

Public Safety Pension Funding Policy

June 18, 2019





PSPRS Pension Funding Policy

Section 1: Introduction

- Purpose
 - To comply with Arizona Revised Statute Title 38-863.01
- Key Terms
 - Unfunded Actuarial Accrued Liability (UAAL)
 - Annual Required Contribution (ARC)
 - Funded Ratio



PSPRS Pension Funding Policy

Section 2: Public Safety Personnel Retirement System

- Plan information
 - Multi-employer pension plan, managed by PSPRS
 - City of Flagstaff has two trust funds, one for police and one for fire employees
- Current status and funding ratios

Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
Flagstaff Police	\$ 30,522,417	\$ 79,472,686	\$ 48,950,269	38.4%
Flagstaff Fire	\$ 31,950,208	\$ 90,720,113	\$ 58,769,905	35.2%
City of Flagstaff Totals	\$ 62,472,625	\$ 170,192,799	\$ 107,720,174	36.7%



PSPRS Pension Funding Policy

Section 3: PSPRS Funding Goal

- Base Actuarial Plan
 - Committed to using ongoing resources to fund our annual contributions
 - At a minimum Annual Required Contribution Rate:
 - PSPRS – Police would be 100% funded by June 30, 2047 (28 years)
 - PSPRS – Fire would be 100% funded by June 30, 2036 (17 years)



PSPRS Pension Funding Policy

Section 3: PSPRS Funding Goal

- Additional fiscal measures - \$849,000
 - Make annual payments in July each year based on Budget
 - Provide contribution for Deferred Retirement Option Plan (DROP)
 - Maintain higher rate of contributions when rates go down
- Additional payments - \$630,000
 - Make additional contributions to the PSPRS-Police plan due to the change in amortization period in FY 2018



PSPRS Pension Funding Policy

Section 3: PSPRS Funding Goal

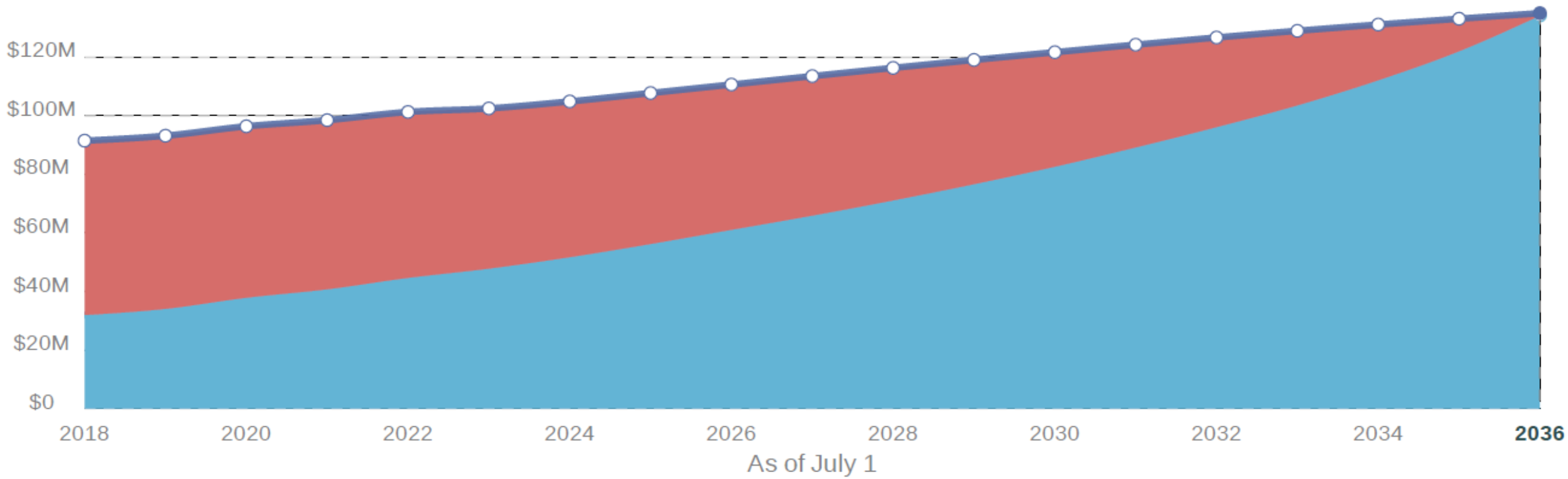
- Additional revenue resources - \$900,000
 - Increase Use Tax rate and use resources to make additional contributions
- Change in funding ratio
 - PSPRS-Fire
 - 80% funded ratio in FY ~~2032~~ 2031 versus FY 2034
 - 100% funded ratio in FY ~~2036~~ 2035 versus FY ~~2037~~ 2036
 - PSPRS-Police
 - 80% funded ratio in FY ~~2034~~ 2031 versus FY 2044
 - 100% funded ratio in FY ~~2039~~ 2036 versus FY 2047



Base Plan – No Additional Contributions

Unfunded Actuarial Liability

2036 Data Shown

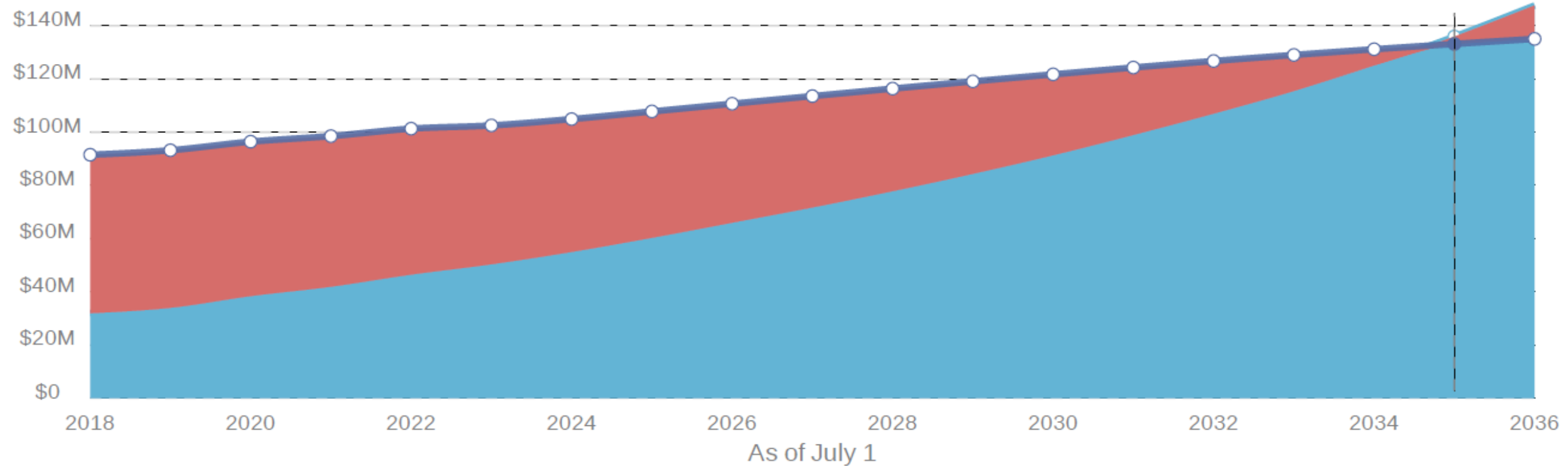




\$871,000 Additional Annual Contributions

Unfunded Actuarial Liability

2035 Data Shown





Base Plan – No Additional Contributions

Unfunded Actuarial Liability 2047 Data Shown

Actuarial Liability

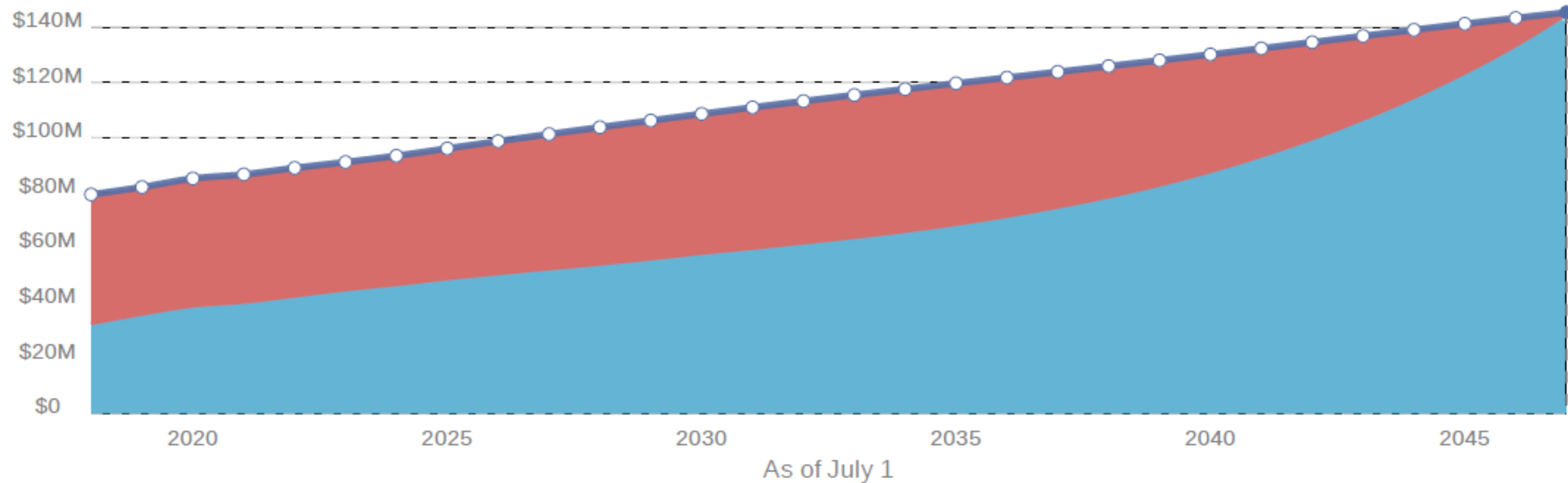
○ \$145.38M

Valuation Assets

○ \$144.16M

Unfunded Actuarial Liability

○ \$1.22M





\$1,508,000 Additional Annual Contributions

Unfunded Actuarial Liability 2036 Data Shown

Actuarial Liability

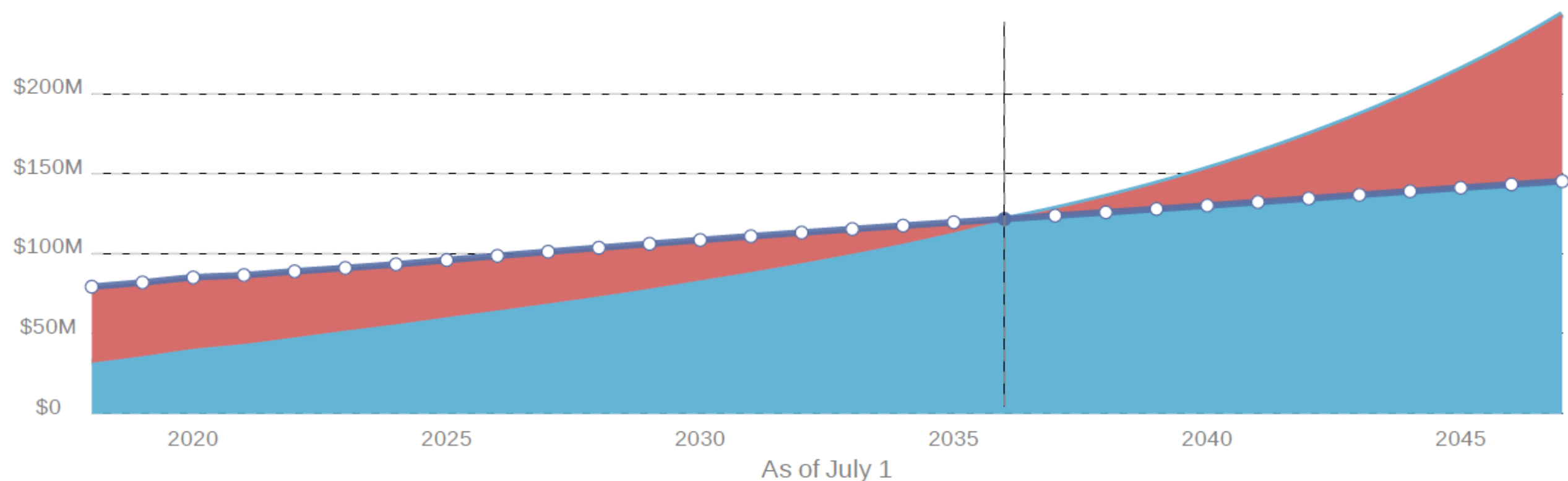
\$121.73M

Valuation Assets

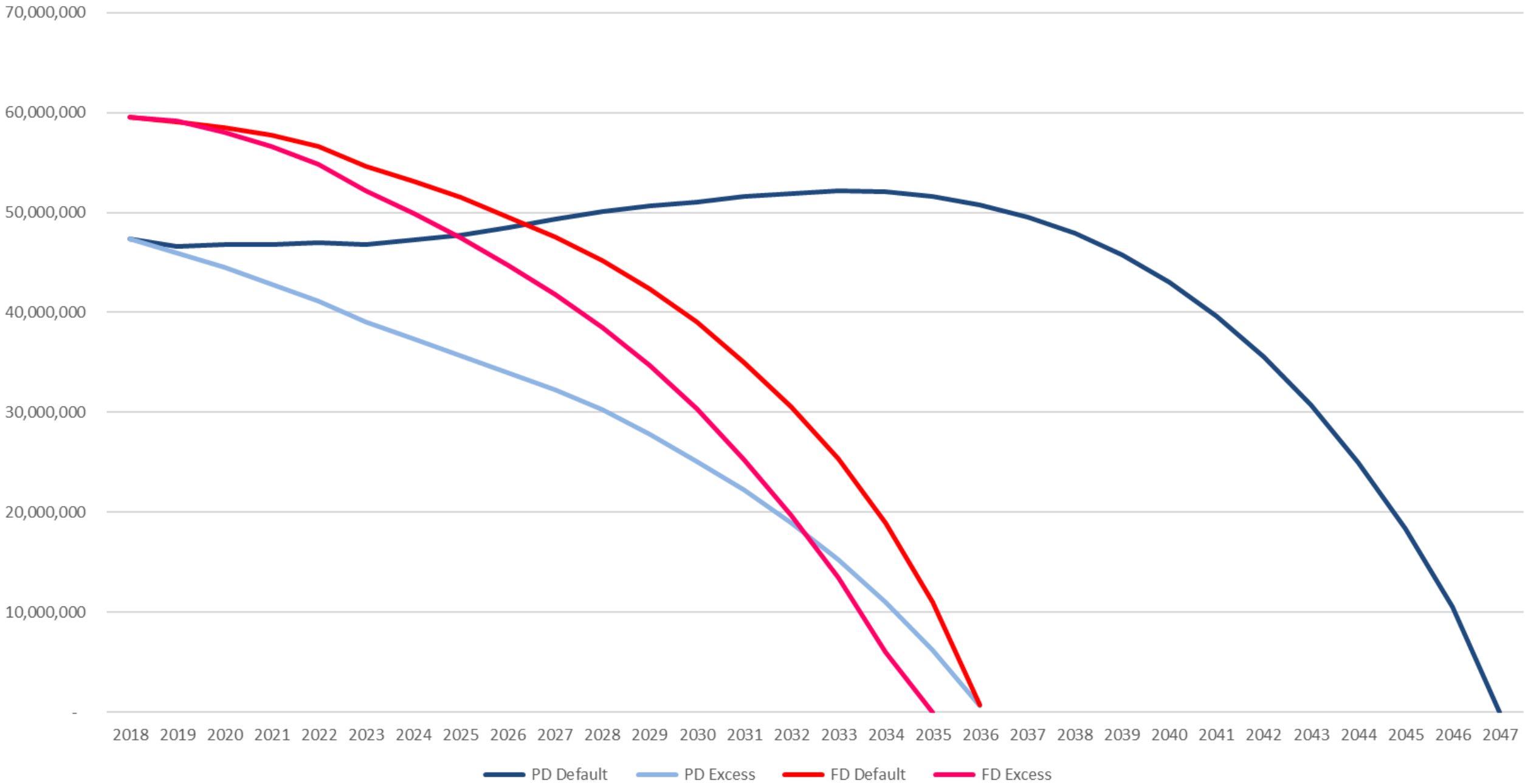
\$121.13M

Unfunded Actuarial Liability

\$603.87K



Unfunded Actuarial Accrued Liability (UAAL)





PSPRS Pension Funding Policy

Path Forward

- The FY 2020 Budget includes the funding options outlined in the pension funding policy
- Annually Council will review and adopt the pension funding policy as part of the budget process

Questions?