

CONSOLIDATED RETIREMENT REPORT

Summary

The Consolidated Retirement Report (CRR) provides financial information on the state’s retirement systems, including the state cost, contribution rates, and other related policy and legal issues.

This section includes information on the following:

- FY 2017 Impacts and Total Funding
 - Arizona State Retirement System (ASRS)
 - Public Safety Personnel Retirement System (PSPRS) and Corrections Officer Retirement Plan (CORP)
 - Elected Officials’ Retirement Plan (EORP) and Elected Officials’ Defined Contribution Retirement System (EODC System)
 - University Optional Retirement Plan (UORP)
- Potential Statutory Changes
 - *Private Equity Fee Reporting Template*
- Litigation Issues
 - *Fields v. Elected Officials’ Retirement Plan*
 - *Hall v. Elected Officials’ Retirement Plan*
- Background
 - The Different Systems
 - Enrollment and Funded Status
 - Permanent Benefit Increase (PBI)
 - Long-Term Contribution Rate Estimates

actuarial valuation. Based on the JLBC Baseline estimates, the FY 2017 employer contribution will increase for ASRS, PSPRS, and CORP. As part of the 3-year spending plan associated with the enacted FY 2016 budget, only the rate increase for the Arizona Department of Corrections (ADC) would be funded. The FY 2017 Baseline does not increase any other agency budget for these costs. Some of the retirement costs may be covered by agencies’ non-appropriated funding sources. The increases are as follows (*Please see Table 1 for the total costs*):

- ASRS – A General Fund increase of \$58,900 and a Total State Funds increase of \$245,800 as a result of a slightly higher FY 2017 ASRS contribution rate.
- PSPRS – A General Fund increase of \$418,600 and Total State Funds increase of \$1.9 million.
- CORP – A General Fund increase of \$914,000 and Total State Funds increase of \$959,500.
- EORP and the EODC System – Because elected officials’ contribution rates are fixed in statute, there would not be an automatic FY 2017 cost increase. EORP actuaries, however, have indicated that current contribution rates will be enough to pay out members’ benefits for only 20 more years. The Legislature may consider revisiting EORP’s existing funding levels. (*Please see EORP Funding Options in the EORP and EODC System section for more information.*)
- UORP – Because the employer contribution rate is fixed at 7%, there is no change in the FY 2017 employer contribution rate.

FY 2017 Impacts and Total Funding

The General Fund cost associated with all retirement systems in FY 2017 is estimated to be \$178.3 million and the Total State Funds cost is \$498.5 million.

The employer contribution rate for the retirement systems may change each year depending on the latest

The following sections discuss FY 2017 contribution rates for the state’s retirement systems and the fiscal impacts associated with those rates. Legal issues that affect the state’s retirement systems are discussed at the end of the CRR.

	Arizona Public Retirement FY 2017 System Employer Cost					
	FY 2017 Change ^{1/}			FY 2017 Total Cost ^{2/}		
	General Fund	All Other Funds ^{3/}	Total	General Fund	All Other Funds ^{3/}	Total
Arizona State Retirement System	\$ 58,900	\$ 186,900	\$ 245,800	\$ 67,633,800	\$ 214,544,300	\$ 282,178,100
Public Safety Personnel Retirement System	418,600	1,445,600	1,864,200	19,423,200	61,189,200	80,612,400
Corrections Officer Retirement Plan	914,000	45,500	959,500	69,994,400	941,700	70,936,100
Elected Officials’ Retirement Plan/Elected Officials’ Defined Contribution Retirement System 4/	-	-	-	7,938,100	109,900	8,048,000
University Optional Retirement Plan	-	-	-	13,272,000	43,469,000	56,741,000
Grand Total	\$ 1,391,500	\$ 1,678,000	\$ 3,069,500	\$ 178,261,500	\$ 320,254,100	\$ 498,515,600

^{1/} Represents the cost of the change in the employer contribution rate increase for all state agencies. The FY 2017 Baseline does not increase agency budgets to account for these costs, except for increases in the Department of Corrections.

^{2/} Represents the JLBC estimate of the total cost of the system and does not reflect FY 2017 change in Personal Services costs.

^{3/} Includes both Other Appropriated Funds and Non-Appropriated Funds.

^{4/} There are 4 options to resolve increase EORP liabilities based on the outcome of the *Fields* and *Hall* cases. None are reflected in the table.

ASRS

The General Fund cost associated with ASRS in FY 2017 is estimated to be \$67.6 million and the Total State Funds cost is \$282.2 million.

At its December 2015 meeting, the ASRS Board of Trustees decreased the system’s employer contribution rate (0.01)%, from 11.35% of Personal Services in FY 2016 to 11.34% in FY 2017. This reduction is offset by a 0.02% increase in a separate rate for disability insurance. The employer contribution rate for disability insurance will increase from 0.12% to 0.14%, for a total overall employer contribution rate of 11.48%, an increase of 0.01%. This higher contribution rate would increase the General Fund cost by \$58,900 and the Total State Funds cost by \$245,800 in FY 2017. The FY 2017 Baseline does not increase agency budgets for these costs. (Please see Table 2 for historical ASRS contribution rates, excluding disability.)

The rate for disability insurance increased because of increased liabilities from individuals not recovering and coming off disability as anticipated and subpar asset performance.

(Please see Table 4 for reasons behind contribution rate changes and *Fields v. Elected Officials’ Retirement Plan* section for more information on the case.)

PSPRS and CORP

The General Fund cost associated with PSPRS in FY 2017 is estimated to be \$19.4 million and the Total State Funds cost is \$80.6 million. In addition, the General Fund cost associated with CORP is \$70.0 million in FY 2017 and the Total State Funds cost is \$70.9 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 FY 2016 employer contribution rate for PSPRS and CORP increased significantly.

To diminish the immediate fiscal impact of the projected contribution rate increases in PSPRS and CORP, the PSPRS Board of Trustees adopted a policy in 2014 that allowed employers to choose to pay the full contribution amount immediately (which includes the impact of the *Fields* ruling) or a reduced rate that gradually increases to the actuarial rate by FY 2018. The FY 2016 budget assumed all affected state employer groups would pay the full rate and provided \$17.8 million from the General Fund in added funding to cover the full contribution rate increase for the Department of Public Safety (DPS) and the Arizona Department of Corrections (ADC). All other state agencies

Table 2

**ASRS Contribution Rates
(Excludes Disability)**

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

1/ 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.

2/ 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.

enrolled in PSPRS and CORP had to absorb the cost of the full rate increase into their existing budgets.

The projected FY 2017 employer contribution rate for PSPRS and CORP would also increase but the growth would be significantly lower than that of FY 2016. The FY 2017 rate increases for PSPRS and CORP are a result of asset losses and lower-than-estimated employee payroll growth. These variables are partially offset by decreases associated with not having a permanent benefit increase (PBI) this year given the low return on investments and more PSPRS and CORP members being subject to the 2011 pension changes (i.e., Tier 2), who have a less costly tier of benefits. As part of the 3-year spending plan associated with the enacted FY 2016 budget, only the rate increase for the Arizona Department of Corrections (ADC) is funded. The FY 2017 Baseline does not increase any other agency budget for these costs.

PSPRS – The retirement system consists of numerous state and local subgroups, each with its own contribution rate (see Table 3). The aggregate employer rate would increase from 41.37% to 42.61%, or 1.24%, if all subgroups used the full rather than the reduced contribution. Compared to employers, the aggregate employee contribution rate remains flat at 11.65%. In addition, only employers pay 0.27% for supplemental disability insurance, an increase of 0.02% from FY 2016.

CORP – As with PSPRS, CORP consists of subgroups. The FY 2017 CORP aggregate rate is 18.71%, an increase of 0.50% from FY 2016. The employee contribution rate remains flat at 8.40%. CORP employers also pay 0.27% for supplemental disability insurance.

(Please see Table 1 for the state costs of contribution rate increases, Table 4 for reasons for change in the contribution rates by system.)

Retirement System	Employer		Employee
	FY 2016	FY 2017	FY 2017 ^{1/}
Public Safety Personnel Ret. System			
Liquor License Investigators	69.19	78.18	11.65
Department of Public Safety ^{2/}	81.00	82.96	6.65
Northern Arizona University Police	48.83	52.13	11.65
University of Arizona Police	33.86	35.00	11.65
Arizona State University Police	35.31	34.20	11.65
Game and Fish Department	88.56	93.17	11.65
Attorney General Investigators	70.46	66.09	11.65
DEMA Firefighters	31.34	28.20	11.65
Parks Police	42.85	44.72	11.65
Corrections Officer Ret. Plan			
Corrections Officer - ADC	18.54	18.74	8.41
Corrections Officer - DJC	22.95	24.86	8.41
DPS Dispatchers ^{3/}	17.62	19.87	7.96
Probation Officers	19.95	20.08	8.41

^{1/} The PSPRS and CORP employee contributions are unchanged from FY 2016.
^{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.

EORP and EODC System

The General Fund cost associated with EORP and the EODC System in FY 2017 is estimated to be \$7.9 million and the Total State Funds cost is \$8.0 million. These amounts exclude court fees used to offset the cost of the system, as those fees are now deposited directly into the EORP Trust Fund.

As part of closing EORP and establishing the EODC System, 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 System employer contribution rate goes to the EORP Fund. The remaining 6% of the EODC System contribution rate is deposited into the individual employees’ retirement investment account.

The \$7.9 million General Fund cost consists of both employer contribution rates and an annual General Fund deposit. The fixed 23.5% EORP and EODC System employer contributions to the EORP Fund are scheduled to continue until FY 2044. The \$5.0 million annual General Fund deposit into the EORP Fund is scheduled to continue until FY 2043.

Given fixed contributions, employer costs will not increase in FY 2017.

EORP Funding Options

These current contributions and deposit amounts do not account for the increase in EORP’s total actuarial liability following the outcome of *Fields*. Plan actuaries estimate that given current funding levels, the closed EORP will have enough assets to pay member benefits for only the next 20 years.

In order to extend this 20-year 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.*)

In addition to the contribution rate change listed in the options mentioned below, the options would also require the annual General Fund deposit to increase by \$15.0 million, from the current \$5.0 million, to \$20.0 million.

- Option A: Increase the employer contribution rate to 40.2%. 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 \$2.1 million (\$2.2 million Total State Funds) in FY 2017. 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 \$10.8 million.
- Option B: Increase the employer contribution rate to 41.6%. 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 and Total State Funds \$2.3 million in FY 2017.

- Option C: Increase the employer contribution rate to 46.6%. Under this option, the pre-Chapter 357 PBI is restored for current and future retirees. This option is projected to cost the General Fund \$2.9 million (\$3.0 million Total State Funds) in FY 2017.
- Option D: Increase the employer contribution rate to 47.9%. 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 \$3.1 million (\$3.2 million Total State Funds) in FY 2017.

UORP

The General Fund cost associated with UORP in FY 2017 is estimated to be \$13.3 million and the Total State Funds cost is \$56.7 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 2017.

Table 4

Reasons for Change in the Employer Contribution Rate ^{1/}

	ASRS	PSPRS	CORP
FY 2016 Contribution Rate	11.47%	41.37%	18.25%
Asset (Gain)/Loss	(0.01)%	0.94%	0.51%
Payroll	0.00%	0.79%	0.32%
Long Term Disability Rate Change	0.02%	N/A	N/A
Tier 2 Employee Benefits	0.00%	(0.17)%	(0.16)%
Permanent Benefit Increase Effect	0.00%	(0.44)%	(0.24)%
Other	0.00%	0.12%	0.07%
FY 2017 Contribution Rate	11.48%	42.61%	18.71%
Net Change	0.01%	1.24%	0.50%

^{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.

Potential Statutory Changes

As session law, the Legislature may consider requiring ASRS and PSPRS to adopt the finalized International Limited Partners Association (ILPA) template for private equity fees and report annually on the total cost and overall performance of private equity investments.

The ILPA, a trade group that represents over 300 institutions and public pensions, has developed standards of disclosure for private equity managers. The draft template is expected to be finalized in January 2016 and will detail how private equity managers should disclose their fees and expenses to investors like ASRS and PSPRS.

Historically, private equity managers have not reported fees consistently, making it difficult for investors to compare the costs and overall performance of private equity investments.

In addition to providing more information to the pension managers, other pension funds, such as the California Public Employees’ Retirement System (CalPERS) have used the template to provide aggregate cost and performance information of private equity to the public.

To increase transparency in private equity investing, the Legislature may want to consider requiring ASRS and PSPRS to use the ILPA template for fees and costs of private equity investments. However, some ILPA members have raised concerns that mandatory reporting of private equity fees may reduce the number of investment firms willing to provide their services due to the sensitive nature of fee negotiations across clients.

Litigation Issues

Two recent court cases have a significant impact on PSPRS, CORP, and EORP.

Fields v. Elected Officials’ Retirement Plan

Laws 2011, Chapter 357 made numerous changes to these systems. Among these changes were reducing PBIs and increasing employee contribution rates. (*Please see the Background section for more discussion of PBIs.*)

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.

PSPRS staff estimates that the *Fields* ruling has increased unfunded liabilities for all systems by \$1.8 billion. 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. Because of the increased liabilities in EORP, those amounts may need to be adjusted to account for the fiscal impact of the *Fields* ruling.

Hall v. Elected Officials' Retirement Plan

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). PSPRS staff estimated in early 2015 that an adverse ruling in the *Hall* case would increase unfunded liabilities for all systems by \$1.3 billion. This additional liability would result in increased employer contribution rates in the fiscal year following the court decision.

In July 2013, the Maricopa County Superior Court ruled against EORP and decided that Chapter 357 applies only to members of EORP who joined the system after the enactment of Chapter 357. The ruling effectively blocks PBI changes from being applied to active members hired before Chapter 357. The ruling was appealed to the Arizona Court of Appeals in March 2015.

In June 2015, the Supreme Court agreed to transfer the case from the Court of Appeals and hear the case;

however, all 5 justices recused themselves (given that they are members of EORP and would be affected by the ruling) and appointed a five-person panel of lower-court judges who are not members of EORP. This panel will hear oral arguments from the parties in February 2016. If the panel rules against EORP, then more active members in other systems (PSPRS and CORP) may also not be subject to Chapter 357. The panel's decision will not be appealable.

Background

The Different Systems

Most public employers in Arizona use 2 retirement systems: ASRS and 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 CORP and EORP, which provide the same benefits as PSPRS to specified populations at the state and local levels. EORP is now closed to new enrollees. Elected officials who are elected after January 1, 2014 will be enrolled in the EODC System.

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

Enrollment and Funded Status

As of June 30, 2015, there were 610,112 active, retired, and Deferred Retirement Option Plan (DROP) members enrolled. Most employees (91%) are enrolled in ASRS. (Please see *Table 7* for more information.)

Table 7 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 7* 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:

- 77.1% for ASRS;
- 57.3% for CORP;
- 49.0% for PSPRS; and
- 38.8% for EORP.

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

Permanent Benefit Increase

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 monthly benefit increase that 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 for members hired after the enactment of Chapter 357. 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 would have limited 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.

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. *(Please see Table 6 for more information.)*

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

	<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>	<u>FY 2026</u>
ASRS																
Employer	9.85%	10.74%	11.14%	11.54%	11.60%	11.47%	11.48%	11.47%	11.59%	10.96%	11.03%	10.63%	10.42%	10.16%	9.95%	9.92%
Employee	9.85%	10.74%	11.14%	11.54%	11.60%	11.47%	11.48%	11.47%	11.59%	10.96%	11.03%	10.63%	10.42%	10.16%	9.95%	9.92%
Total 1/	19.70%	21.48%	22.28%	23.08%	23.20%	22.94%	22.96%	22.94%	23.18%	21.92%	22.06%	21.26%	20.84%	20.32%	19.90%	19.84%
PSPRS																
Employer 2/3/	20.89%	22.68%	27.18%	30.44%	32.54%	41.37%	42.61%	42.46%	42.59%	42.92%	42.89%	42.93%	43.11%	43.09%	43.01%	42.91%
Employee	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%	11.65%
Total	28.54%	31.33%	36.73%	40.79%	43.59%	53.02%	54.26%	54.11%	54.24%	54.57%	54.54%	54.58%	54.76%	54.74%	54.66%	54.56%
CORP																
Employer 2/3/	8.57%	9.50%	11.31%	13.68%	14.46%	18.21%	18.71%	18.34%	18.25%	18.28%	18.15%	18.06%	18.07%	17.99%	17.91%	17.84%
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	16.97%	17.90%	19.71%	22.08%	22.86%	26.62%	27.12%	26.75%	26.66%	26.69%	26.56%	26.47%	26.48%	26.40%	26.32%	26.25%
EORP																
Employer	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%	23.50%
Employee	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%	13.00%
Total	24.42%	29.46%	32.37%	36.50%												

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 2018 through FY 2026 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 2017, that rate is 0.27%).

Arizona Public Retirement System Valuation Data as of June 30											
Membership	ASRS			PSPRS			CORP			EORP	
	<u>FY 2014</u>	<u>FY 2015</u>									
Active (working and contributing)	203,201	203,252	18,526	18,409	14,595	14,184	843	738			
State Active Members	25,992	26,105	1,348	1,351	8,699	8,539	114	97			
Other Active Members ^{1/}	177,209	177,147	17,178	17,058	5,896	5,645	729	641			
Inactive	215,325	219,346	1,563	1,923	1,687	2,318	149	171			
Retired Members and Survivor Beneficiaries	126,255	131,536	10,524	11,034	4,090	4,410	1,053	1,116			
Deferred Retirement Option Plan	<u>N/A</u>	<u>N/A</u>	<u>1,559</u>	<u>1,675</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>			
Total	544,781	554,134	32,172	33,041	20,372	20,912	2,045	2,025			
Funding Status (dollar values in millions) ^{2/}											
Market Value of Assets	<u>June 30, 2014</u>	<u>June 30, 2015</u>									
Total Actuarial Liability	\$35,159	\$35,116	\$5,936	\$6,076	\$1,497	\$1,540	\$314	\$309			
Unfunded Actuarial Liability ^{3/}	\$42,826	\$44,574	\$12,233	\$12,686	\$2,638	\$2,740	\$796	\$813			
Funded Status ^{3/}	\$9,904	\$10,014	\$6,214	\$6,468	\$1,126	\$1,169	\$483	\$498			
	76.3%	77.1%	49.2%	49.0%	57.3%	57.3%	39.4%	38.8%			

^{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. Excludes the funded status of the retiree health portion of the plan.