

THE PSPRS LOCAL BOARD NEWSLETTER

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Issue 3

*“Your present circumstances don’t determine where you can go;
they merely determine where you start.” - Nido Qubein*

January/February 2012 Newsletter

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Individual Actuarial Valuations Made Available Online

In December, the individual actuarial valuations were electronically sent to employer groups’ payroll personnel and local boards. This annual valuation provides the individual financial status of each of our participating employer groups and provides upcoming fiscal year employer contribution requirements.

The PSPRS administrative office recently announced that these individual reports are now available on the PSPRS website. You can view these valuations at:

http://www.psprs.com/Admin_Investments_and_Finance/cato_Actuarial_individual_rpts.html

We also have on that webpage a brief presentation to help you understand the actuarial valuation reports. Finally, we would also like to note that this was the final year in which we will electronically mail these individual valuations. Going forward the valuations will be posted on the PSPRS website.

Alternate Contribution Rate Set for Fiscal Year 2012-2013

The Alternate Contribution Rate (ACR) has been established for the upcoming 2012-2013 Fiscal Year. The ACR for each plan is as follows:

PSPRS: 14.57%

CORP: 6.00%

EORP: 19.11%

The ACR is an employer established contribution requirement for any PSPRS, CORP or EORP employer who employs a retiree serving in a position that would normally be filled by a contributing member of the plan from which the retiree is receiving pension benefits (i.e. PSPRS retiree in a PSPRS covered position). The ACR is required, regardless of the employee’s current contributing status.



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These new rates will take effect July 1, 2012. For more information on the ACR, please contact Active Member Services.

DROP Rates: Including Modified DROP Tier

As we begin 2012, we would like to remind our local boards of new modifications to the DROP for those members who have less than 20 years of credited service as of January 1, 2012. Any members who were hired prior to January 1, 2012, and who had less than 20 years of credited service as of January 1, 2012, are able to participate in DROP once they have 20 years of credited service. However, the DROP has been modified for those individuals who fall under this category. Modifications include:

- Change in calculated interest earned on DROP account while participating in the program
- Member must continue to contribute to the system while in the program

For those qualifying members who participate in DROP under these new provisions, the calculated interest earned on their DROP account will be the Average Annual Actuarial Rate of return, with a minimum interest of 2% and a maximum interest equal to the Assumed Earnings Rate. Currently those members who participate under these provisions will earn an interest rate of 3.8% on their DROP account through June 30, 2012. The rate for Fiscal Year 2012-2013 will be 4.4% based upon the June 30, 2011 Actuarial Valuation.

Members who enter DROP under the old provision (i.e., they had over 20 years of credited service on or before January 1, 2012), still earn interest on their DROP account at the Assumed Earnings Rate (which currently is 8.00%) through June 30, 2012. The Assumed Earnings Rate is determined by the Board of Trustees each year. The Assumed Earnings Rate for Fiscal Year 2012-2013 has not yet been determined by the Board.

Any new hires, hired on and after January 1, 2012, do not have DROP as an eligible benefit program.

PSPRS Cancer Insurance Program Annual Premium

As most of our employer groups begin their annual budget process, our office would like to remind all of our PSPRS participating local boards and employer groups that PSPRS statutory provisions provide for Cancer Insurance protection for PSPRS members. This program provides for benefit payments and reimbursements for cancer illness-related expenses. Members are eligible for cancer plan benefits on the date of becoming a member of the System or on the beginning of the month following the date the plan holder's employer pays the first premium, whichever is later.

Premiums for this program are paid directly by the employer for each active Certified Peace Officer and Firefighter employed and on PSPRS records as of June 30 each year. While the premium has not been officially set by our Board of Trustees for Fiscal Year 2012-2013, we wanted to remind our employer groups that they should include this line item in their budget reviews. We anticipate that premiums for this program would most likely be set at \$75.00 per employee. Once the final premium amount is set, we will advise employers of the set amount.



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Invoices will be submitted to each employer on or before July 31. Premiums are to be paid to the System on or before August 31, 2012, to avoid statutorily mandated penalties.

To learn more about the program and view the entire schedule of eligible benefit payments, please go to: http://www.psprs.com/Admin_common/insurance/cato_cancerinsurance.htm

We highly suggest that our local boards, local board staff, and employer groups spread the word to their memberships that this program benefit is available.

If you have any questions, feel free to contact Annette Jorgensen or Stacy Alcott at 602-255-5575

News from our Active Members Department

Our office recently emailed our entire employer group payroll department contacts a notice regarding revised payroll transmittal forms. During the 50th legislature's first legislative session, Senate Bill 1609 made changes to A.R.S. 38-844.06 for those eligible members who have less than 20 years of credited service on and after January 1, 2012, and who elect participation in the Deferred Retirement Option Plan (DROP). The changes require members who fall under these provisions to continue contributing to the system during their DROP participation period. The contribution rate and the compensation that contributions should be withheld against are in the same manner as all other actively contributing members.

As a result of these changes, the PSPRS Administrative office revised the Contribution Transmittal Form to reflect this new requirement. We ask that local boards ensure that this new form is being utilized by their payroll departments.

Any questions regarding this revised transmittal form should be directed to LaDawn Toger, Active Members Manager at 602-255-5575.

We thank you in advance for your cooperation in this matter.

Administrator to Host Annual Financial Status Update

Each year Mr. Jim Hacking, Administrator for the PSPRS, CORP and EORP, presents a review of the financial status of the PSPRS Plans as of the close of each fiscal year. This year's financial update will be presented on January 31, 2012. Additionally, at this presentation, Mr. Hacking will be presenting current fund status for FY 2012 (through December 31, 2011). His presentation will also cover employer contribution requirements, the status of legal challenges with respect to certain provisions of SB 1609, PSPRS legislative initiatives for the 2nd session of the 50th Legislature, and the current deliberations of the Defined Contribution and Retirement Study Committee.

We encourage local board members and board secretaries to participate in this presentation online via GoToMeeting. To register for this event, please go to: <https://www1.gotomeeting.com/register/518652537>



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2012 1st Quarter Training Schedule

Below are the dates, times and topics of the System's first quarter scheduled trainings for 2012. These training events will be held at the PSPRS administrative office (3010 East Camelback Rd., Suite 200, Phoenix, AZ 85016). These events will also be accessible via online webinar. If you plan to attend any of these events in person, please register by emailing Robert Ortega (rortega@psprs.com) or Don Mineer (don@psprs.com). Please provide the names of all individuals who will be in attendance in person as space is limited. To register as a webinar participant, click on the GoToMeeting link at the end of the topic description.

February

February 8, 2012 (10 a.m.-11 a.m.)

Topic: *PSPRS and CORP Return to Work Rules and the Local Board's Responsibility*

When an employer considers reemploying a retiree from the system, there are several provisions and requirements the employer and the local board must be aware of before making those decisions. During this session, you will learn return to work rules for both the PSPRS and CORP and what steps a local board must take to ensure compliance with State Statutes.

(<https://www1.gotomeeting.com/register/878576936>)

February 14, 2012 (10 a.m.-12 p.m.)

Topic: *Arizona Open Meeting Law*

Presented by Kathryn Marquoit, Asst. Ombudsman for Public Access

As a public body in the State of Arizona, PSPRS and CORP local pension boards must ensure meetings are conducted in an open public forum in accordance with the Arizona Open Meeting Laws. During this presentation, local boards will learn about open meeting law requirements governing notice, agendas, and minutes. (<https://www1.gotomeeting.com/register/264906680>)

February 15, 2012 (9 a.m.-12 p.m.)

Topic: *Southern Arizona PSPRS Local Board Half Day Conference* (Agenda forthcoming)

Location: Town of Marana Municipal Complex, 11555 W. Civic Center Drive, Marana, AZ 85653

Seating is limited. To register for this event please contact Robert Ortega (rortega@psprs.com) or Don Mineer (don@psprs.com).

March

March 14, 2012 (10 a.m.-11 a.m.)

Topic: *PSPRS Benefits Overview*

This session provides an overview of benefits available to contributing members of the Public Safety Retirement System Plan, which includes recent legislative changes. Discussion includes eligibility parameters for benefits and how they are calculated. (<https://www1.gotomeeting.com/register/972071336>)

March 21, 2012 (10 a.m.-11 a.m.)

Topic: *CORP Benefits Overview* **JUST ADDED!**

This session provides an overview of benefits available to contributing members of the Correction Officer Retirement Plan, which includes recent legislative changes. Discussion includes eligibility parameters for benefits and how they are calculated.

(<https://www1.gotomeeting.com/register/710970800>)



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For any questions regarding these training events, or to host an event in your area, or if you have general questions regarding PSPRS or CORP, please contact Robert Ortega or Don Mineer at (602) 255-5575.

FREQUENTLY ASKED QUESTIONS

Question:

How often does our local board have to meet?

Answer:

How often a board meets depends on whether you are a PSPRS local pension board or a CORP local pension board.

For PSPRS local pension boards, ARS 38-847.C states that "Each local board shall meet at least twice a year." So, as you can see, at minimum PSPRS local boards should be meeting twice each year.

For CORP local pension boards, there is no set minimum that a local board must meet, but we recommend that CORP boards set a twice a year standard as well.

A follow-up question that probably comes up is, "What if our local board doesn't have a reason to meet?" At a minimum, boards should meet to address:

- Acknowledgement of annual individual group actuarial valuations.
- Acknowledge receipt of correspondence from the System (such as this newsletter, notice of service purchases, notification of transfer of service, etc).

So, while your board may not have a full active agenda such as retirements to approve or a disability determination to make, there are a few topics that local boards should meet to discuss. Additionally, to keep current on local board related issues, boards could also schedule meetings to discuss and view archived local board training presentations that the system provides online at www.psprs.com.

If you have a question that you would like to see featured in a future newsletter, please email Robert Ortega (rortega@psprs.com) or Don Mineer (don@psprs.com).



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