EMPLOYER & LOCAL BOARD CONFERENCE VIDEOS POSTED

PSPRS has posted videos of all trustee, staff and contractor presentations from the 2023 Employer and Local Board conference held in early March.

The videos are available on both the PSPRS YouTube channel and the agency website, which also has the presentation materials posted for downloading.

The annual event featured 14 presentations covering PSPRS updates, progress, legislation, investments, benefits and payroll issues. More than 300 employers and local board members from throughout the state attended the event, which was the first in-person PSPRS conference in three years.

"We'd like to thank everyone for their interest and the opportunity to meet with employers and board members from all over the state," said PSPRS Deputy Administrator Mike Smarik, who co-presented about the PSPRS pension administration system. "We had a big agenda with lots of detailed information and we're pleased to post the videos, especially for those who were held up by the extreme weather and couldn't attend."

RUNNING AWAY WITH THE TITLE FOR PENSION GROWTH

The news is still sinking in. PSPRS is the nation's fastest growing large retirement plan in the country – and was one of only six large plans to see their assets grow during a one-year period tracked by *Pensions & Investments* annual 1,000 Largest Retirement Plans report.

The magazine considers the 200 retirement plans with the most money under management as "large" and its one-year period study of 1,000 pension and defined contribution plans covered Sept. 1, 2021, to Sept. 30, 2022. With a growth rate of 13 percent for its combined pension and DC-plan assets, PSPRS beat all large plans while the second-fastest growing retirement plan, shipping giant Amazon, grew by 2.7 percent.

"The numbers are humbling," said PSPRS Administrator Mike Townsend. "What makes it even more incredible is that PSPRS investments held up well even though our results lost some value last fiscal year. The sheer growth of plan assets was 100 percent due to employers paying down pension debts. What the

Pensions & Investments survey results reveal is that Arizona employers are confident in our partnership to manage their plans as demonstrated by paying off unfunded pension liabilities that jeopardize retirement security and cost taxpayers money."

More than 70 employers made additional contributions of $1 million or more during the 2022 fiscal year although smaller employers with fewer members and less liabilities also committed money to pay down pension debts. In total, public safety and corrections employers contributed an extra $2.85 billion to reduce pension debts.

All employer pension debt contributions were in addition to contributions actuarially required to pay the benefits earned by PSPRS-managed plan retirees and active members. In fiscal year 2021, Arizona's public safety and corrections employers contributed an extra $1.6 billion to pay down unfunded debts. Additional contributions to the public safety plan were more than double – 225 percent - the amount of actuarially required contributions. That rate of excess contributions placed PSPRS first among approximately 110 peer pension funds included in a December 2022 study released by the National Association of State Retirement Administrators.

As additional employer payments have chopped away billions of unfunded pension debts, the percentage of employer contributions that are paid to finance debts has also fallen considerably. For the fiscal year beginning July 1, 2023, the percentage of the average public safety employer's contribution applied to financing debt will be 15.6 percent – a steep decline from 28.4 percent average during the 2021 fiscal year. Likewise, the average correction employer's unfunded liability contribution percentage will fall to 17.3 percent, down from 27.7 percent two years ago.

"It may sound complicated but this isn't much different from how a credit card works," Townsend said. "The bill goes down when there's no or a smaller balance that generates interest and requires a debt financing charge. Pension liabilities aren't quite that simple but the premise is basically the same."

The *Pensions & Investments* 1,000 Largest Retirement Plans and subsequent report on PSPRS ("Rebuilding trust, funding puts Arizona plan back on track") are under a subscription paywall but can be accessed with a free trial account. A PSPRS news release in early March included commentary from representatives of Arizona law enforcement and firefighter organizations, the League of Arizona Cities and Towns and national pension organizations.

QUICK ANSWERS TO FREQUENT RETIREE TAX QUESTIONS

Springtime is tax season and many plan retirees are preparing. Here are answers to some of the most frequently asked questions.

Q. How can I get my 2022 1099R?

A: 1099Rs are downloadable from your retired member account. Log in with your login name and password. Click the 1099 button and download or print. If you want PSPRS to resend by mail please log into your account and verify your account information and mailing address is correct. Then email retiredmembers@psprs.com to request by mail.

Q. How do I update my mailing address?

A. Complete and submit Form 9 Address and Name Change Form and submit as directed on the form to update your contact information.

Q. How do I update my tax rates?

A. If you wish to change your Arizona tax withholding rates please complete the 2023 A-4P withholding form and submit to retiredmembers@psprs.com. If you wish to update your federal withholding complete the 2023 W-4P withholding form and submit to retiredmembers@psprs.com. Note: the federal form has changed significantly since tax year 2022. Retirees may want to contact their tax professional for assistance completing the form. Completed forms received by the 10th of the month will be processed and effective that month.

Q. What will the cost of living increase (COLA) be this year?

A. Retirees and beneficiaries of the public safety, corrections and elected officials retirement plans will receive a 2 percent cost of living adjustment effective July 1, 2023. Pension and benefit increases are capped under state law to a maximum of 2 percent.

AGENCY EARNS NCPERS 'CERTIFICATE OF TRANSPARENCY'

PSPRS was awarded the Certificate of Transparency by the National Conference of Public Employee Retirement Systems for the third consecutive year. The award is given to plans committed to "furthering open disclosure" and "contributing to the public's understanding of public retirement systems" by participating in an in-depth survey used to produce the NCPERS' 2023 Public Retirement Systems: Trends in Fiscal, Operation, and Business Practices report.

"We're proud to contribute to NCPERS' valuable research and to demonstrate our commitment and responsibility to plan members, retirees, employers and the public," said PSPRS Administrator Mike Townsend. "We're honored to have received this acknowledgment for each of the past three years."

PSPRS was among 195 state and local public pension plans to participate in the NCPERS survey. The participating pensions represent more than 19.6 million active and retired members and manage more than $3 trillion of combined assets.

The survey results detail public pension trends in management, actuarial practices, investment allocations and performance, plan funding levels and other matters.