

Denver Board of Water Commissioners

Title:

Changes in Denver Water's Retirement Program

Meeting Date: 5/13/2009

Contract/Proposal

Action by Consent

Action

Information

As part of the three-year evaluation of Denver Water's benefit programs, the Board directed the Retirement Program Committee (RPC) to evaluate Denver Water's retirement program. This Program consists of the Defined Benefit (Pension) Plan, the Defined Contribution Plan [401(k)], Social Security, and Retiree Medical Coverage. The study's objectives were to assure that the Retirement Program attracts and retains high-quality employees, provides retirement benefits comparable to those offered by Denver Water's peer group, and that administrative processes are streamlined. Today's agenda item addresses the results of Part I of the study which included an analysis of the Defined Benefit and Defined Contribution Plans, and the integration of Social Security benefits with retirement income. Part II of the study focuses solely on Retiree Medical Coverage and will be completed by December 31, 2009.

Part I of the study covered an analysis of twenty-five Retirement Program-related issues, and included employee briefings to discuss the scope and purpose of the study, two employee surveys, employee communications, comparative studies, cost analyses and a peer review of the study's results. The RPC held follow up meetings with employees at the conclusion of the study to discuss the RPC's preliminary recommendations, the financial impact of those recommendations and, if approved by the Board, implementation dates.

Based on the results of the study, the RPC recommends changes to four aspects of the Retirement Program:


- Mandatory cash out of accrued vacation/sick leave upon retirement (effective July 1, 2009)
- Elimination of COLA adjustment during period of LTD (effective July 1, 2009)
- Elimination of pension plan purchase option (effective July 1, 2009)
- Implementation of a pre-retirement counseling reimbursement program (effective June 1, 2009)

In addition to these changes, the study also helped clarify two key features of the Defined Benefit Plan: the definition of a Career Employee and the targeted Income Replacement ratio for a Career Employee. These definitions provided benchmarks for comparison with Denver Water's peers and a consistent basis for analyzing the benefits provided.

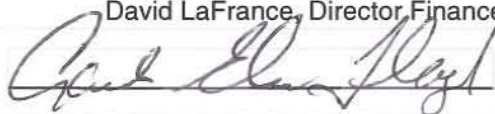
The results of the study are included in the attached Resolution which outlines the purpose of the study, and authorizes necessary changes to Executive Guidelines, Personnel Policies and Retirement Program documents.

RECOMMENDATION:

The Retirement Program Committee recommends that the Board approve the attached Resolution.

Approvals: 

David LaFrance, Director Finance



Carla Elam-Floyd, Manager Human Resources


Manager Approval

Documents Attached:  File Attachment