

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM**  
**SB1428 Pension Reform Matrix of Changes**  
(Revision 03/09/17)

	Tier 1		Tier 2	Tier 3
<b>Hire Date</b>	Before January 1, 2012		On or after January 1, 2012	On or after July 1, 2017
<b>Plan Type</b>	Defined Benefit		Defined Benefit (w/ Hybrid <sup>1</sup> )	Defined Contribution Only or Defined Benefit (w/ Hybrid <sup>1</sup> )
<b>Determination</b>	Automatic			Irrevocable Career Choice (90 days; default to DB)
<b>Employee Contribution Rate</b>	11.65% <sup>2</sup> (includes 4% MOE <sup>3</sup> )	<b>DB:</b> 11.65% (includes MOE <sup>3</sup> ) <b>Hybrid:</b> DB + 3%	<b>DB:</b> 50/50 split with ER <b>DC:</b> 9% <b>Hybrid:</b> DB + 3%	
<b>Employer Contribution Rate</b>	Based on individual actuarial valuation	<b>DB:</b> Individual Valuation <b>Hybrid:</b> DB + 4% for short period of time; then 3%	<b>DB:</b> 50/50 split with ER <b>DC:</b> 9% <b>Hybrid:</b> DB + 3%	
<b>Salary Cap</b>	As set by Internal Revenue Code			\$110,000 adjusted by custom index
<b>Inter-System Transfers</b>	Total liability stays with previous employer. <sup>4</sup>			
<b>Average Salary</b>	High 3 in past 20 years	High 5 in past 20 years	High 5 in past 15 years	
<b>Normal Retirement (age and service)</b>	20 years of service; no age 15 years of service; age 62	25 years of service age 52.5 (not mutually attained)	15 years of cred service; age 55 (not mutually attained; actuarially reduced at 52.5)	
<b>Disability and Survivor Benefits</b>	All 4 types of disability (Accidental, Catastrophic, Ordinary and Temporary) and survivor benefits are available to each tier where the determination, process and benefit amount will be the same as they are now. However, those who choose the DC only option will contribute to a separate disability fund where an actuarially determined equivalent amount will be paid in conjunction with their DC fund. No survivor benefits are available for DC only participants.			
<b>Multipliers (80% max)</b>	50% plus 2.0% for years >20 and <25 2.5% for years >25 (reduced by 4% for <20 yrs)	62.5% plus 2.5% for years >25 (reduced by 4% for <25 yrs)	15 to <17 years: 1.50% 17 to <19 years: 1.75% 19 to <22 years: 2.00% 22 to <25 years: 2.25% 25+ years: 2.50%	
<b>Deferred Annuity</b>	At least 10 years (based on double contributions)	Not Available		
<b>Benefit Increases</b> CPI-based COLA utilizing metro Phoenix-Mesa data published by Bureau of Labor Statistics	Up to 2% No funding requirement No waiting period			Payable after 7 years or age 60 70% to <80% funded: 1.0% cap 80% to <90% funded: 1.5% cap 90% or more funded: 2.0% cap
<b>Smoothing Period</b>	Determined by Board (currently 7 years)			Not more than 5 years
<b>Amortization Period</b>	Closed Not more than 20 years			Layered Not more than 10 years
<b>Unfunded Liability</b>	Applied to Tiers 1, 2 and 3 (DB and DC) payrolls			Applied to Tier 3 DB payroll only
<b>Deferred Retirement Option Program (DROP)</b>				
<b>Attainment of 20 years</b>	On or Before 01/01/2012	After 01/01/2012	Not Available	
<b>PSPRS Nomenclature</b>	Tier 1a (old DROP Tier)	Tier 1b (new DROP Tier)		
<b>Contributory</b>	No	Yes		
<b>Interest Rate</b>	Assumed Earnings (AER)	Actuarially Smoothed (or AER if lower)		

- The Hybrid plan is primarily a DB plan with a DC component and is only available and required for Tier 2 and 3 members who do not contribute to Social Security. However, Tier 2 members have the ability to opt out of the DC requirement by June 30, 2017.
- May revert back to 7.65% for Tier 1 due to the ruling in the *Hall* case. Also, it is important to note that even though Tier 2 began January 1, 2012, the employee contribution rate increased beginning with the first pay period in July 2011. Therefore, should the rate be reversed due to *Hall*, it will only be reversed for those members hired before the effective date of July 20, 2011. This will cause the issue of having some Tier 1 members contribute at the 11.65% rate.
- MOE = Maintenance of Effort. For fiscal year 2011-2012 and each fiscal year thereafter, the amount of the member's contribution that exceeds 7.65 percent of the member's compensation shall not be used to reduce the employer's contributions. (ARS § 38-843(F))
- Due to a technical error in SB1428 in 2016 that is being corrected with HB2485 in 2017, this method cannot be implemented until enactment of that bill.