



# GERP NEWS

## Retirement Board Election Set for October 19th Watch your email for Online Voting Instructions

The General Employees Retirement Plan Board of Trustee's election will be held online again this year. GERP staff has worked with the Election Commission and City staff members and established a safe and secure process for City employees to be able to receive candidate information via email prior to the election, and also vote using an online program.

Voting will begin **Wednesday, October 12th**, 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 19th** 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.

## *Interested in serving on the GERP Board of Trustees?*

Have you ever considered 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 2023.

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 \$600 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 by email to [steve@auroragerp.org](mailto:steve@auroragerp.org), or US mail sent to 12100 E. Iloff Ave, Suite 108, Aurora, CO 80014. Notification must be received no later than 5:00 pm on Monday, September 19<sup>th</sup> 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 Friday, September 24<sup>th</sup>. 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, 2022, the actuaries estimate that GERP is 98% funded and the contribution level will bring GERP to a fully funded status over time.