

## 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 Officers Retirement Plan (CORP), which provides similar benefits to correctional officers at state-run facilities, detention officers at county jails, and certain public safety dispatchers.
- 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 are enrolled in the Elected Officials' Defined Contribution Retirement System (EODCRS), which provides a defined contribution retirement plan.

- 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 2025 Impacts and 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 state retirement systems in FY 2026 is \$192.9 million and the Total State Funds cost is \$660.8 million. *(Please see Table 1 for the total costs.)*

Employer contribution rates 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.

#### ASRS

The General Fund cost associated with ASRS in FY 2026 is estimated to be \$111.7 million and the Total State Funds cost is \$499.1 million.

At its November 2024 meeting, the ASRS Board of Trustees decreased the pension contribution rate to 11.86% of Personal Services in FY 2026. The FY 2025 rate was 12.12%. The Board decreased the employer contribution rate for disability insurance from 0.15% to 0.14%, for a total overall employer contribution rate of 12.00% (compared to 12.27% last year) *(Please see Table 2 for historical ASRS contribution rates.)*

<b>Table 1</b>			
<b>Arizona Public Retirement FY 2026 System Employer Cost</b>			
	<u>FY 2026 Total Cost 1/</u>		
	<u>General Fund</u>	<u>All Other Funds 2/</u>	<u>Total</u>
Arizona State Retirement System	\$ 111,708,200	\$ 387,439,900	\$ 499,148,100
Public Safety Personnel Retirement System	16,286,900	9,209,100	25,496,000
Corrections Officer Retirement Plan	30,220,600	654,400	30,875,000
Elected Officials' Retirement Plan/ Defined Contribution Retirement System	19,081,800	330,500	19,412,300
University Optional Retirement Plan	15,583,800	70,245,300	85,829,100
<b>Grand Total</b>	<b>\$ 192,881,300</b>	<b>\$ 467,879,200</b>	<b>\$ 660,760,500</b>

1/ Represents the JLBC estimate of the total cost of the system and does not reflect any FY 2026 change in Personal Services costs. In instances where salary data is limited, the PSPRS/CORP estimates are based on the Tier 1 and Tier 2 employer contribution rates as applied to the entire PSPRS/CORP salary base.

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

**Table 2**

**Historical ASRS Contribution Rates  
(Includes Long-Term Disability)**

<u>Fiscal Year</u>	<u>Rate</u>	<u>Fiscal Year</u>	<u>Rate</u>
FY 1989	5.09	FY 2008	9.60
FY 1990	2.00	FY 2009	9.45
FY 1991	3.82	FY 2010	9.40
FY 1992	3.60	FY 2011	9.85
FY 1993	3.59	FY 2012	10.74
FY 1994	3.14	FY 2013	11.14
FY 1995	3.75	FY 2014	11.54
FY 1996	3.85	FY 2015	11.60
FY 1997	3.69	FY 2016	11.47
FY 1998	3.54	FY 2017	11.48
FY 1999	3.34	FY 2018	11.50
FY 2000	2.66	FY 2019	11.80
FY 2001	2.66	FY 2020	12.11
FY 2002	2.49	FY 2021	12.22
FY 2003	2.49	FY 2022	12.41
FY 2004	5.70	FY 2023	12.17
FY 2005	5.70	FY 2024	12.29
FY 2006	7.40	FY 2025	12.27
FY 2007	9.10	FY 2026	12.00

**PSPRS**

PSPRS 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 2026 is estimated to be \$16.3 million and the Total State Funds cost is \$25.5 million.

In aggregate, the FY 2026 Tier 1 and Tier 2 PSPRS employer contribution rate is 45.79%, or (0.46)% lower than in FY 2025 (see Table 3).

**CORP**

CORP consists of numerous state and local subgroups, each with its own contribution rate (see Table 4). The General Fund cost associated with CORP is \$30.2 million in FY 2026 and the Total State Funds cost is \$30.9 million.

In aggregate, the FY 2026 Tier 1 and Tier 2 CORP employer contribution rate is 14.38%, or (2.06)% lower than in FY 2025 (see Table 3).

**EORP and EODCRS**

The General Fund cost associated with EORP and the EODCRS in FY 2026 is estimated to be \$19.1 million and the Total State Funds cost is \$19.4 million. These amounts exclude court fees used to offset the cost of the system, as those fees are deposited directly into the EORP Fund.

The FY 2026 EORP employer contribution rate is 70.70%, or 0.26% higher than in FY 2025 (see Table 3).

**Table 3**

**Reasons for Change in the Employer Contribution Rate <sup>1/</sup>  
(Consolidated Valuation)**

	<u>PSPRS</u>	<u>CORP</u>	<u>EORP</u>
FY 2025 Contribution Rate	46.25%	16.44%	70.44%
Asset (Gain)/Loss	0.04%	(0.04%)	(0.04%)
Payroll	(2.15%)	(0.51%)	(8.73%)
Liability Experience	1.60%	0.27%	0.85%
Additional Contribution	(1.39%)	(1.49%)	-
Assumption Changes	0.76%	0.13%	12.05%
Other	<u>0.68%</u>	<u>(0.42%)</u>	<u>(3.87%)</u>
<b>FY 2026 Contribution Rate</b>	<b>45.79%</b>	<b>14.38%</b>	<b>70.70%</b>
<b>Net Change</b>	<b>(0.46%)</b>	<b>(2.06%)</b>	<b>0.26%</b>

<sup>1/</sup> Represents aggregate information for PSPRS and CORP Tiers 1 and 2. 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.

The EORP employer contribution rate of 70.70% consists of 17.09% for the normal cost of the member accruing additional service and 53.61% to amortize the unfunded EORP liability. For EODCRS members, the total employer contribution rate is 59.75%, which consists of a 6.0% contribution rate deposited into the individual employees' retirement investment account, 0.14% for disability coverage and the same 53.61% contribution rate allocated to amortize the unfunded EORP liability.

**UORP**

The General Fund cost associated with UORP in FY 2026 is estimated to be \$15.6 million and the Total State Funds cost is \$85.8 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 7.0% 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 2026.

**Funded Status**

As of June 30, 2024, there were 727,733 active, inactive, retired, and DROP members enrolled in ASRS, PSPRS, CORP, and EORP. (See Table 5 for more information.)

The funded status, or the market value of plan assets relative to the amount of liabilities, of each plan is:

- 76.6% for ASRS (excluding the disability program);
- 70.2% for PSPRS;
- 89.4% for CORP; and
- 44.4% for EORP

Table 4

## PSPRS/CORP State Employer Group Retirement Rates

Retirement System	Employer				Employee	
	FY 2025		FY 2026		FY 2026	
	Tier 1 and 2	Tier 3 <sup>1/</sup>	Tier 1 and 2	Tier 3 <sup>1/</sup>	Tiers 1 and 2	Tier 3 <sup>1/</sup>
<i>Public Safety Personnel Ret. System</i>						
Liquor License Investigators	10.63%	10.30%	9.22%	9.48%	7.65%	8.89%
Department of Public Safety <sup>2/</sup>	20.51%	15.90%	21.20%	16.03%	2.65%	3.91%
Northern Arizona University Police	10.75%	9.68%	10.33%	8.69%	7.65%	8.69%
University of Arizona Police	15.51%	12.58%	19.01%	15.84%	7.65%	8.69%
Arizona State University Police	14.33%	9.21%	16.75%	11.90%	7.65%	8.69%
Game and Fish Department	9.88%	8.89%	9.98%	8.69%	7.65%	8.69%
Attorney General Investigators	7.56%	8.89%	7.52%	8.69%	7.65%	8.69%
DEMA Firefighters	12.19%	9.34%	13.02%	9.65%	7.65%	8.69%
Parks Police	2.84%	8.89%	2.91%	9.11%	7.65%	8.69%
<i>Corrections Officer Ret. Plan</i>						
Corrections Officer - ADC	6.94%	8.37%	6.66%	7.98%	7.65%	7.63%
Corrections Officer - DJC	6.00%	6.23%	6.00%	6.34%	7.65%	7.63%
DPS Dispatchers <sup>3/</sup>	8.23%	N/A	8.42%	N/A	7.65%	N/A
DPS Detention	10.84%	10.42%	6.00%	6.00%	7.65%	7.63%
Probation Officers	39.39%	42.39%	37.71%	40.90%	8.41%	7.63%

<sup>1/</sup> FY 2025 and 2026 rates for Tier 3 for PSPRS are based on Defined Benefit Plan and for CORP are based on Defined Contribution Plan.

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

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

Table 5

Arizona Public Retirement System Valuation Data as of June 30, 2024

Membership	ASRS		PSPRS		CORP		EORP	
	FY 2025	FY 2026	FY 2025	FY 2026	FY 2025	FY 2026	FY 2025	FY 2026
Active (working and contributing)	219,830	224,989	18,425	18,748	7,974	7,312	296	285
State Active Members	N/A	N/A	1,304	1,266	4,456	3,942	N/A	N/A
Other Active Members	N/A	N/A	17,121	17,482	3,518	3,370	N/A	N/A
Inactive	256,590	259,127	3,081	3,289	3,781	3,858	176	167
Retired Members, Disabled and Survivor Beneficiaries	176,444	182,520	15,963	16,533	7,030	7,321	1,321	1,315
Deferred Retirement Option Plan	N/A	N/A	2,227	2,269	N/A	N/A	N/A	N/A
<b>Total</b>	<b>652,864</b>	<b>666,636</b>	<b>39,696</b>	<b>40,839</b>	<b>18,785</b>	<b>18,491</b>	<b>1,793</b>	<b>1,767</b>
<b>Funding Status (dollar values in millions) 1/</b>	<b>June 30, 2023</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>June 30, 2024</b>
Market Value of Assets	\$49,779	\$53,360	\$14,965	\$16,755	\$4,235	\$4,674	\$421	\$465
Total Actuarial Liability	\$65,961	\$69,631	\$22,527	\$23,868	\$5,034	\$5,226	\$1,035	\$1,047
Unfunded Actuarial Liability 2/	\$16,181	\$16,272	\$7,562	\$7,113	\$799	\$553	\$614	\$582
Funded Status 2/	75.5%	76.6%	66.4%	70.2%	84.1%	89.4%	40.7%	44.4%

N/A = Not Available

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 funded status may vary for each employer group.

2/ Calculated on market, not actuarial, value of assets. ASRS funded status data excludes long-term disability program.

Table 6

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/DC 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>										
<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		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		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%		4% of average salary x years of service	3% of average salary x years of service		<20 years: 2.10% 20 to <25 years: 2.15% 25 to <30 years: 2.20% 30+ years: 2.30%
<b>PBI or COLA</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 Calculation Limit</b>	Adjusted by IRS	Adjusted by IRS	\$140,952	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>	7.20%	7.20%	7.00%	7.20%	7.20%		7.20%	7.20%		7.00%
<b>Employee Rate</b>	7.65%	7.65%	8.72% DC: 10.74%	7.98%	7.98%	7.63%	7.00%	7.00%	8.14%	12.00%
<b>Aggregate Employer Rate</b>	45.79%	45.79%	(Normal+Legacy Costs) DC:10.74%+Legacy Costs	14.38%	14.38%	5.63% + Legacy Cost	70.70%	70.70%	59.75% (6.00% to employer account)	12.00%

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