STATEMENT

The contents of this booklet shall in no way be taken as the basis of, or as creating, any contractual rights between the General Employees' Retirement Plan and the participant. It is intended only as a summary of present practices as of January 1, 2012 and is compiled for the general convenience of participants. Of necessity, it cannot be complete in all detail, and cannot through any error or incompleteness of statement, supersede or restrict the procedure or authority granted pursuant to City Code.

The law governing the Retirement Plan is contained in sections 102-136 through 102-152 of the Aurora City Code. The Plan is intended to qualify under Section 401(a) of the United States Internal Revenue Code, and the trust created under the Plan is intended to be exempt under Section 501(a) of the Internal Revenue Code.

Future of the Plan

The City reserves the right to terminate or amend the Plan at any time.

Not an employment guarantee

The Plan, or participation in it, is not a guarantee of employment. The Plan does not limit the City's right to discharge any of its employees at any time, with or without cause.

Non-alienation of benefits

No Plan benefits may be assigned to anyone else for any reason. GERP will, however, recognize a qualified domestic relations order (such as in a divorce settlement) provided that it satisfies Plan guidelines. Guidelines are available from the Plan Administrator at no charge.



Appeals

If you have questions about the manner in which your retirement benefit was calculated, please contact the GERP administrative staff. If you do not agree with a decision regarding your benefits, you can appeal the decision to the Retirement Board, but you must do so in writing within 90 days of the decision. After 90 days, benefit determinations become final. A copy of GERP's benefit claims and appeal procedure may be obtained from the Plan Administrator.

The Retirement Board has discretionary authority to interpret the Plan and decide questions arising under the Plan.

Legal process

Legal process can be served on:

Pension Plan Administrator
City of Aurora General Employees' Retirement Plan
12100 East Iliff Avenue, Suite 108
Aurora, CO 80014