

GERP NEWS

City of Aurora General Employees' Retirement Plan

September, 2020



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Retirement Board Election Set for October 21st

Watch your email for Online Voting Instructions

With so many employees currently working from home, the GERP Board Election will be held online for the first time this year. GERP staff has been working with the Election Commission and City staff members to establish a safe and secure process for City employees to be able to receive candidate information via email prior to the election, and vote using an online program.

Voting will begin **Wednesday, October 14th**, when eligible employees will receive an email with instructions on how to vote and a link to the voting site. Voting will end at noon on "Election Day" **Wednesday, October 21st**, and late ballots will not be considered. Election Commission representatives will supervise and certify the election process and results.

Contact the GERP office directly if voting online is not possible for you.

Are you interested in serving on the GERP Board of Trustees?

Have you ever thought about taking an active role in overseeing your pension plan? Next month GERP will hold an election for an employee representative on its Board of Trustees. Every City employee who participates in GERP is eligible to run for this position and to vote in the election. The winner will begin a 3-year term on the Board in January 2021.

The GERP Board is comprised of eleven members who represent employees, management and citizens of the City of Aurora. It administers a defined benefit pension plan with assets of approximately \$510 million. The Board normally meets 16 times per year to oversee investments, set policy, authorize benefits and supervise the administration of the plan.

Board members are fiduciaries, meaning that they must act solely in the interest of plan participants. They are often required to make decisions on complex financial and legal issues.

Prospective candidates should notify GERP's Plan Administrator Steve Shanks in writing either by email to steve@auroragerp.org, or US mail sent to 12100 E. Iliff Ave, Suite 108, Aurora, CO 80014. Notification must be received no later than 5:00 p.m. on Friday, September 18th and should include name, division and/or department, home address and phone and email contact information.

Each candidate will also be asked to submit an informational profile of not more than 150 words by Monday, September 28th. The profile should describe the candidate's background, experience, achievements, interests and/or reasons for wanting to serve on the Board. Each candidate's statement will be distributed to employees prior to the election.

How Does GERP Work?

Defined Benefit Retirement Plans are not as common as they once were, so we get a lot of questions. Below are some of them. Every person's situation is a little different, so if you have questions, please feel free to call our office anytime!

Q: *What is GERP?*

A: GERP is a defined benefit pension plan providing guaranteed lifetime pension benefits based on a formula.

Q: *What are the age and service requirements to qualify for a pension?*

A: You qualify for a pension at age 65 if you were hired before 2012 and at age 67 if you were hired in 2012 or after. If you have more than 5 years of service, you qualify for an unreduced pension starting at the ages above. If you have more than 10 years of service, you qualify for a potentially reduced pension at age 50.

Q: *What is the formula used to determine my benefit at retirement?*

A: The unreduced defined benefit formula is: ***1.75% X (Final Average Monthly Pay) X (Years of Service) = Monthly Benefit for Life***. You will get an unreduced pension if you are 65 or 67, depending on your hire date, or if your age and service total 80. Another calculation based on annuity factors is made for each retiree, but only used if it is higher.

Q: *Do I have to meet the Rule of 80 to start my benefits?*

A: No. You can start a pension as early as age 50 with 10 years of service.

Q: *Do I have to have 15 years of service to have an unreduced pension benefit?*

A: No. You are vested in your monthly benefits at 5 years of service and qualify for early retirement at 10 years of service. The Vested City contribution percentage does not impact your defined benefit pension amounts.

Q: *When would I receive a reduced pension?*

A: If you qualify for early retirement and start collecting your benefit before normal retirement age or before you reach the rule of 80 (years worked + age = 80).

Q: *Does my GERP benefit affect how much Social Security I receive?*

A: No, all members of GERP are paying into Social Security while working at the City of Aurora, so your GERP benefit will not reduce your Social Security benefit. The Windfall Elimination Provision does not apply to GERP participants.

Q: *Can I take a loan against my GERP benefit?*

A: No. Defined benefit plans rarely provide a loan option. Your benefits from the Plan are not simply a cash value and your assets are pooled with other participants, so a loan option is inappropriate for this type of plan.

Q: *What is the cash value?*

A: You always have the option of taking a cash value instead of a pension benefit. Your cash value is equal to your contributions, interest, and Vested City contributions. The cash value is usually worth significantly less than the expected value of your lifetime pension benefits. At 5 years of service, the Vested City contribution is 50% of your contributions and interest. Each year the percentage goes up by 5% until you are 100% Vested at 15 years of service.

Q: *How does it work? How can the Plan pay these promised benefits?*

A: GERP collects contributions from employees and the City of Aurora and invests them. The combination of contributions and the income generated by the investments are held in one large pool and are available to pay all benefits. Since the pool of investments continues to receive contributions even after you retire, there will continue to be assets to pay your promised benefits. Also, if the investments in the pool suffer a loss, the pool continues to receive contributions and investment earnings to make up for the loss over time.

Q: *How does GERP know the pool of investments will be enough to pay the benefits promised to members?*

A: Each year actuaries are engaged to measure the current cost of benefits promised to members and compare that to the value of the Plan's assets (pool of investments). As of January 1, 2020 the actuaries estimate that GERP is 89.0% funded and the contribution level will bring GERP to a fully funded status over time.

Who Participates in GERP?

GERP was created by the Aurora City Council to provide retirement benefits for the City’s career service employees and their beneficiaries. Police officers, firefighters, elected officials, the city manager and department directors participate in other retirement plans sponsored by the City.

Membership has grown significantly over the past 50 years and now includes more than 3,000 participants. The tables below show how member characteristics have changed over the most recent year.

Active Employees

	1/1/2019	1/1/2020
Total employees	1,754	1,816
<i>Tier 1*</i>	758	673
<i>Tier 2*</i>	996	1,143
Average age	45.8 years	45.6 years
<i>Tier 1</i>	52.9 years	53.2 years
<i>Tier 2</i>	40.5 years	41.1 years
Average service	9.1 years	8.5 years
<i>Tier 1</i>	17.5 years	17.9 years
<i>Tier 2</i>	2.7 years	2.9 years
Average annual salary	\$63,815	\$65,629
<i>Tier 1</i>	\$71,606	\$74,923
<i>Tier 2</i>	\$57,885	\$60,156

327 new employees were hired in 2019, while 265 GERP members left the active workforce.

The new employees hired in 2019 reduced the overall average age and average years of service slightly.

Average compensation for all members grew by 2.8% between 2019 and 2020.

* Employees who were hired before 2012 are referred to as Tier 1 members. Their normal retirement age is 65.

* Tier 2 includes all members who were hired in 2012 or after. Their normal retirement age is 67.

Both groups may be eligible for early retirement or the “Rule of 80” once they reach age 50.

Retirees and Beneficiaries

	1/1/2019	1/1/2020
Total retired members	1,078	1,134
Average age	70.7 years	70.8 years
Average annual benefit	\$22,236	\$23,016

86 new retirees and beneficiaries were added to the monthly pension rolls last year while 30 pensioners passed away.

Deferred Vested and Deferred Disabled Members

	1/1/2019	1/1/2020
Total members	250	257
Average age	51.0 years	51.3 years

This group consists of 240 former employees, 3 beneficiaries of deceased employees & 14 disabled members, all of whom can start collecting monthly benefits upon reaching retirement age. Any participant who leaves employment after 5 or more years of service has the option to leave contributions in the plan and become a deferred vested member.

For Current Retirees -

SECURE ONLINE ACCESS TO YOUR RETIREMENT ACCOUNT IS AVAILABLE!

BENEFITS INCLUDE:

- **Real-Time** account information as well as historical tax statements
- **Instant** on-the-spot payment status (paid vs. outstanding)
- **Access** to payment history and images of paid checks
- **Ability** to update Address, Tax and Electronic Deposit information
- **Ability** to stop paper statements (advice suppression)

ENROLL TODAY:

Enroll today to begin using Northern Trust Benefit Payment Participant Web Passport®.

- Visit northerntrust.com/bppweb
- Follow prompt to register (you will see the link to register on the bottom right-hand of the screen)
- To complete the enrollment process and ensure your personal information is secure, you will be asked to provide the following information:
 - Full Name as it appears on your statement
 - Zip Code where your Benefit Payment information is mailed
 - Social Security Number (for security purposes only)
 - Payable Date of your most recent payment*
 - Net Amount of your most recent payment*

***You may need to provide your next pay cycle information if attempting to enroll within the last 1-2 weeks of the calendar month.**

FOR MORE INFORMATION:

For assistance specifically related to enrollment or password resets please contact **888-259-6835**.

Find copies of the Participant's Benefit Guide, audited financial statements, tax information, forms and much more at GERP's website: <http://www.auroragerp.org>

Contact us:

12100 E Iliff Avenue Suite 108 | Aurora, CO 80014
(303)368-9160 | Email: info@auroragerp.org

In Memoriam . . .

Retirees

<u>Retirees</u>	<u>Date of Death</u>
Fern Ames	July, 2020
Mary Angstead	December, 2019
Virginia Bordignon	December, 2019
Connie Burke	August, 2020
Willie Calvin	December, 2019
Robert Campbell	October, 2019
William Clemens	December, 2019
David Crandall	September, 2019
William DeVoe	August, 2020
Von Ellis	November, 2019
Michael Flynn	June, 2020
Paul Gilmore	January, 2020
Duane Greenfield	April, 2020
Connie Head	September, 2019
Donald Jones	November, 2019
Karl Kuckelman	November, 2019
Ronald Locke	June, 2020
Anna Marie Malie	June, 2020
Lucien Metzger	October, 2019
Chester Olinger	October, 2019
Glenna Owens	November, 2019
Thomas M. Price	February, 2020
Joseph Pucci	September, 2019
Janice Rodewald	November, 2019
Martin J. Rozman	March, 2020
Richard Rusk I	November, 2019
Robert Salisbury	July, 2020
Cesar Sanchez	October, 2019
Duane Senn	October, 2019
Calvin Smit	June, 2020
William Smith	June, 2020
Gary Stephens	August, 2020

Alternate Payees

Deborah Starnes	January, 2020
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Beneficiaries

Mary Brelsford	May, 2020
Vivian Cohen-McGrew	January, 2020
Morton Kent	April, 2020
Marceline Nettles	November, 2019
Esther Rusk	April, 2020

Active Employees

Karl P. Andersen	March, 2020
Terry Minas	February, 2020

Deferred Participants

Guy Walton	January, 2020
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