

Consolidated Retirement Report

FY 2015
ESTIMATE

Retirement System	
Arizona State Retirement System	279,331,100
General Fund	68,506,100
All Other Funds	210,825,000
Corrections Officer Retirement Plan	55,651,400
General Fund	54,940,700
All Other Funds	710,700
Elected Officials' Retirement Plan	8,065,000
General Fund	7,955,100
All Other Funds	109,900
Public Safety Personnel Retirement System	66,297,000
General Fund	16,274,200
All Other Funds	50,022,800
University Optional Retirement Plan	48,920,100
General Fund	18,486,000
All Other Funds	30,434,100
RETIREMENT BUDGET TOTAL	458,264,600

FUND SOURCES

General Fund	166,162,100
All Other Funds	292,102,500
TOTAL - ALL SOURCES	458,264,600

DESCRIPTION — The Consolidated Retirement Report (CRR) reviews various components of the state's retirement systems, including the state cost, contribution rates, and other related policy and legal issues.

Background

Most public employers in Arizona use 2 retirement systems: the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS).

- ASRS 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.
- PSPRS provides similar benefits to public employees who work in a public safety capacity, such as law enforcement officials and firefighters.
- In addition, PSPRS staff administers the Corrections Officer Retirement Plan (CORP) and the Elected Officials' Retirement Plan (EORP), which provide the same benefits as PSPRS to specified populations at the state and local levels. The EORP is now closed to new enrollees. Elected officials who are elected after January 1, 2014, will be enrolled in the Elected Officials' Defined Contribution Retirement System (EODC System).

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

then invested by the employee. The retirement benefits depend on the performance of those chosen investments.

The General Fund cost associated with the retirement systems in FY 2015 is \$166.2 million and the Total State Funds cost is \$458.3 million.

The employer contribution rate for the retirement systems may change each year depending on the latest actuarial valuation. Based on projected employer contribution rates, the fiscal impact of FY 2016 changes would be as follows (*See Table 1*):

- ASRS - A General Fund decrease of \$(768,000) and a Total State Funds decrease of \$(3.1) million as a result of a lower FY 2016 ASRS contribution rate.
- PSPRS - A General Fund increase of either \$938,000 or \$4.4 million and Total State Funds increase of either \$3.8 million or \$18.0 million, depending on whether a phased-in or full employer contribution rate is used.
- CORP - A General Fund increase of either \$2.1 million or \$15.7 million and Total State Funds increase of either \$2.1 million or \$15.9 million, depending on whether a phased-in or full employer contribution rate is used.

- EORP - Because EORP's contribution rates are fixed in statute, there would not be an automatic FY 2016 cost increase. However, if the Legislature modifies current contribution rates to address increased liabilities associated with the Arizona Supreme Court ruling in *Fields v. Elected Officials' Retirement Plan*, then there would be a General Fund increase of \$1.4 million and Total State Funds increase of \$1.5 million. This estimate assumes that only the statutory fixed contribution rate to EORP is increased in response to the most recent EORP actuarial valuation.

In summary, there are at least 2 budget scenarios if the Legislature chooses to fund the employer contribution rate changes:

Scenario 1: Includes ASRS contribution rate changes, phases in employer contribution rate changes for PSPRS and CORP, and does not change EORP employer contribution rates. This option would increase General Fund costs by \$2.3 million and Total State Funds costs by \$2.8 million.

Scenario 2: Includes ASRS contribution rate changes, raises employer contribution rates for PSPRS and CORP to the full actuarial rate, and raises the EORP employer contribution rate to address the *Fields* ruling. This option would increase General Fund costs by \$20.7 million and Total State Funds costs by \$32.2 million.

The Baseline does not include additional agency funding for any of these contribution changes.

The following sections discuss FY 2016 contribution rates for the state's retirement systems and the fiscal impacts associated with those rates. Other policy and legal issues are discussed at the end of the CRR.

ASRS

The General Fund cost associated with ASRS in FY 2015 is \$68.5 million and the Total State Funds cost is \$279.3 million.

At its December 2015 meeting, the ASRS Board of Trustees reduced the system's employer contribution rate by (0.13)%, from 11.60% in FY 2015 to 11.47% in FY 2016, which will reduce the General Fund cost by \$(768,000) and the total state cost by \$(3.1) million in FY 2016. ASRS states that contribution rates fell primarily because excess investment returns contributed to further improvement of the system's funded status from 76% to 77%. Other key factors include the growth in aggregate payroll (which provides additional funding to amortize the existing unfunded liability) and a reduction in future pension costs due to changes in pension benefits. Additionally, ASRS was unaffected by the court decision in *Fields v. Elected Officials' Retirement Plan*, which is the primary driver behind the contribution rate increases in PSPRS and CORP. (See Table 3 for reasons behind

contribution rate changes and *Fields v. Elected Officials' Retirement Plan* section for more information on the case.)

	FY 2016 (Scenario 1)	FY 2016 (Scenario 2)
<i>Arizona State Retirement System</i>		
General Fund	\$ (767,700)	\$ (767,700)
All Other Funds	(2,362,700)	(2,362,700)
Subtotal	\$ (3,130,400)	\$ (3,130,400)
<i>Public Safety Personnel Ret. System 1/</i>		
General Fund	938,000	4,368,000
All Other Funds	2,886,000	13,620,200
Subtotal	\$ 3,824,000	\$ 17,988,200
<i>Corrections Officer Ret. Plan 1/</i>		
General Fund	2,105,800	15,664,600
All Other Funds	36,900	219,800
Subtotal	\$ 2,142,700	\$ 15,884,400
<i>Elected Officials' Retirement Plan 2/</i>		
General Fund	-	1,446,100
All Other Funds	-	53,800
Subtotal	\$ -	\$ 1,499,900
Total		
General Fund	2,276,100	20,711,000
All Other Funds	560,200	11,531,100
Grand Total	\$ 2,836,300	\$ 32,242,100

1/ Only addresses the *Fields* ruling on restoring current retiree PBI.
2/ There are 4 options to resolve increased EORP liabilities based on the outcome of the *Fields* and *Hall* cases. This option is the direct state cost associated with the existing *Fields* ruling.

PSPRS and CORP

The General Fund cost associated with PSPRS in FY 2015 is \$16.3 million and the Total State Funds cost is \$66.3 million. In addition, the General Fund cost associated with CORP is \$54.9 million in FY 2015 and the Total State Funds cost is \$55.7 million.

As a result of the court decision in *Fields v. Elected Officials' Retirement Plan* that overturned portions of the 2011 pension changes (Laws 2011, Chapter 357), the projected FY 2016 employer contribution rates for PSPRS and CORP will increase significantly. The Permanent Benefit Increase (PBI) reinstated by *Fields* is responsible for 7.17% of the total 8.83% increase in PSPRS. CORP also experienced similar effects.

To diminish the immediate fiscal impact of the projected contribution rate increases in PSPRS and CORP, the PSPRS Board of Trustees has adopted a policy allowing employers to choose to pay the full contribution amount calculated by plan actuaries (which includes the immediate impact of the *Fields* ruling) or a reduced rate (phased-in rate) that gradually increases to the actuarial rate by FY 2018.

Both PSPRS and CORP consist of numerous subgroups, each with their own contribution rate. (See Table 5 for contribution rates by subgroup.) In FY 2015, the aggregate PSPRS employer contribution rate is 32.54%. In FY 2016, that rate would be 34.67% with the phased-in option or 41.37% with the full rate option. CORP has similar options. The phased-in policy does not evenly split contribution rate increases over the next several fiscal years. For example, the PSPRS policy would allow the Arizona Department of Corrections to increase its contribution rate by 0.54%, approximately 1/8th of the 4.07% increase recommended by plan actuaries.

The FY 2016 increase in the aggregate employer contribution rate for PSPRS would be either 2.13% or 8.83%, depending on whether a phased-in or full contribution rate is selected. The General Fund cost increase resulting from these rate changes is \$938,000 with the phase-in (\$3.8 million Total State Funds) or \$4.4 million with the full rate (\$18.0 million Total State Funds).

The FY 2016 increase in the aggregate employer contribution rate for CORP would be either 0.58% or 3.75%, depending on whether a phased-in or full contribution rate is selected. The General Fund cost increase resulting from these rate changes is \$2.1 million with the phase-in (\$2.1 million Total State Funds) or \$15.7 million with the full rate (\$15.9 million Total State Funds).

(See Table 1 for the state costs of contribution rate increases, Table 2 for the full contribution rates by system, Table 3 for reasons for change in the contribution rates by system, and Table 4 for phased-in contribution rates by system.)

EORP and EODC

The General Fund cost associated with EORP and EODC in FY 2015 is \$8.0 million and the Total State Funds cost is \$8.1 million. These amounts exclude court fees used to offset the cost of the system.

As part of closing EORP and establishing EODC, A.R.S. § 38-810 established a fixed employer contribution rate of 23.5% for members of both systems, effective January 1, 2014. The employer contribution rate for EORP members goes entirely to the EORP Fund whereas only 17.5% of the EODC employer contribution rate goes to the EORP Fund. The remaining 6% of the EODC contribution rate is deposited into the individual employees' retirement investment account.

The \$8.0 million General Fund cost consists of both employer contribution rates and an annual General Fund deposit. The fixed 23.5% EORP and EODC employer contributions to the EORP Fund are scheduled to continue until FY 2044. The \$5 million annual General Fund deposit into the EORP Fund is scheduled to continue until FY 2043.

These current contributions and deposit amounts do not account for the increase in EORP's total actuarial liability following the outcome of *Fields*. EORP actuaries provided several options listed below that increase the employer contribution rates for both EORP and EODC to address the unfunded liability in EORP.

EORP Funding Options

Plan actuaries estimate that given current funding levels, the closed EORP will only have sufficient monies to pay member benefits for the next 22 years. In order to extend this period and ensure payment of all benefits, the plan actuaries provide 4 possible 30-year funding options for EORP. Option A only addresses the *Fields* ruling while the other options include potential impacts of the *Hall* case. (See *Other Litigation for more information on the Hall case.*)

- Option A: Increase the employer contribution rate to 35.0%. Under this option, the pre-Chapter 357 PBI is restored for current retirees only (to comply with the *Fields* ruling). This option is projected to cost the General Fund \$1.4 million (\$1.5 million Total State Funds) in FY 2016. However, if the state were to pay the resulting contribution on behalf of local governments, the General Fund and Total State Funds increase would instead be \$13.5 million.
- Option B: Increase the employer contribution rate to 36.5%. Under this option, the pre-Chapter 357 PBI is restored for current retirees, plus the additional employee contributions of 6% of pay are refunded and eliminated for current members (i.e., EORP returns to the lower pre-Chapter 357 fixed 7% employee rate instead of the current 13%). This option is projected to cost the General Fund \$1.6 million (\$1.7 million Total State Funds) in FY 2016.
- Option C: Increase the employer contribution rate to 41.5%. Under this option, the pre-Chapter 357 PBI is restored for current and future retirees. This option is projected to cost the General Fund and Total State Funds \$2.3 million in FY 2016.
- Option D: Increase the employer contribution rate to 43.0%. Under this option, the pre-Chapter 357 PBI is restored for current and future retirees, plus the additional employee contributions of 6% of pay are refunded and eliminated for current members (i.e., EORP returns to the lower pre-Chapter 357 fixed 7% employee rate instead of the current 13%). Option D represents a ruling against the state in both the *Fields* and *Hall* cases. This option is projected to cost the General Fund and Total State Funds \$2.5 million in FY 2016.

UORP

The General Fund cost associated with UORP in FY 2015 is \$18.5 million and the Total State Funds cost is \$48.9 million.

Eligible university 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 are not projected to change in FY 2016.

Fields v. Elected Officials' Retirement Plan

Laws 2011, Chapter 357 made numerous changes to the Arizona Public Retirement System (including EORP). Among these changes were reducing PBIs and increasing employee contribution rates.

The Arizona Supreme Court, however, ruled in *Fields v. Elected Officials' Retirement Plan* that the reduction of PBIs for current retirees violated Article 29 of the Arizona Constitution, which specifies that "public retirement system benefits shall not be diminished or impaired." This ruling also applied to PSPRS and CORP retirees.

At this time, PSPRS staff has not provided information on the increase in Unfunded Actuarially Accrued Liabilities (UAAL) for systems managed by PSPRS as a result of the *Fields* ruling. The increased liabilities in PSPRS and CORP would be paid off over a fixed period of 22 years through an increase in employer contribution rates. When the EORP was closed, the fixed General Fund deposit and contribution rate assumed unfunded liabilities would be paid off by 2044.

Permanent Benefit Increases

PBIs are increases to a retiree's base benefit. They are dependent on pension performance and a number of other factors. PBIs are not tied to a cost of living index.

The *Fields* ruling reinstated the pre-Chapter 357 PBI mechanism, which requires that whenever the annual investment earnings from the fund exceed 9.0%, then half of those annual excess earnings are transferred to a PBI reserve account. The ruling applied to any individuals retiring prior to the enactment of Chapter 357. This transfer is not affected by the system's overall funded status.

PSPRS actuaries then determine the present value of the reserve account and the immediate monthly benefit increase the account balance can fund. The annual PBI is then provided in that amount up to a 4% increase. If after a 4% increase monies remain in the reserve account, then those monies would be available for the following year's PBI calculation.

Chapter 357 modifies the PBI structure for PSPRS, CORP, and EORP. To the extent allowed by previous court rulings, this law allows for a PBI only if the fund has annual investment earnings in excess of 10.5% and the overall funded status is at least 60%. The amount of the PBI would be between 2% and 4%, depending on the funded status of the plan. Chapter 357 limits the PBI to the amount of earnings in the fund that exceed 10.5%.

Any excess earning amount that was not used for a PBI in a given year would revert back to the fund balance instead of remaining in a separate account.

Other Litigation

In addition to *Fields*, there is other ongoing litigation challenging provisions of Chapter 357, which may result in more costs to non-ASRS pension systems. Among other issues, the plaintiffs in *Hall vs. The Elected Officials' Retirement Plan* are litigating the increased contribution rates for members who were active prior to the enactment of Chapter 357. Chapter 357 raised the contribution rates for active members of CORP, EORP, and PSPRS. In EORP (the defendant in the *Hall* case), the contribution rate gradually increased each year from 7% in FY 2011 to 13% in FY 2015. The pre-Chapter 357 employee contribution rates (7%) were fixed in statute. The plaintiffs argued that those statutory rates reflected a contractual agreement that could not be modified without employee consent.

Because the *Fields* decision regarding PBIs only applies to current retirees, the plaintiffs in *Hall*, who are current employees, are also challenging the Chapter 357 PBI structure. The plaintiffs argue that as active members of EORP prior to the enactment of Chapter 357, their benefits may not be "diminished or impaired." If the plaintiffs prevail in *Hall*, the additional fiscal impact of the court case would be lower in today's dollars than *Fields*, mainly because the ruling would reinstate PBIs for some active members who will not retire for many years. PSPRS staff reports that if EORP loses the *Hall* case, then the case would likely apply to all PSPRS systems (PSPRS/CORP/EORP). However, at this time, PSPRS staff has not provided information on the increase in UAAL for systems managed by PSPRS that would result from an adverse ruling in the *Hall* case. An adverse ruling would result in an increase in the employer contribution rate in the fiscal year following the court decision.

In July 2013, the Maricopa County Superior Court ruled that Chapter 357 applies only to members of EORP who joined the system after the enactment of Chapter 357 and that the PBI changes cannot be applied to active members hired before Chapter 357. The ruling was stayed pending the outcome of related pension litigation, including *Fields*. The plaintiffs are now requesting a summary judgment in their favor as a result of *Fields*. If appellate courts uphold this ruling, then more active members in other systems (PSPRS and CORP) may also not be subject to Chapter 357.

Enrollment and Funded Status

As of June 30, 2014, there were 599,370 active, retired, and Deferred Retirement Option Plan (DROP) members enrolled. Most employees (91%) are enrolled in ASRS. (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 actuarial assets relative to the amount liabilities, of each plan is:

- 76.9% for ASRS;
- 57.3% for CORP;
- 49.2% for PSPRS; and
- 39.4% for EORP.

Long-Term Contribution Rate Estimates

The FY 2015 Budget Procedures Budget Reconciliation Bill (BRB) (Laws 2014, Chapter 14) 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.)

STATUTORY CHANGES

The Baseline would:

- As permanent law, require annual budget requests for all departments to specify the amount of FTE Positions and Personal Services by retirement system and fund source.
- As permanent law, require JLBC Staff to report on an annual retirement expenses budget, delineating the state's spending for the employer contribution. Departments would be required to submit the necessary information to the Joint Legislative Budget Committee.

Not included in previous Baseline books, the CRR is an initial effort of the JLBC Staff to fulfill the provisions of the proposed statutory reporting requirement.

Retirement costs are currently funded within department operating budgets or line items. They are not separately delineated. The CRR would aggregate retirement costs for each department by system and fund source, which is why the Baseline proposes another statutory provision that requires departments to include this information in their annual budget requests.

Table 2

**Arizona Public Retirement System Contribution Rate Data
(Full Rate)**

Contribution Rates ^{1/2/3/}	FY 2015	FY 2016	FY 2017	FY 2018
ASRS	23.20%	22.94%	22.70%	22.38%
Employer	11.60%	11.47%	11.35%	11.19%
Employee	11.60%	11.47%	11.35%	11.19%
CORP	22.86%	26.61%	26.98%	26.92%
Employer	14.46%	18.21%	18.58%	18.52%
Employee	8.40%	8.40%	8.40%	8.40%
EORP	36.50%	36.50%	36.50%	36.50%
Employer ^{4/}	23.50%	23.50%	23.50%	23.50%
Employee	13.00%	13.00%	13.00%	13.00%
EODC ^{5/}	14.00%	14.00%	14.00%	14.00%
Employer	6.00%	6.00%	6.00%	6.00%
Employee	8.00%	8.00%	8.00%	8.00%
UORP ^{6/}	14.00%	14.00%	14.00%	14.00%
Employer	7.00%	7.00%	7.00%	7.00%
Employee	7.00%	7.00%	7.00%	7.00%
PSPRS	43.59%	53.02%	53.76%	53.66%
Employer	32.54%	41.37%	42.11%	42.01%
Employee	11.05%	11.65%	11.65%	11.65%

^{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/} Each year's rate is based on the valuation data from 2 years' prior.

^{3/} See Table 4 for phased-in contribution rates.

^{4/} Laws 2011, Chapter 357 established a fixed employer contribution rate of 23.5% that began January 1, 2014. The ruling in *Fields v. Elected Officials' Retirement Plan* increased the plan's total actuarial liability. In order to ensure payment of all benefits, this contribution rate may need to be revised.

^{5/} Laws 2013, Chapter 217 requires a total employer contribution rate for EODC system members of 23.5% that began January 1, 2014. Of that amount, 6% is retained by the defined contribution system as an employer contribution to the member account and the remaining 17.5% is paid to the EORP Fund.

^{6/} A.R.S. § 15-1628 fixes the employer and employee contribution rates at 7%.

Table 3

Reasons for Change in the Employer Contribution Rate ^{1/}			
	ASRS	PSPRS	CORP
FY 2015 Contribution Rate	11.60%	32.54%	14.46%
Permanent Benefit Increase Effect	0.00%	7.17%	3.47%
Asset (Gain)/Loss	(0.13)%	1.30%	0.62%
Other	0.00%	0.36%	(0.34)%
FY 2016 Contribution Rate	11.47%	41.37%	18.21%
Net Change	(0.13)%	8.83%	3.75%

^{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.

Table 4

Arizona Public Retirement System Contribution Rate Data (Phased-In Rate)				
Contribution Rates ^{1/2/3/}	FY 2015	FY 2016	FY 2017	FY 2018
PSPRS	43.59%	46.32%	50.22%	54.26%
<i>Employer</i>	32.54%	34.67%	38.57%	42.61%
<i>Employee</i>	11.05%	11.65%	11.65%	11.65%
CORP	22.87%	23.45%	25.17%	26.83%
<i>Employer</i>	14.46%	15.04%	16.76%	18.42%
<i>Employee</i>	8.41%	8.41%	8.41%	8.41%

^{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/} Each year's rate is based on the valuation data from 2 years prior.

^{3/} See *Table 2* for full contribution rates.

Table 5**Retirement Rates**

Retirement System	Employer		Employee	
		FY 2016	FY 2016	
	FY 2015	(Full Rate)	(Phased-In Rate)	FY 2016 ^{1/}
<i>Arizona State Retirement System</i>	11.60	11.47	N/A	11.47
<i>Corrections Officer Ret. Plan</i>				
Corrections Officer - ADC	14.47	18.54	15.01	8.41
Corrections Officer - DJC	17.00	22.95	17.89	8.41
DPS Dispatchers ^{2/}	13.92	17.62	15.11	7.96
Probation Officers	16.20	19.95	17.14	8.41
<i>Elected Officials Retirement Plan ^{3/}</i>	23.50	23.50	N/A	13.00
<i>University Optional Ret. Plan</i>	7.00	7.00	N/A	7.00
<i>Public Safety Personnel Ret. System</i>				
Liquor License Investigators	51.10	69.19	56.59	11.65
Department of Public Safety ^{4/}	62.81	81.00	67.20	6.65
Northern Arizona University Police	38.79	48.83	41.00	11.65
University of Arizona Police	27.79	33.86	29.28	11.65
Arizona State University Police	29.75	35.31	30.66	11.65
Game and Fish Department	66.78	88.56	72.33	11.65
Attorney General Investigators	105.19	70.46	70.46	11.65
DEMA Firefighters	23.39	31.34	25.14	11.65
Parks Police	32.90	42.85	34.10	11.65

^{1/} The Corrections Officer Retirement Plan, Elected Officials' Retirement Plan, and the University Optional Retirement Plan employee contributions are unchanged from FY 2015. Arizona State Retirement System employee rates decreased from 11.60% and the Public Safety Personnel Retirement Plan employee rates increased from 11.05% (6.05% for DPS).

^{2/} Dispatchers hired after November 24, 2009 are ASRS members.

^{3/} The state's employer rate shown reflects rate after being lowered as a result of the deposit of a \$5.0 million General Fund subsidy and certain court fees.

^{4/} The displayed rates reflect that 5% of the DPS member contribution is paid by the state.

Arizona Public Retirement System Valuation Data											
Membership	ASRS			PSPRS			CORP			EORP	
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	
Active (working and contributing)	202,693	203,201	18,436	18,526	14,580	14,595	839	843			
State Active Members	25,267	26,457	1,270	1,348	8,786	8,699	117	114			
Other Active Members 1/	177,426	176,744	17,166	17,178	5,794	5,896	722	729			
Inactive	213,058	215,325	1,442	1,563	1,463	1,687	160	149			
Retired Members and Survivor Beneficiaries	120,875	126,255	10,159	10,524	3,810	4,090	1057	1053			
DROP	N/A	N/A	1,482	1,559	N/A	N/A	N/A	N/A			
Total	536,626	544,781	31,519	32,172	19,853	20,372	2,056	2,045			
Funding Status (dollar values in millions) 2/											
Market Value of Assets	\$30,299	\$35,159	\$5,306	\$5,936	\$1,331	\$1,497	\$293	\$314			
Total Actuarial Liability	\$41,397	\$42,826	\$10,544	\$12,233	\$2,237	\$2,638	\$621	\$796			
Unfunded Actuarial Liability 3/	\$9,961	\$9,904	\$4,359	\$6,214	\$677	\$1,126	\$270	\$483			
Funded Status	75.9%	76.9%	58.7%	49.2%	69.7%	57.3%	56.5%	39.4%			

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 actuarial, not market, value of assets.

Arizona Public Retirement System Contribution Rate Historical and Trend Data (Full Rate)

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
ASRS																
Employer	9.00%	9.60%	10.74%	11.14%	11.54%	11.60%	11.47%	11.35%	11.19%	11.12%	11.05%	10.44%	9.89%	9.55%	9.15%	9.06%
Employee	9.00%	9.60%	10.74%	11.14%	11.54%	11.60%	11.47%	11.35%	11.19%	11.12%	11.05%	10.44%	9.89%	9.55%	9.15%	9.06%
Total	18.00%	19.20%	21.48%	22.28%	23.08%	23.20%	22.94%	22.70%	22.38%	22.24%	22.09%	20.87%	19.78%	19.10%	18.29%	18.12%
PSPRS																
Employer ^{1/}	20.77%	20.89%	22.68%	27.18%	30.44%	32.54%	41.08%	41.86%	41.77%	41.70%	41.80%	41.54%	41.33%	41.25%	41.13%	40.98%
Employee	7.65%	7.65%	8.65%	9.55%	10.35%	11.05%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%
Total	28.42%	28.54%	31.33%	36.73%	40.79%	43.59%	52.73%	53.51%	53.42%	53.35%	53.45%	53.19%	52.98%	52.90%	52.78%	52.63%
CORP																
Employer ^{1/}	7.49%	8.57%	9.50%	11.31%	13.68%	14.46%	17.99%	18.16%	17.92%	17.73%	17.65%	17.41%	17.20%	17.08%	16.97%	16.87%
Employee	8.40%	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%
Total	15.89%	16.97%	17.90%	19.71%	22.08%	22.87%	26.40%	26.57%	26.33%	26.14%	26.06%	25.82%	25.61%	25.49%	25.38%	25.28%
EORP																
Employer	14.25%	17.42%	17.96%	20.87%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%
Employee	7.00%	7.00%	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%
Total	21.25%	24.42%	29.46%	32.37%	36.50%											

^{1/} The employer contribution rate displayed for years FY 2016 through FY 2025 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%).

Table 7