



System Overview

Public Safety Personnel Retirement System (PSPRS) administers 3 systems:

Public Safety Personnel Retirement System (PSPRS)



Provides benefits for: Most county, city, and state police, fire and sheriff department employees.

Corrections Officer Retirement Plan (CORP)



Provides benefits for: County, state and some city detention, dispatch and probation employees.

Elected Officials' Retirement Plan (EORP)



Provides benefits for: County, state and some city elected officials, including judges and court commissioners.

Employees are placed into “tiers” based on when they were hired.

Past Members:

- **Legacy Tiers 1&2:** Defined benefit plans closed to new members – largely underfunded plans.

New Members:

- **Tier 3/DC:** Open to new members – fully funded or fixed contributions.

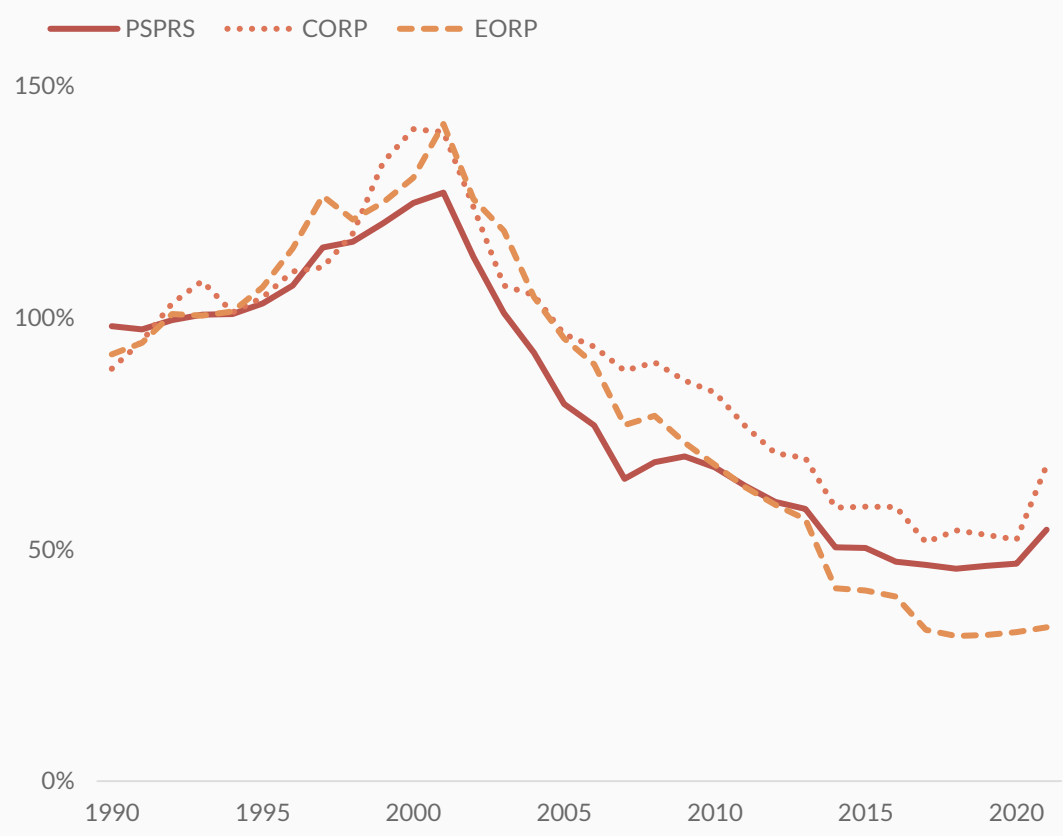


The Problem: Underfunded Legacy Tiers

Plan design, decisions by lawmakers & prior System, & investment performance caused plan to deteriorate.

Plan Funded Status

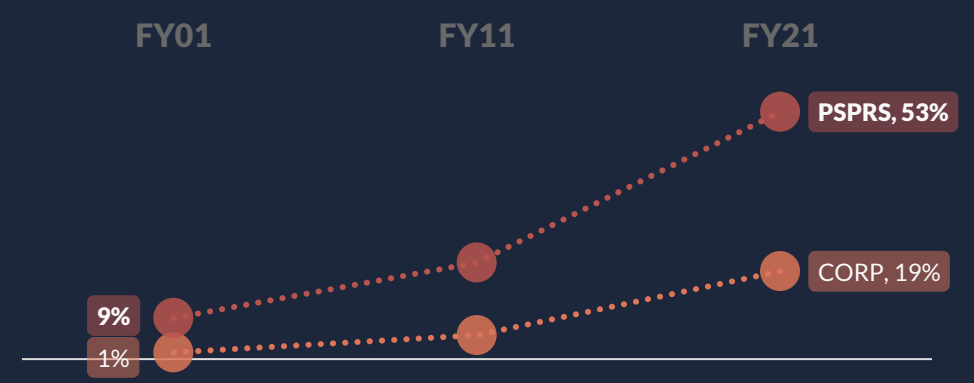
1990 to 2021, Year of Actuarial Valuation



Impact of High Pension Costs on Counties

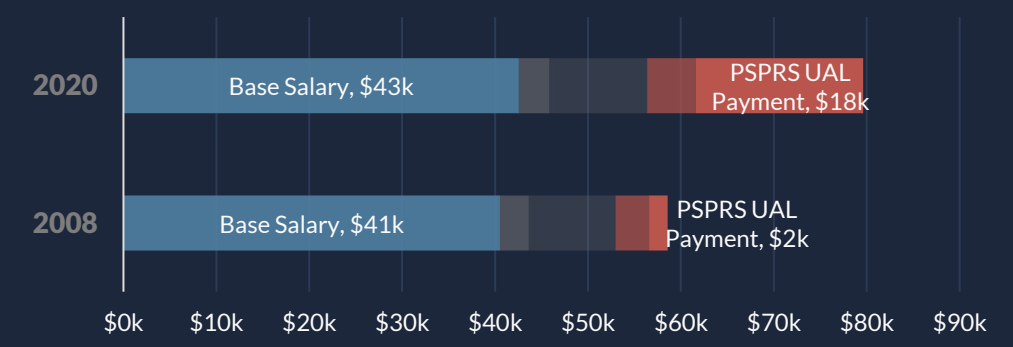
Declining funded status of all three plans has significantly increased county costs over the past 20 years.

Avg. county contribution rate, Legacy Tiers, Sheriffs & Detention plans only



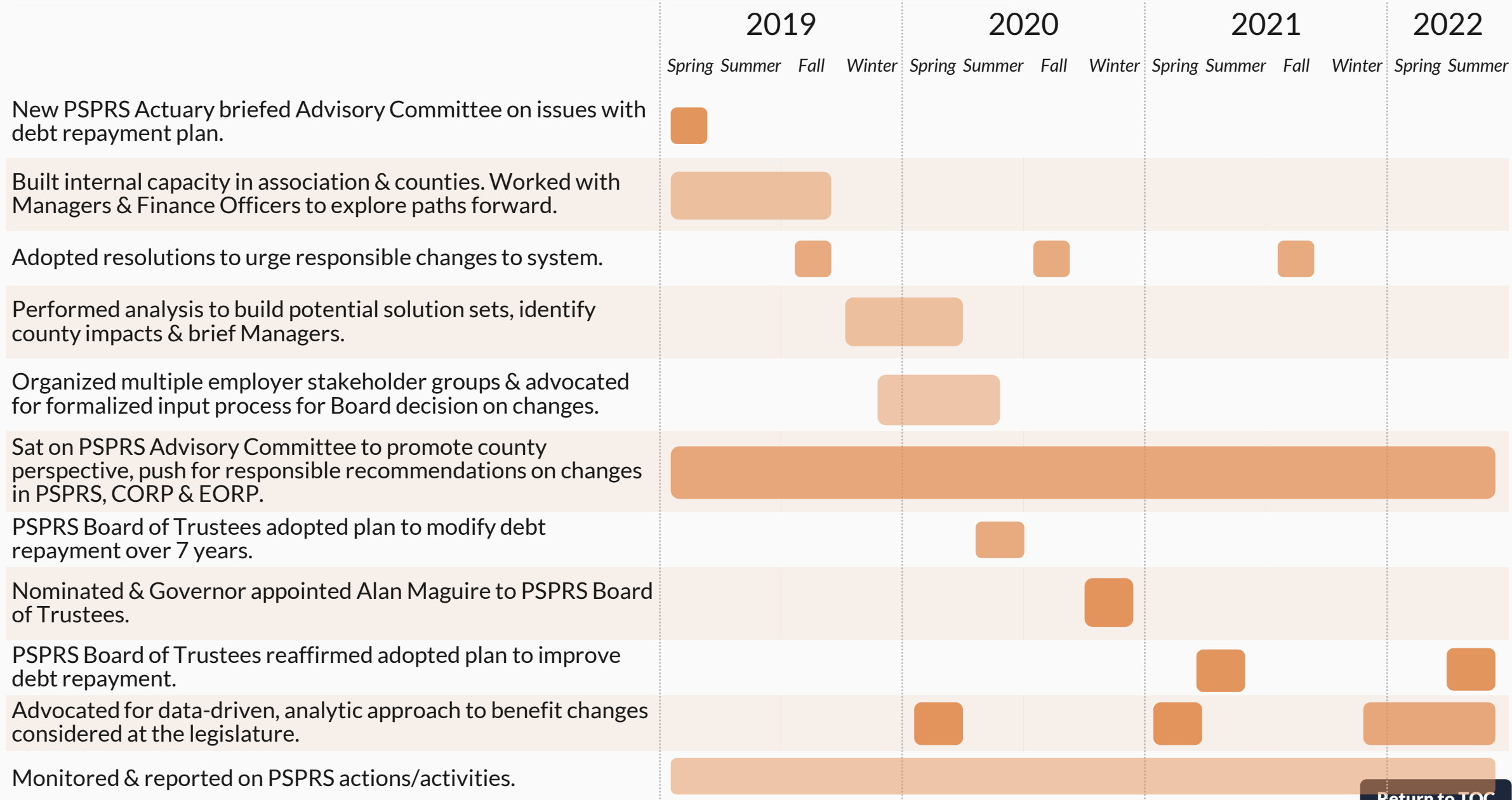
Rapidly increasing mandated contributions to pensions **crowded out other necessary investments.**

PSPRS - Cost of Deputy





Addressing the Issues: Select CSA Efforts to Address Underlying Issues





Outcomes: Reducing Unfunded Liabilities

Counties put over **\$825 million** in additional contributions into the system in since FY 2021.

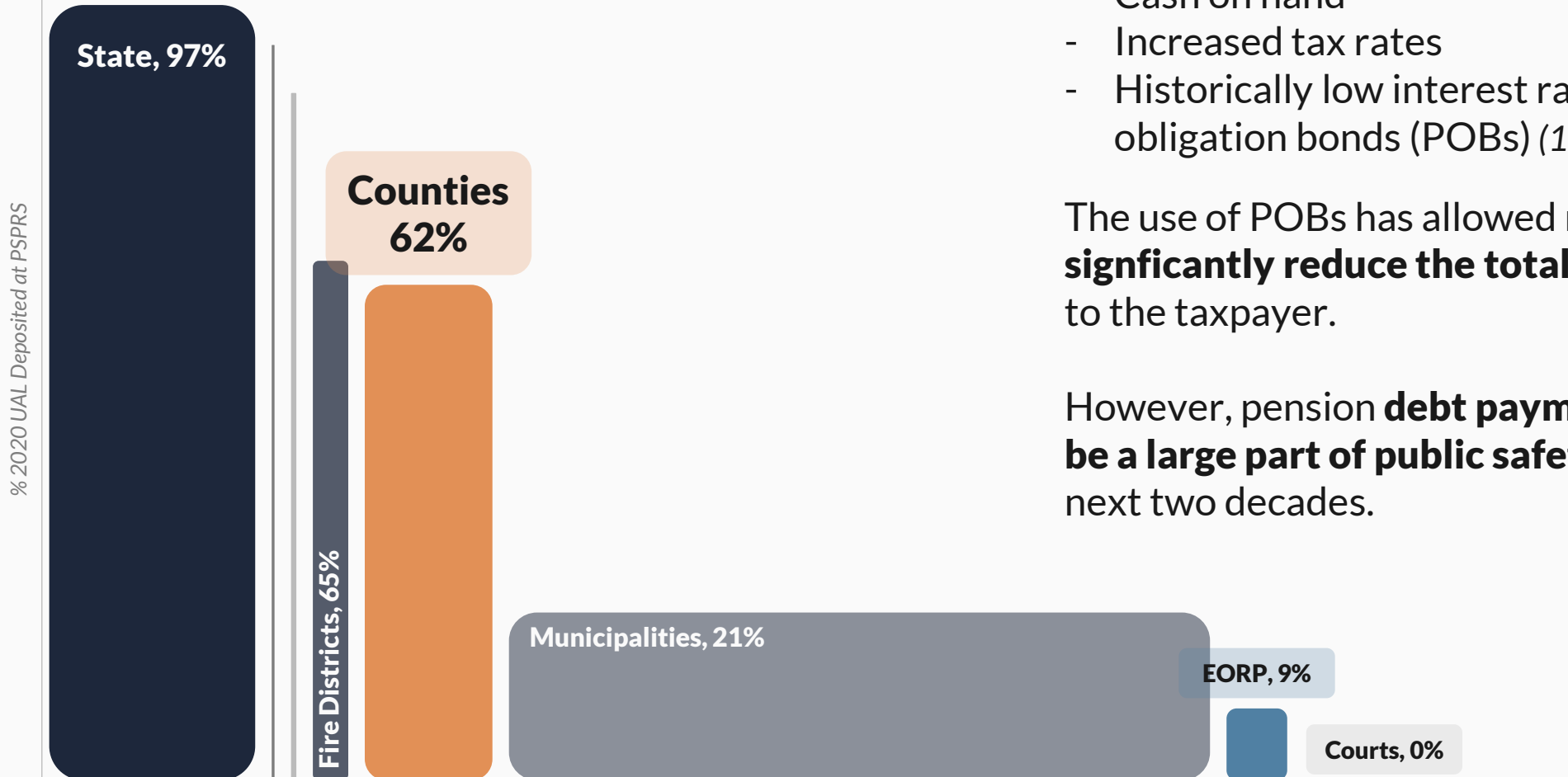
62% of legacy unfunded liabilities in individual plans.

14 counties have put in resources using:

- Cash on hand
- Increased tax rates
- Historically low interest rate pension obligation bonds (POBs) (1.98%-2.98%)

The use of POBs has allowed many counties to **significantly reduce the total cost of repayment** to the taxpayer.

However, pension **debt payments will continue be a large part of public safety costs** over the next two decades.



Share of UAL in PSPRS System as of June 30, 2020



2022 CSA Legislative Policy Summit

PROPOSED POLICY STATEMENT Resolution 4-22

Protect Investments in Public Safety Pensions

The County Supervisors Association of Arizona:

- Urges the PSPRS Board of Trustees to complete the phase-in of a debt repayment schedule that properly funds the System by balancing short-term costs with long-term benefits, and
- Urges the PSPRS Board of Trustees to continue utilizing the Advisory Committee to perform data driven analysis of proposed changes with all system stakeholders, and
- Respectfully requests the Arizona State Legislature and Governor exercise restraint in enacting policies that increase costs or reduce contributions into the system without a clear, measurable benefit to taxpayers.