

## CONSOLIDATED RETIREMENT REPORT

### Summary

The Consolidated Retirement Report (CRR) provides financial information on the state's retirement systems, including the total state cost of the retirement systems and estimated cost of annual changes in the employer contribution rates.

Most public employees in Arizona are enrolled in one of the 5 following state retirement systems.

- The Arizona State Retirement System (ASRS), which provides retirement, survivors, health, and disability benefits to employees of most public employers, including public schools, most local and county governments, and the State of Arizona.
- The Public Safety Personnel Retirement System (PSPRS), which provides similar benefits to public employees who work in a public safety capacity, such as law enforcement officials and firefighters.
- The Corrections Officer Retirement Plan (CORP), which provides similar benefits to correctional officers at state-run facilities, detention officers at county jails, and certain public safety dispatcher positions.
- The Elected Officials' Retirement Plan (EORP), which provides similar benefits to elected officials. The population of elected officials includes state officials, county/city officials and judges. EORP is now closed to new enrollees. Elected officials who are elected after January 1, 2014 enroll in the Elected Officials' Defined Contribution Retirement System (EODCRS),

which provides a defined contribution retirement benefit.

- The University Optional Retirement Plan (UORP). Some university employees are eligible to choose between ASRS or UORP. Unlike ASRS, UORP is a defined contribution plan where the employee and employer each contribute 7% of gross earnings.

The PSPRS Board of Trustees manages the PSPRS, CORP and EORP plans. The Arizona Board of Regents (ABOR) separately oversees the UORP plan.

### FY 2019 Total Funding

Based on data provided by state agencies in their budget requests under A.R.S. § 35-115, JLBC estimates the General Fund cost associated with all retirement systems in FY 2019 is \$223.3 million and the Total State Funds cost is \$560.8 million. *(Please see Table 1 for the total costs.)*

Employer contribution rate for the retirement systems change each year depending on the latest actuarial valuation. Some of the retirement costs may be covered by agencies' non-appropriated funding sources.

The enacted FY 2019 budget appropriated \$41.3 million to state agencies for additional costs related to FY 2019 rate increases. This consists of \$35.1 million from the General Fund and \$6.1 million from Other Appropriated Funds. The budget appropriated funding for retirement increases as part of Statewide Adjustments, however 3 agencies, the Department of Corrections, the Department of

**Table 1**

### Arizona Public Retirement FY 2019 System Employer Cost

	<u>FY 2019 Total Cost 1/</u>		
	<u>General Fund</u>	<u>All Other Funds 2/</u>	<u>Total</u>
Arizona State Retirement System	\$ 65,258,000	\$ 204,006,200	\$ 269,264,200
Public Safety Personnel Retirement System 3/	27,600,400	73,560,100	101,160,500
Corrections Officer Retirement Plan 3/	102,469,200	4,741,400	107,210,600
Elected Officials' Retirement Plan Defined Contribution Retirement System	12,711,200	287,600	12,998,800
University Optional Retirement Plan	15,281,800	54,853,500	70,135,300
<b>Grand Total</b>	<b>\$ 223,320,600</b>	<b>\$ 337,448,800</b>	<b>\$ 560,769,400</b>

1/ Represents the JLBC estimate of the total cost of the system and does not reflect any FY 2019 change in Personal Services costs.

2/ Includes both Other Appropriated Funds and Non-Appropriated Funds (including Federal Funds).

3/ "FY 2019 Total Cost" estimates are based on Tier 1 and Tier 2 employer contribution rates, and do not include the impact of Tier 3 employer contribution rates.

Juvenile Corrections and the Department of Public Safety received a retirement adjustment directly as part of their agency budget. *Table 2* shows the total appropriation in the FY 2019 budget for pension related increases.

<b>FY 2019 Budgeted Employer Cost Change</b>	
	<b>FY 2019 Rate Increase</b>
<i>Department of Corrections</i>	
General Fund	\$26,506,600
Other Appropriated Funds	<u>54,600</u>
<b>Subtotal</b>	<b>\$26,561,200</b>
<i>Department of Juvenile Corrections</i>	
General Fund	\$ 2,139,000
Other Appropriated Funds	<u>108,100</u>
<b>Subtotal</b>	<b>\$ 2,247,100</b>
<i>Department of Public Safety</i>	
General Fund	\$ 189,300
Other Appropriated Funds	<u>3,212,100</u>
<b>Subtotal</b>	<b>\$ 3,401,400</b>
<i>All Other Agencies (non-EORP)</i>	
General Fund	\$ 1,582,000
Other Appropriated Funds	<u>2,584,000</u>
<b>Subtotal</b>	<b>\$ 4,166,000</b>
<i>Elected Officials Retirement Adjustment</i>	
General Fund	\$ 4,727,200
All Other Funds	<u>177,700</u>
<b>Subtotal</b>	<b>\$ 4,904,900</b>
<b>Total</b>	
General Fund	\$35,144,100
Other Appropriated Funds	<u>6,136,500</u>
<b>Grand Total</b>	<b>\$41,280,600</b>

### ASRS

The General Fund cost associated with ASRS in FY 2019 is estimated to be \$65.3 million and the Total State Funds cost is \$269.3 million.

At its December 2017 meeting, the ASRS Board of Trustees increased the pension contribution rate to 11.64% of Personal Services in FY 2019. The FY 2018 rate was 11.34%. The employer contribution rate for disability insurance remained the same at 0.16%, for a total overall employer contribution rate of 11.80% (compared to 11.50% last year).

The contribution rate is higher because of increased liabilities and lower-than-expected investment returns. (Please see *Table 3* for historical ASRS contribution rates, excluding disability.)

<b>ASRS Contribution Rates (Excludes Disability)</b>			
<b>Fiscal Year</b>	<b>Rate <sup>1/</sup></b>	<b>Fiscal Year</b>	<b>Rate <sup>1/</sup></b>
FY 1983	7.00	FY 2002	2.00
FY 1984	7.00	FY 2003	2.00
FY 1985	6.27	FY 2004	5.20
FY 1986	5.67	FY 2005	5.20
FY 1987	5.53	FY 2006	6.90
FY 1988	4.00	FY 2007	8.60
FY 1989	<u>2/</u> 4.78	FY 2008	9.10
FY 1990	<u>2/</u> 1.29	FY 2009	8.95
FY 1991	<u>2/</u> 3.37	FY 2010	9.00
FY 1992	<u>2/</u> 3.17	FY 2011	9.60
FY 1993	<u>2/</u> 3.10	FY 2012	10.50
FY 1994	<u>2/</u> 2.65	FY 2013	10.90
FY 1995	<u>2/</u> 3.26	FY 2014	11.30
FY 1996	3.36	FY 2015	11.48
FY 1997	3.20	FY 2016	11.35
FY 1998	3.05	FY 2017	11.34
FY 1999	2.85	FY 2018	11.34
FY 2000	2.17	FY 2019	11.64
FY 2001	2.17		

<sup>1/</sup> As a percent of salary, employee and employer each pay this rate except for FY 2012, when employers paid 9.87% and employees 11.13%. This non-50/50 split was repealed by Laws 2012, Chapter 304, which refunded excess contributions to employees.

<sup>2/</sup> Long Term Disability not broken out of the contribution rate from FY 1989 - FY 1995. Rates for these years reflect amounts estimated to be attributable solely to retirement component.

### PSPRS

The PSPRS system consists of numerous state and local subgroups, each with its own contribution rate (*see Table 4*).

The General Fund cost associated with PSPRS in FY 2019 is estimated to be \$27.6 million and the Total State Funds cost is \$101.2 million.

Most of the cost increase in the PSPRS system for the state groups is caused by a reduction in the system's assumed investment returns. Prior to the current valuation, the PSPRS Board had used a 7.5% investment return assumption. Beginning with the FY 2019 valuation, the PSPRS Board has adopted a 7.4% assumed rate of return. Because this increases the system's unfunded liability, it requires an increase in the PSPRS employer contribution rate. (Please see *Table 5* for reasons behind contribution rate changes.)

Retirement System	Employer				Employee		
	FY 2018		FY 2019		FY 2019		
	Tier 1 and 2	Tier 3 <u>1/</u>	Tier 1 and 2	Tier 3 <u>1/</u>	Tier 1	Tier 2	Tier 3 <u>1/</u>
<i>Public Safety Personnel Ret. System</i>							
Liquor License Investigators	97.00	83.40	86.34	83.40	7.65	11.65	9.68
Department of Public Safety <u>2/</u>	91.97	90.60	95.35	90.60	2.65	6.65	4.68
Northern Arizona University Police	58.75	60.23	62.43	60.23	7.65	11.65	9.68
University of Arizona Police	44.37	42.81	47.20	42.81	7.65	11.65	9.68
Arizona State University Police	39.99	37.09	42.06	37.09	7.65	11.65	9.68
Game and Fish Department	104.71	103.65	105.93	103.65	7.65	11.65	9.68
Attorney General Investigators	63.53	71.23	74.55	71.23	7.65	11.65	9.68
DEMA Firefighters	31.22	32.57	34.74	32.57	7.65	11.65	9.68
Parks Police	57.35	64.00	66.95	64.00	7.65	11.65	9.68
<i>Corrections Officer Ret. Plan</i>							
Corrections Officer - ADC	21.17	N/A	28.38	5.00	8.41	8.41	7.00
Corrections Officer - DJC	31.03	N/A	47.20	5.00	8.41	8.41	7.00
DPS Dispatchers <u>3/</u>	24.48	N/A	38.95	N/A	7.96	7.96	N/A
Probation Officers	23.34	N/A	28.36	N/A	8.41	8.41	9.90

1/ FY 2019 Tier 3 CORP rates reflect Defined Contribution Plan for ADC and DJC, only Probation Officers will be eligible for Defined Benefit in Tier 3. The probation officer Tier 3 employer rate is unavailable at this time.

2/ The displayed rates reflect that 5% of the DPS member contribution is paid by the state.

3/ Dispatchers hired after November 24, 2009 are ASRS members.

### CORP

The General Fund cost associated with CORP is \$102.5 million in FY 2019 and the Total State Funds cost is \$107.2 million. While the cost increase in PSPRS is minimal, state costs for CORP in FY 2019 are expected to increase significantly.

The largest reason for the increase in CORP costs is the change in the plan's Permanent Benefit Increase (PBI) structure since the FY 2018 valuation. The FY 2018 valuation (which was published in November 2016) did not factor in the *Hall* decision. That prior valuation assumed that for current CORP employees, the state would be responsible for the limited PBI structure enacted by Laws 2011, Chapter 357. In certain years of poor funded status for the plan, this PBI was restricted or unavailable.

After the *Hall* decision, the state is now responsible for the more generous pre-Chapter 357 PBI structure for current CORP employees hired before August 2011.

This has increased projected future CORP liabilities in the FY 2019 actuarial valuation, thereby increasing FY 2019 employer contribution rates. (Please see Table 5 for reasons behind contribution rate changes.)

In response to the *Hall* decision, the Legislature enacted Laws 2017, Chapter 163. This legislation would replace the PBI structure for current CORP employees with annual retirement benefit increases based on the change in the Phoenix-Mesa Consumer Price Index, capped at 2%

	ASRS	PSPRS	CORP
FY 2018 Contribution Rate	11.50%	52.09%	20.98%
Asset (Gain)/Loss	0.30%	0.25%	0.16%
Payroll <u>2/</u>	0.00%	0.02%	-0.03%
Long Term Disability Rate Change	0.00%	N/A	N/A
Tier 2 Employee Benefits	0.00%	-0.20%	-0.15%
Permanent Benefit Increase Effect <u>3/</u>	0.00%	0.35%	-0.08%
Benefit Changes <u>4/</u>	N/A	-0.32%	7.41%
Assumption Changes <u>5/</u>	N/A	3.29%	0.61%
Amortization Method Change	N/A	-3.93%	N/A
Other	<u>0.00%</u>	<u>0.55%</u>	<u>-0.12%</u>
<b>FY 2019 Contribution Rate</b>	<b>11.80%</b>	<b>52.10%</b>	<b>28.78%</b>
<b>Net Change</b>	<b>0.30%</b>	<b>0.01%</b>	<b>7.80%</b>

1/ Represents aggregate information for PSPRS and CORP. These 2 systems consist of separate employer groups. Each group has its own actuarial status. As a result, the contribution rates may vary for each employer group.

2/ Actual payroll growth was lower than the assumed rate of 4.0%, requiring a higher employer contribution rate on the smaller than projected salary base.

3/ There was no PBI increase in FY 2019, compared to an assumed PBI level of 2.0%, therefore the reduction in liabilities is reflected in a slightly decreased employer rate. PSPRS now uses a Cost of Living Adjustment, which is reflected in the valuation.

4/ CORP increase reflects benefit changes as a result of the *Hall* litigation, which were not included in the FY 2018 CORP valuation.

5/ Reflects change in the investment return assumption from 7.5% to 7.4%, thereby increasing the unfunded liabilities of the PSPRS managed plans and requiring a higher employer contribution rate.

annually. This change is conditional on voter approval of HCR 2032 in November 2018, which provides for amendments to the Arizona Constitution to authorize the PBI changes to CORP and EORP. (See the 2018 Session Legislation section for a discussion of EORP PBI changes.)

Due to this and other reasons, these CORP changes enacted in the 2017 Legislative Session are not included in the FY 2019 CORP valuation.

The CORP employer contribution rate has also increased due to the reduction in assumed investment returns by the PSPRS Board.

#### **EORP and EODCRS System**

The General Fund cost associated with EORP and the EODCRS in FY 2019 is estimated to be \$12.7 million and the Total State Funds cost is \$13.0 million. These amounts exclude court fees used to offset the cost of the system, as those fees are deposited directly into the EORP Fund.

As part of closing EORP and establishing the EODCRS, A.R.S. § 38-810 established a fixed employer contribution rate of 23.5% for members of both systems, effective January 1, 2014. Laws 2018, Chapter 343 requires the state to pay the actuarially required employer rate for EORP which is 61.5% for FY 2019. (Please see 2018 Session Legislation section for more information.)

For EODCRS members, 6.0% of the employer contribution rate is deposited into the individual employees' retirement investment account, with the remainder being deposited into the EORP Fund.

While the enacted budget included funding for the FY 2019 EORP rate increase, cost projections for the change in the contribution rate, which utilized data provided by PSPRS, understated the fiscal impact. The statewide allocation for General Fund EORP costs was \$4,727,100 in the budget, however, the actual General Fund cost of the adjustment is now estimated to be \$5,015,000.

#### **UORP**

The General Fund cost associated with UORP in FY 2019 is estimated to be \$15.3 million and the Total State Funds cost is \$70.1 million.

While some university employees are members of ASRS, others participate in the optional retirement plan. In this latter plan, employees and their employers each contribute 7% of the employee's gross earnings, which is then invested by the employee. These contribution rates are fixed in statute and do not change in FY 2019.

### **2018 Session Legislation**

The retirement systems were affected by legislation relating to the following issues in the 2018 Regular Session:

#### **EORP Cost of Living Adjustment**

Laws 2018, Chapter 140 replaces the Permanent Benefit Increase (PBI) retired members of EORP receive with an annual cost-of-living adjustment (COLA) based on the average annual change in the Phoenix-Mesa Consumer Price Index, capped at 2% annually.

The replacement of the PBI with the COLA could reduce benefit increases for current EORP members. As a result, the Legislature adopted HCR 2032, which referred a measure to the ballot that included an amendment to Article 29, Section 1 of the Arizona Constitution specifying an exception to the provision that public retirement system benefits not be "diminished or impaired" to permit the changes enacted in Chapter 140. The ballot measure will authorize both the CORP and EORP PBI changes and will appear on the November 2018 ballot.

Based on historical investment return data, during the annual valuation process PSPRS actuaries currently assume the existing PBI structure will generate average benefit increases of approximately 3% per year. Replacing the PBI with a COLA adjustment which cannot exceed 2% in any year will reduce the overall level of future EORP liabilities.

#### **EORP Contribution Rate Change**

Laws 2018, Chapter 343 require employers in EORP to pay the actuarially required contribution for the EORP Defined Benefit Plan. In *Fields v Elected Officials' Retirement Plan*, colloquially known as *Fields 2*, the Maricopa County Superior Court found the statute that fixed EORP employer contributions at 23.5% to be unconstitutional. The judge ordered EORP employers, including the state, to begin paying the actuarially required contribution rate into the system beginning in FY 2019. Rather than appeal the ruling, the Legislature passed legislation to codify the court's ruling.

Additionally, Chapter 343 requires EORP to set the amortization time period to between 20 and 30 years.

#### **PSPRS Pension Funding Policies**

Laws 2018, Chapter 112 requires each PSPRS governing body (such as a city council or board of supervisors) to annually adopt a pension funding policy for employees hired before July 1, 2017. The policy must include: 1) how to maintain stability within the system; 2) how the body intends to meet the pension plans funding requirements;

and 3) a targeted funded status and the timeline to meet this target. The plan must be posted on the bodies' website when adopted.

**EORP County Court Fee Increase**

Laws 2018, Chapter 317 increases base fees charged by Superior and Justice of the Peace Courts and redistributes the revenue to allow for a new 6% distribution to the EORP Fund to fund a portion of the employer contribution rate costs. It is estimated to increase revenue by about \$2.3 million, of which about \$1.5 million will come from increased Superior Court fees and \$800,000 will come from increased Justice of the Peace fees.

Because Chapter 317 increases the overall level of court fees, existing court fee distributions are held harmless from the creation of the new EORP distribution.

**PSPRS System Omnibus**

Laws 2018, Chapter 42 makes several changes to the PSPRS system including PSPRS, CORP and EORP. Although largely technical and necessary to conform to updates in federal Internal Revenue Service rules, there are other changes including allowing an employer to fully vest in a PSPRS Defined Contribution Plan if they qualify for an accidental or disability pension.

Additionally, the bill allows a CORP member to be eligible for a disability pension in the first 90 days of employment, if the member experiences a catastrophic disability while on duty. A similar change was made in 2017 for PSPRS members.

Finally, the bill allows a member to withdraw money from their reverse Deferred Retirement Option Plan (DROP) account and transfer it to an eligible retirement plan.

**Actuarial Reporting Requirement**

The FY 2019 Budget Procedures Budget Reconciliation Bill (Laws 2018, Chapter 279) requires ASRS and the PSPRS system to report the actuarially required employer contribution rates to JLBC Staff by December 1 of each year. Previously the deadlines for these reports were December 15 or December 31.

**Funded Status**

As of June 30, 2017, there were 635,542 active, inactive, retired, and DROP members enrolled in ASRS, PSPRS, CORP, and EORP. Most employees (91%) are enrolled in ASRS. (Please see Table 6 for more information.)

Table 6 also shows each plan's assets and liabilities. To calculate the unfunded liability of each plan, actuaries use a modified amount for asset values to reflect certain plan

assumptions. Table 6 reflects current market values for assets and not the actuarial value. The funded status, or the amount of market assets relative to the amount of liabilities, of each plan is:

- 72.4% for ASRS;
- 43.9% for PSPRS;
- 48.1% for CORP; and
- 29.4% for EORP.

The above percentages exclude the retiree health portion of the pension plan.

**Long-Term Contribution Rate Estimates**

A.R.S. § 38-848 requires PSPRS to annually report on estimated contribution rates for the next 10 fiscal years. These estimates are required to include both aggregate rates for PSPRS and CORP, in addition to rates for each state employer group within those systems. (See Table 7 for more information.)

**Retirement System Summary**

Recent court rulings, as well as changes passed by the Legislature, have resulted in various tiers of benefits and contribution rates for both employers and employees. Table 8 shows information on each retirement system and employer tier.

Membership	ASRS			PSPRS			CORP			EORP		
	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019
Active (working and contributing)	204,162	206,055	18,706	19,010	13,846	13,958	694	600				
State Active Members	26,208	25,950	1,403	1,425	8,344	8,329	97	89				
Other Active Members <u>1/</u>	177,954	180,105	17,303	17,585	5,502	5,629	597	511				
Inactive	222,260	228,490	1,996	2,113	2,792	2,942	163	162				
Retired Members, Disabled and Survivor Beneficiaries	139,823	142,117	11,863	12,399	4,785	5,091	1,123	1,196				
Deferred Retirement Option Plan	N/A	N/A	1,365	1,409	N/A	N/A	N/A	N/A				
<b>Total</b>	<b>566,245</b>	<b>576,662</b>	<b>33,930</b>	<b>34,931</b>	<b>21,423</b>	<b>21,991</b>	<b>1,980</b>	<b>1,958</b>				
<b>Funding Status (dollar values in millions) <u>2/</u></b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>
Market Value of Assets	\$35,761	\$37,783	\$6,554	\$6,841	\$1,678	\$1,742	\$315	\$298				
Total Actuarial Liability	\$46,105	\$52,189	\$14,249	\$15,579	\$2,931	\$3,624	\$838	\$1,012				
Unfunded Actuarial Liability <u>3/</u>	\$10,344	\$14,406	\$7,695	\$8,738	\$1,253	\$1,882	\$523	\$714				
Funded Status <u>3/</u>	77.6%	72.4%	46.0%	43.9%	57.3%	48.1%	37.6%	29.4%				

1/ Includes city, county, political subdivision, higher education and other education active members.

2/ Represents aggregate information for PSPRS and CORP. These 2 systems consist of separate employer groups. Each group has its own actuarial status. As a result, the funded status may vary for each employer group.

3/ Calculated on market, not actuarial, value of assets. Excludes the funded status of the retiree health portion of the plan.

Table 7

Arizona Public Retirement System Contribution Rate Historical and Trend Data

	Actual										Projected					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<b>ASRS</b>																
Employer	10.74%	11.14%	11.54%	11.60%	11.47%	11.48%	11.50%	11.80%	11.82%	11.82%	11.82%	10.76%	10.79%	10.75%	10.63%	10.51%
Employee	10.74%	11.14%	11.54%	11.60%	11.47%	11.48%	11.50%	11.80%	11.82%	11.82%	11.82%	10.76%	10.79%	10.75%	10.63%	10.51%
<b>Total 1/</b>	<b>21.48%</b>	<b>22.28%</b>	<b>23.08%</b>	<b>23.20%</b>	<b>22.94%</b>	<b>22.96%</b>	<b>23.00%</b>	<b>23.60%</b>	<b>23.64%</b>	<b>23.64%</b>	<b>23.64%</b>	<b>21.52%</b>	<b>21.58%</b>	<b>21.50%</b>	<b>21.26%</b>	<b>21.02%</b>
<b>PSPRS</b>																
Employer <u>2/4/5/</u>	22.68%	27.18%	30.44%	32.54%	41.37%	42.61%	52.09%	52.10%	52.17%	51.79%	51.74%	51.86%	51.85%	51.57%	51.48%	51.37%
Employee <u>4/</u>																
-Tier 1	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
-Tier 2	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%
<b>Total Tier 1</b>	<b>30.33%</b>	<b>34.83%</b>	<b>38.09%</b>	<b>40.19%</b>	<b>49.02%</b>	<b>50.26%</b>	<b>59.74%</b>	<b>59.75%</b>	<b>59.82%</b>	<b>59.44%</b>	<b>59.39%</b>	<b>59.51%</b>	<b>59.50%</b>	<b>59.22%</b>	<b>59.13%</b>	<b>59.02%</b>
<b>Total Tier 2</b>	<b>34.33%</b>	<b>38.83%</b>	<b>42.09%</b>	<b>44.19%</b>	<b>53.02%</b>	<b>54.26%</b>	<b>63.74%</b>	<b>63.75%</b>	<b>63.82%</b>	<b>63.44%</b>	<b>63.39%</b>	<b>63.51%</b>	<b>63.50%</b>	<b>63.22%</b>	<b>63.13%</b>	<b>63.02%</b>
<b>CORP</b>																
Employer <u>2/3/4/</u>	9.50%	11.31%	13.68%	14.46%	18.21%	18.71%	20.98%	28.78%	28.77%	28.53%	28.36%	28.32%	28.21%	27.90%	27.70%	27.52%
Employee <u>4/5/</u>	8.40%	8.40%	8.40%	8.40%	8.41%	8.41%	8.41%	8.41%	8.41%	8.41%	8.41%	8.41%	8.41%	8.41%	8.41%	8.41%
<b>Total</b>	<b>17.90%</b>	<b>19.71%</b>	<b>22.08%</b>	<b>22.86%</b>	<b>26.62%</b>	<b>27.12%</b>	<b>29.39%</b>	<b>37.19%</b>	<b>37.18%</b>	<b>36.94%</b>	<b>36.77%</b>	<b>36.73%</b>	<b>36.62%</b>	<b>36.31%</b>	<b>36.11%</b>	<b>35.93%</b>
<b>EORP</b>																
Employer <u>4/</u>	17.96%	20.87%	23.50%	23.50%	23.50%	23.50%	23.50%	61.50%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee <u>4/</u>																
-Tier 1	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
-Tier 2	11.50%	11.50%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
<b>Total Tier 1</b>	<b>24.96%</b>	<b>27.87%</b>	<b>30.50%</b>	<b>30.50%</b>	<b>30.50%</b>	<b>30.50%</b>	<b>30.50%</b>	<b>68.50%</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Tier 2</b>	<b>29.46%</b>	<b>32.37%</b>	<b>36.50%</b>	<b>36.50%</b>	<b>36.50%</b>	<b>36.50%</b>	<b>74.50%</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A=Not Available

1/ The ASRS contribution rate for each year includes the contribution rate for long term disability, which is split evenly between the employer and employee.

2/ The employer contribution rate displayed for years FY 2019 through FY 2027 excludes the contribution rate associated with retiree health in PSPRS and CORP. This amount, however, is expected to be minimal in each year (approximately 0.25%).

3/ The employer contribution rate displayed for all years excludes the contribution rate associated with supplemental long term disability insurance (in FY 2019, that rate is 0.32%).

4/ PSPRS, CORP and EORP projected employer and employee contribution rates reflect those published in the FY 2019 actuarial valuations. These rates reflect rulings in the Fields v Elected Official's Retirement Plan and Hall v Elected Official's Retirement Plan litigation but not the CORP changes (Laws 2017, Chapter 163) as those are conditional on the passage of HCR 2032 in November 2018. PSPRS employee rates from FY 2012 to FY 2017 reflect refunds given to PSPRS members.

5/ Projections for Tier 3 members were not included in the most recent PSPRS actuarial valuation for PSPRS and CORP. The contribution rates displayed only reflect an aggregate rate for Tier 1 and Tier 2.

State Retirement Plan Summary										
	PSPRS			CORP			EORP			ASRS
	Tier 1 Before 1/1/12	Tier 2 1/1/12 thru 7/1/17	Tier 3/DC After 7/1/17	Tier 1 Before 1/1/12	Tier 2 1/1/12 thru 7/1/18	Tier 3/DC2/ After 7/1/18	Tier 1 Before 1/1/12	Tier 2 1/1/12 thru 1/1/14	DC Plan After 1/1/14	DB Plan Present
<b>Hire Date</b>	None	52.5	55; 52.5 with reduced pension	25 years of Service with no age or; years of Service and Age must equal 80	52.5	7/1/18	None	62		Years of Service and Age must equal 80
<b>Normal Retirement Age</b>	None	52.5	55; 52.5 with reduced pension	25 years of Service with no age or; years of Service and Age must equal 80	52.5	7/1/18	None	62		Years of Service and Age must equal 80
<b>Minimum Years of Service</b>	20 years; 15 years if aged 62 or older	15 years	15 years	years of Service and Age must equal 80	25 years		20 years	10 years		
<b>Multiplier</b>	50%+ <20 years: -4.00% 20 to <25 years: 2.00% 25+ years: 2.50%	62.5%+ <25 years: -4.00% 25+ years: 2.50% May use Tier 3 multiplier if better	15 to <17 years: 1.50% 17 to <19 years: 1.75% 19 to <22 years: 2.00% 22 to <25 years: 2.25% 25+ years: 2.50%	50%+ 20+ years: 2.50% If 80 point rule is used for hires prior to 8/9/2001: Average Salary X years of service X 2.5%	62.5%+ 25+ years: 2.50% (Max 7 years) If less than 25 years: Avg. Salary X Yrs of svc X 2.5%	Not Applicable	4% of average salary x years of service	3% of average salary x years of service	Not Applicable	<20 years: 2.10% 20 to <25 years: 2.15% 25 to <30 years: 2.20% 30+ years: 2.30%
<b>PBI or COLA1/</b>	COLA based on Phoenix CPI, not to exceed 2%	COLA based on Phoenix CPI, not to exceed 2%	COLA eligible after 7 years or age 60; COLA dependent on plan funded status	COLA based on Phoenix CPI, not to exceed 2%	COLA based on Phoenix CPI, not to exceed 2%	Not Applicable	COLA based on Phoenix CPI, not to exceed 2%	COLA based on Phoenix CPI, not to exceed 2%	Not Applicable	PBI if fund exceeds growth estimate for 10 years, only for members hired before 9/13/13.
<b>Benefit Cap</b>	Adjusted by IRS	Adjusted by IRS	\$110,000	Adjusted by IRS	Adjusted by IRS		Adjusted by IRS	Adjusted by IRS		Adjusted by IRS
<b>Normal Cost Split</b>	Set Employee Rate (Employers pay remaining)	Set Employee Rate (Employers pay remaining)	50/50; Employer Pays Legacy Cost Balance	Set Employee Rate (Employers pay remaining)	Set Employee Rate (Employers pay remaining)		Set Employee Rate (Employers pay remaining)	Set Employee Rate (Employers pay remaining)		50/50
<b>Assumed Rate of Return</b>	7.40%	7.40%	7.40%	7.40%	7.40%		7.40%	7.40%		7.50%
<b>Employee Rate</b>	7.65%	11.65%	9.85% DC: 9.00%	8.41%	8.41%	7.00%	7.00%	13.00%	8.00%	11.80%
<b>Aggregate Employer Rate</b>	52.10%	52.10%	DB 47.09% (Normal+Legacy Costs) DC: 9.00%+Legacy Costs	28.78%	28.78%	5.00%	61.50%	61.50%	61.50% to employer account)	11.80%

1/ CORP and EORP COLA for Tier 1 and 2 dependent upon November 2018 election outlined in HCR 2032, current beneficiaries still receive a PBI.

2/ CORP reforms include a Tier 3 Defined Benefit plan, however essentially all state workers in CORP would only be eligible for the Defined Contribution Plan.