

Public Safety Pension Funding Policy

June 16, 2020





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



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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	\$ 32,642,259	\$ 84,860,189	\$ 52,217,930	38.5%
Flagstaff Fire	\$ 34,260,196	\$ 93,870,030	\$ 59,609,834	36.5%
City of Flagstaff Totals	\$ 66,902,455	\$ 178,730,219	\$ 111,827,764	37.4%



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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 (27 years)
 - PSPRS – Fire would be 100% funded by June 30, 2036 (16 years)



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Section 3: PSPRS Funding Goal

- **Additional fiscal measures - \$936,000**
 - Make annual payments in by Sept 30 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
- **Additional revenue resources - \$900,000**
 - Increase Use Tax rate and use resources to make additional contributions



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Section 4: Additional Council Consideration

- Considering issuing Certificate of Participation debt to achieve at or near 100% funded plans
- Should Council approve the ordinance authorizing the issuance of Certificates of Participation debt, funding expected to occur by September base on market conditions



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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?