
Public Safety Personnel Retirement System Corrections Officer Retirement Plan

Defined Contribution and Retirement
Study Committee Meeting
November 22, 2011

Local Boards, Multiple Employer Plans & Disabilities

The Local Board System

History & Challenges

History

- Prior to July 1, 1968
 - State and municipal fire and police personnel were covered under various local, municipal and state retirement systems
 - Equal in their hazardous duties
 - Unequal in the future benefits awarded for performing those hazardous duties

(see ARS § 38-841)

History

- July 1, 1968

- Public Safety Personnel Retirement System created to provide a statewide program that is:
 - Uniform
 - Consistent
 - Equitable
- Each group that joins PSPRS is statutorily administered by 5-member Local Boards, 2 of which are elected from the membership pool.

Why Local Boards?

- To further provide for equity within each group
 - Members feel they are better represented
 - Decisions are better made based on the uniqueness of their individual situation
 - Reasonable range of duties could vastly differ between groups (Ex: Phoenix can afford to put officers on desk duty, but smaller employers may not be able to)

Why Local Boards?

- Each employer is accountable for its own costs
 - Not sharing their financial burdens with others
 - Conservative fiscal decisions will result in a direct benefit to their rate by way of cost savings that are not diluted otherwise through a single-employer model

Working with the Local Boards

- **Challenges**
 - Communication
 - Training
 - Consistency

Working with the Local Boards

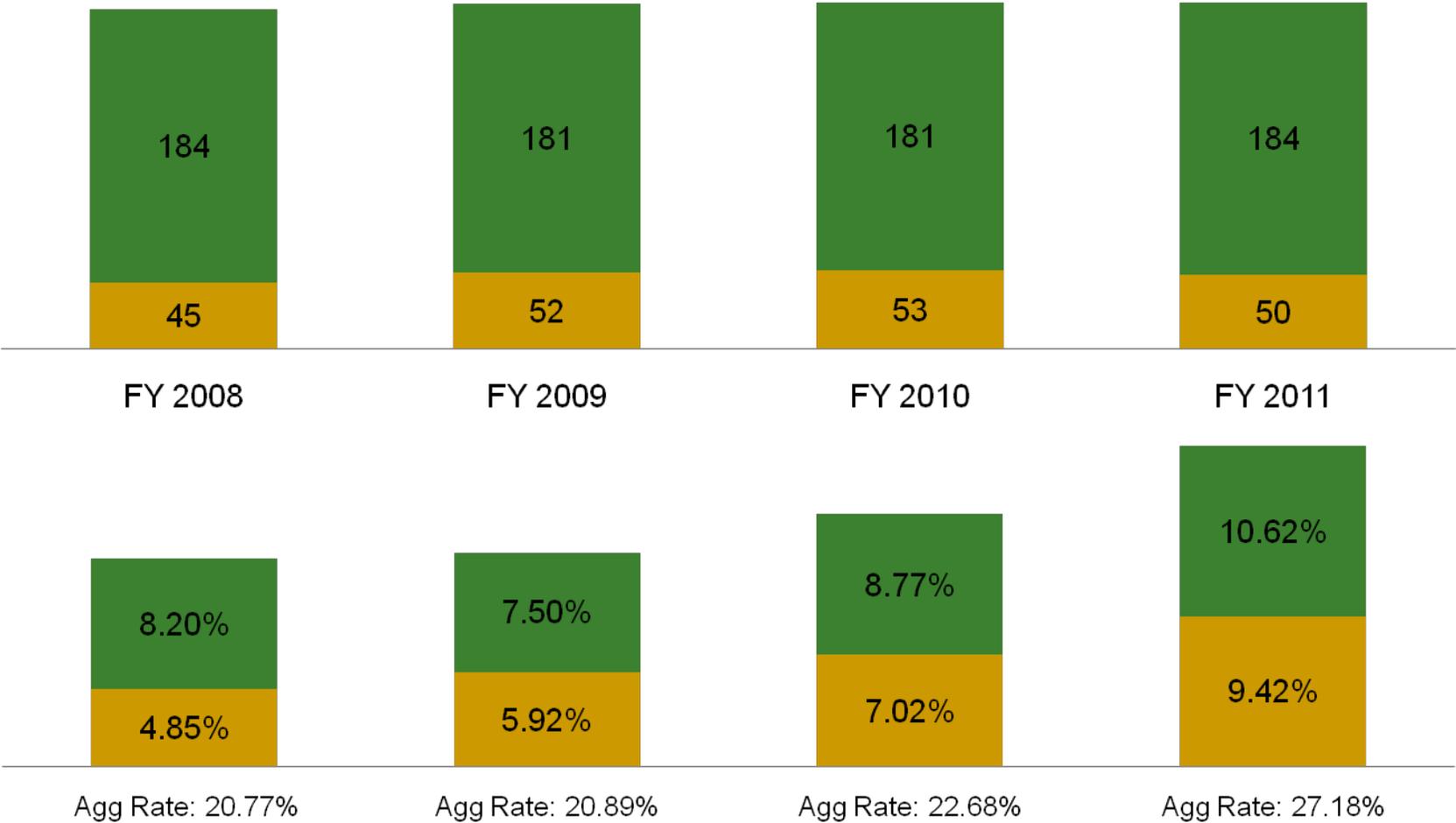
- Overcoming those Challenges
 - Website
 - Local Board Outreach Program
 - Newsletters
 - Webinars
 - Onsite Visits
 - Better Tools
 - Retirement Calculation Spreadsheets
 - High 3-year calculator and contribution history
 - How To documents
 - Online Uploading of Contributions

Converting from Multiple Employer Plan to Single Employer Plan

Winners & Losers

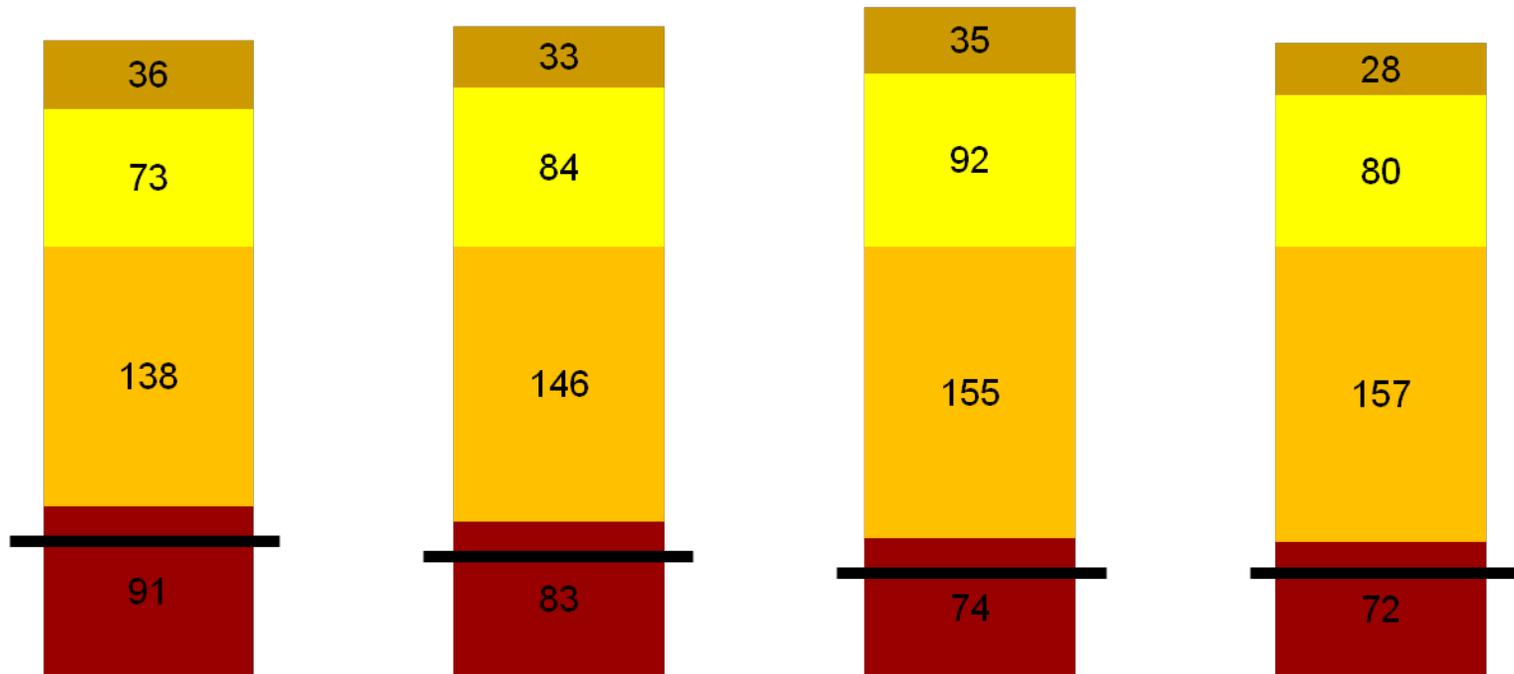
PSPRS Winners & Losers: ER Rates

■ Winners (avg rate decrease)
 ■ Losers (avg rate increase)



PSPRS Winners & Losers: Funding Levels

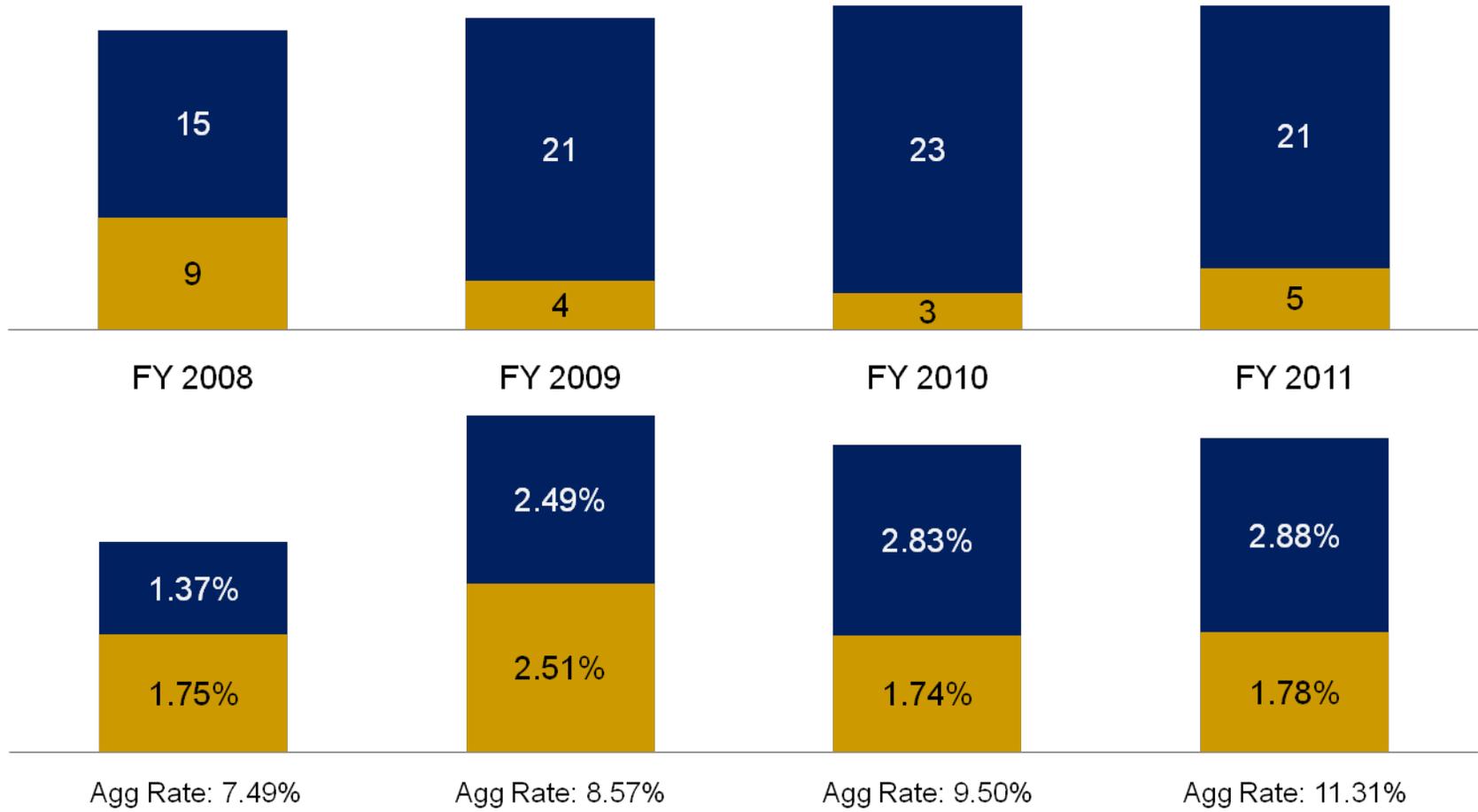
■ < Agg Level
 ■ > Agg Level
 ■ > 80% Funded
 ■ > 100% Funded



| | | | |
|------------------|------------------|------------------|------------------|
| 229 ERs | 233 ERs | 234 ERs | 234 ERs |
| Agg Level: 66.5% | Agg Level: 68.2% | Agg Level: 65.8% | Agg Level: 61.9% |
| FY 2008 | FY 2009 | FY 2010 | FY 2011 |

CORP Winners & Losers: ER Rates

■ Winners (avg rate decrease)
 ■ Losers (avg rate increase)



CORP Winners & Losers: Funding Levels

■ < Agg Level
 ■ > Agg Level
 ■ > 90% Funded
 ■ > 100% Funded



Winners & Losers – Consolidated Summary

| June 30 Valuation | PSPRS 2008 | | | | PSPRS 2009 | | | | PSPRS 2010 | | | | PSPRS 2011 | | | |
|--------------------------|------------|-------------------|----------------|--------|------------|-------------------|----------------|--------|------------|-------------------|----------------|--------|------------|-------------------|----------------|--------|
| ER Contrib Rate | | Agg Rate: 20.77% | | | | Agg Rate: 20.89% | | | | Agg Rate: 22.68% | | | | Agg Rate: 27.18% | | |
| | # | Avg Rate Δ | Δ Range | | # | Avg Rate Δ | Δ Range | | # | Avg Rate Δ | Δ Range | | # | Avg Rate Δ | Δ Range | |
| Winners (rate decrease)* | 45 | 4.85% | 0.02% | 17.00% | 52 | 5.92% | 0.07% | 29.37% | 53 | 7.02% | 0.08% | 31.32% | 50 | 9.42% | 0.16% | 37.42% |
| Losers (rate increase) | 184 | 8.20% | 0.07% | 15.77% | 181 | 7.50% | 0.11% | 15.89% | 181 | 8.77% | 0.33% | 17.68% | 184 | 10.62% | 0.05% | 22.18% |

*Note: For all averages and ranges for Winners, AZ Attorney General Investigators have been removed to give a more accurate picture of the whole

| | | Agg Level: 66.5% | | | | Agg Level: 68.2% | | | | Agg Level: 65.8% | | | | Agg Level: 61.9% | | |
|-----------------------|----------|------------------|--|--|----------|------------------|--|--|----------|------------------|--|--|----------|------------------|--|--|
| Funding Levels | # | % of Plan | | |
| > Agg | 138 | 59.0% | | | 146 | 62.4% | | | 155 | 66.2% | | | 157 | 67.1% | | |
| > 80% | 73 | 31.2% | | | 84 | 35.9% | | | 92 | 39.3% | | | 80 | 34.2% | | |
| > 100% | 36 | 15.4% | | | 33 | 14.1% | | | 35 | 15.0% | | | 28 | 12.0% | | |

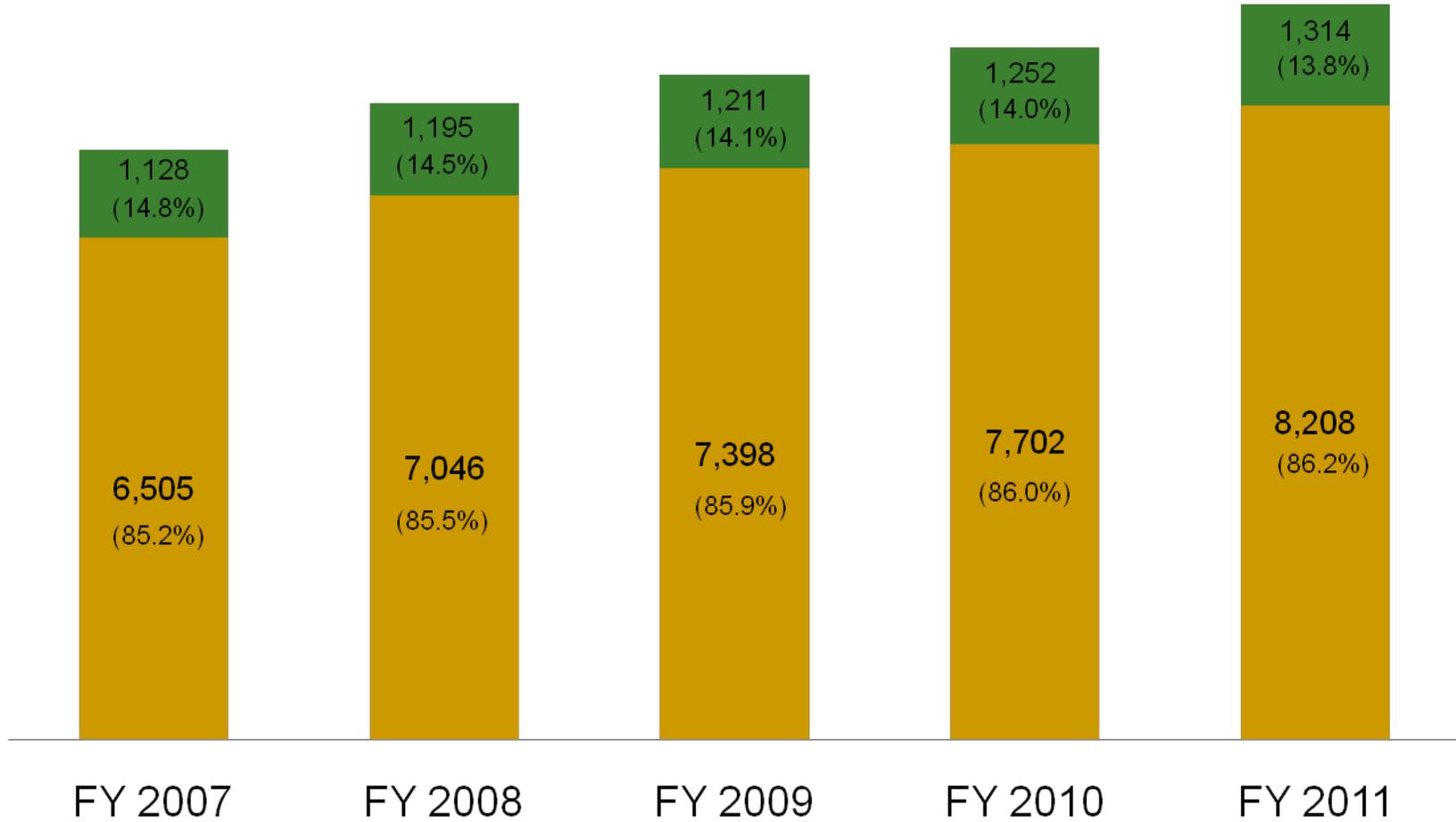
| June 30 Valuation | CORP 2008 | | | | CORP 2009 | | | | CORP 2010 | | | | CORP 2011 | | | |
|-------------------------|-----------|-------------------|----------------|-------|-----------|-------------------|----------------|-------|-----------|-------------------|----------------|-------|-----------|-------------------|----------------|-------|
| ER Contrib Rate | | Agg Rate: 7.49% | | | | Agg Rate: 8.57% | | | | Agg Rate: 9.50% | | | | Agg Rate: 11.31% | | |
| | # | Avg Rate Δ | Δ Range | | # | Avg Rate Δ | Δ Range | | # | Avg Rate Δ | Δ Range | | # | Avg Rate Δ | Δ Range | |
| Winners (rate decrease) | 9 | 1.75% | 0.44% | 4.81% | 4 | 2.51% | 0.70% | 5.15% | 3 | 1.74% | 0.42% | 3.63% | 5 | 1.78% | 0.99% | 2.83% |
| Losers (rate increase) | 15 | 1.37% | 0.20% | 2.49% | 21 | 2.49% | 0.20% | 3.57% | 23 | 2.83% | 0.03% | 4.50% | 21 | 2.88% | 0.03% | 5.31% |
| Funding Levels | | Agg Level: 86.8% | | | | Agg Level: 82.6% | | | | Agg Level: 80.3% | | | | Agg Level: 73.0% | | |
| | # | % of Plan | | | # | % of Plan | | | # | % of Plan | | | # | % of Plan | | |
| > Agg | 13 | 50.0% | | | 18 | 69.2% | | | 20 | 76.9% | | | 20 | 76.9% | | |
| > 90% | 14 | 53.8% | | | 16 | 61.5% | | | 15 | 57.7% | | | 14 | 53.8% | | |
| > 100% | 8 | 30.8% | | | 10 | 38.5% | | | 9 | 34.6% | | | 3 | 11.5% | | |

Disabilities

PSPRS & CORP Pension Distributions

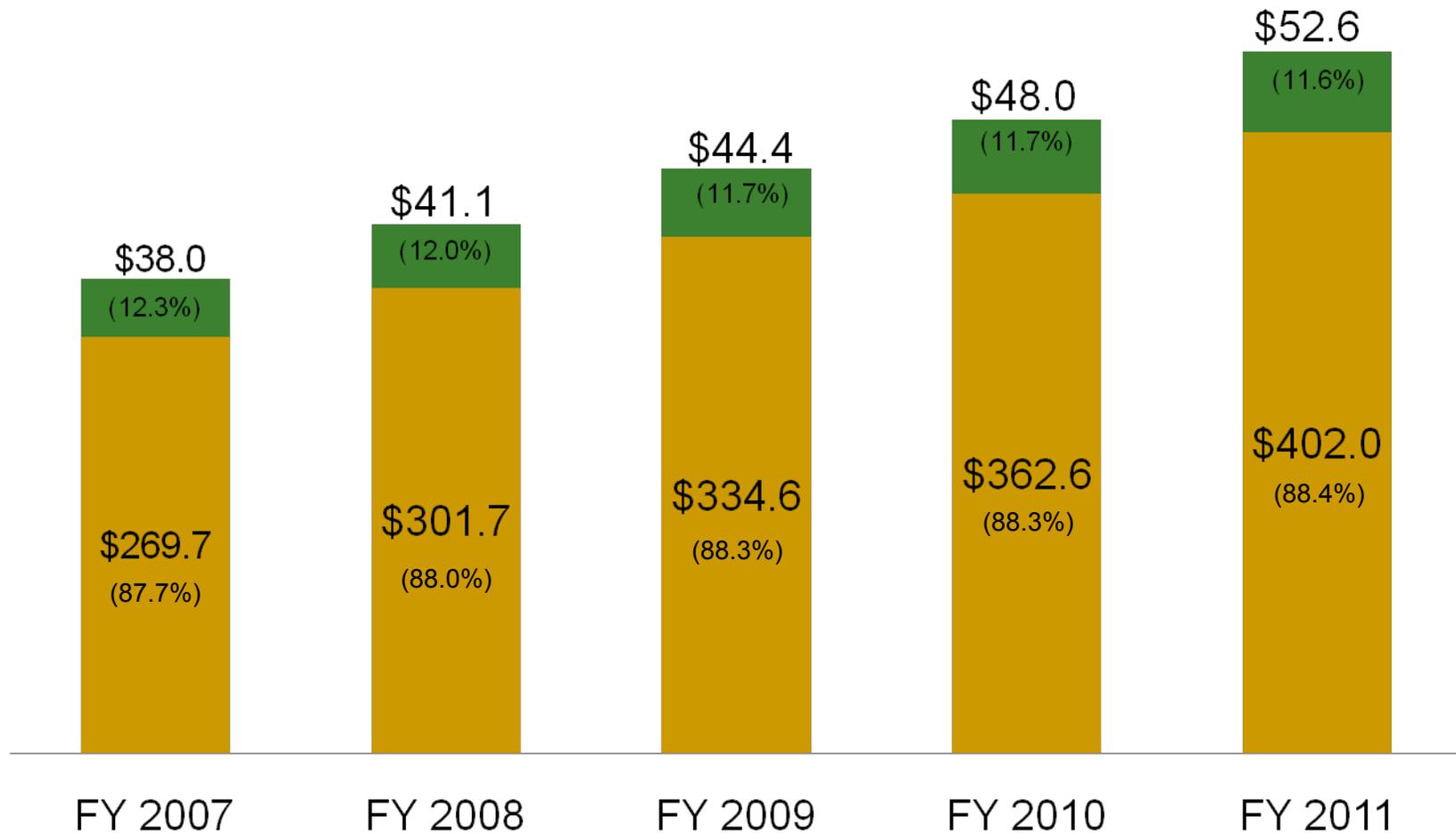
PSPRS Pension Distribution by Numbers

■ Normal (includes survivors) ■ Disability



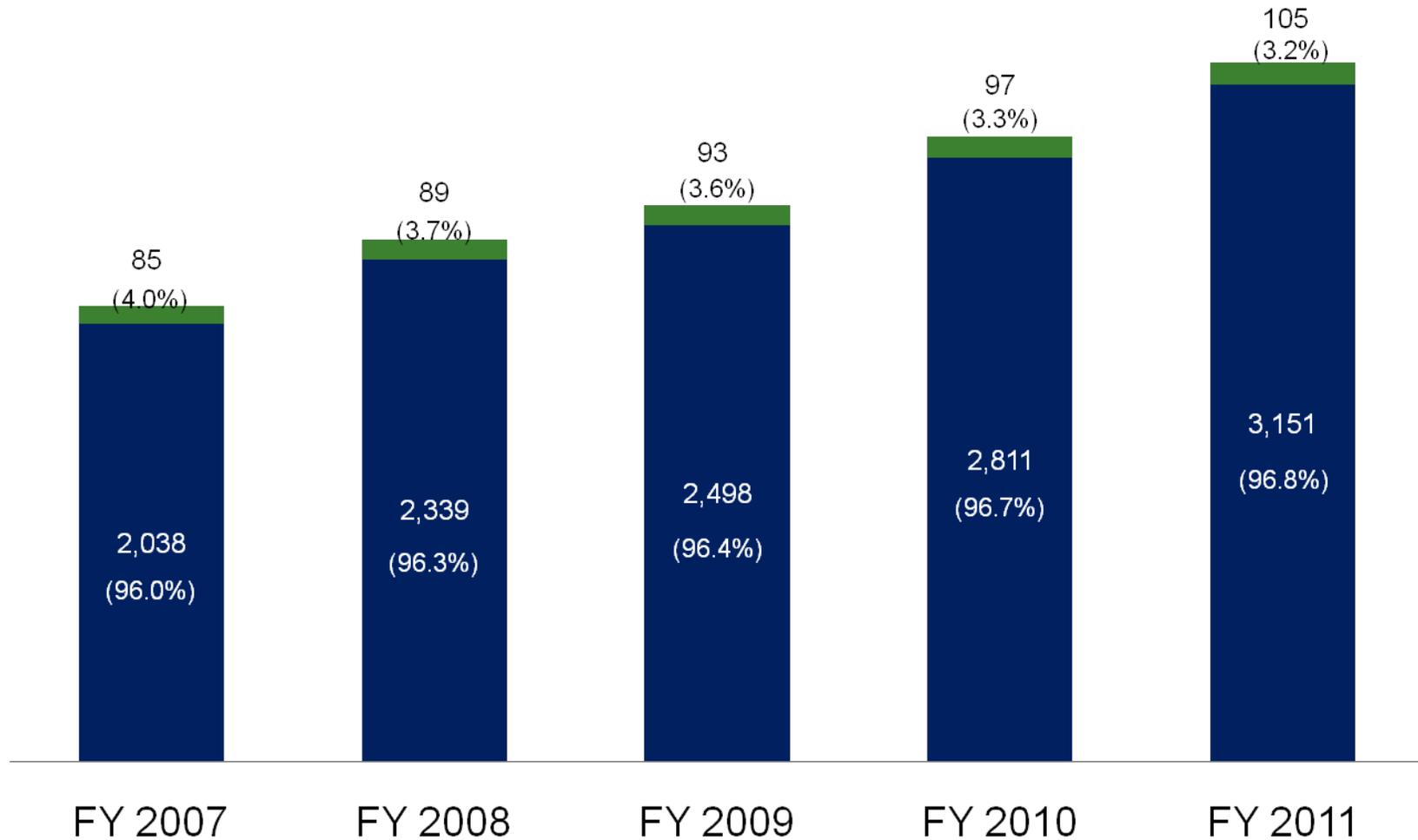
PSPRS Pension Distribution by Dollars (in millions)

■ Normal (includes survivors) ■ Disability



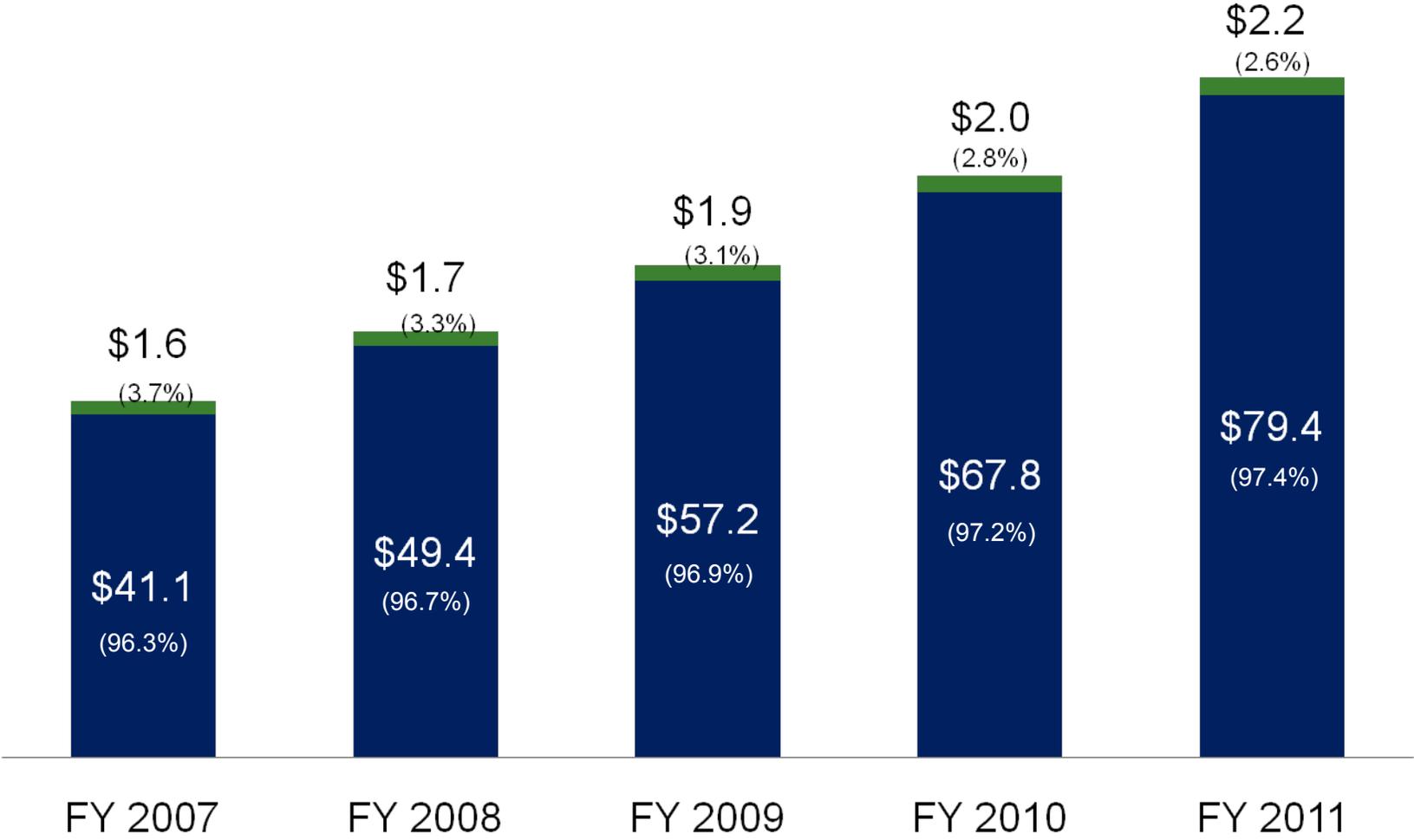
CORP Pension Distribution by Numbers

■ Normal (includes survivors) ■ Disability



CORP Pension Distribution by Dollars (in millions)

■ Normal (includes survivors) ■ Disability



Disability Distribution – Consolidated Summary

| Public Safety Personnel Retirement System | | | | | | | | | | |
|---|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
| | June 30, 2007 | | June 30, 2008 | | June 30, 2009 | | June 30, 2010 | | June 30, 2011 | |
| <u>Pensions</u> | <u>Number</u> | <u>Amount</u> |
| Disabilities | 1,128 | \$ 38,009,516 | 1,195 | \$ 41,128,660 | 1,211 | \$ 44,445,247 | 1,252 | \$ 47,997,903 | 1,314 | \$ 52,597,748 |
| Total | 7,633 | \$ 307,657,629 | 8,241 | \$ 342,845,751 | 8,609 | \$ 379,007,918 | 8,954 | \$ 410,590,518 | 9,522 | \$ 454,571,881 |
| Percent | 14.8% | 12.4% | 14.5% | 12.0% | 14.1% | 11.7% | 14.0% | 11.7% | 13.8% | 11.6% |
| <u>Average</u> | <u>Normal</u> | <u>Disability</u> |
| Age | 61.8 | 54.7 | 61.9 | 55.0 | 62.2 | 55.4 | 62.6 | 55.8 | 62.7 | 56.1 |
| Service | 23.5 | 14.3 | 23.5 | 14.4 | 23.6 | 14.2 | 23.6 | 14.2 | 23.6 | 14.2 |
| Age at Retire | 50.3 | 43.8 | 50.6 | 43.6 | 50.8 | 43.5 | 51.0 | 43.5 | 51.2 | 43.7 |

| Corrections Officer Retirement Plan | | | | | | | | | | |
|-------------------------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
| | June 30, 2007 | | June 30, 2008 | | June 30, 2009 | | June 30, 2010 | | June 30, 2011 | |
| <u>Pensions</u> | <u>Number</u> | <u>Amount</u> |
| Disabilities | 85 | \$ 1,557,917 | 89 | \$ 1,682,001 | 93 | \$ 1,856,642 | 97 | \$ 1,986,635 | 105 | \$ 2,156,090 |
| Total | 2,123 | \$ 42,666,000 | 2,428 | \$ 51,062,647 | 2,591 | \$ 59,089,591 | 2,908 | \$ 69,769,056 | 3,256 | \$ 81,637,650 |
| Percent | 4.0% | 3.7% | 3.7% | 3.3% | 3.6% | 3.1% | 3.3% | 2.8% | 3.2% | 2.6% |
| <u>Average</u> | <u>Normal</u> | <u>Disability</u> |
| Age | 63.5 | 52.7 | 63.1 | 53.6 | 63.3 | 53.4 | 63.3 | 53.8 | 63.1 | 54.6 |
| Service | 18.5 | 9.3 | 19.1 | 9.6 | 19.1 | 9.8 | 19.3 | 9.6 | 19.5 | 9.4 |
| Age at Retire | 57.7 | 44.6 | 57.2 | 44.8 | 57.2 | 44.6 | 57.1 | 44.6 | 56.8 | 45.1 |