



401A Plan and Education Update

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (PSPRS)

WILL BUIVIDAS, CHAIRMAN, PSPRS DEFINED CONTRIBUTION COMMITTEE

DECEMBER 4, 2018



SERVING THOSE WHO SERVE OTHERS

PSPRS DEFINED CONTRIBUTION COMMITTEE



Arizona PSPRS Defined Contribution Committee

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William Thatcher
PSPRS CIO Designee



Fiduciary Counsel



STARTING FROM SCRATCH

- Started with under \$20,000,000 in assets from the supplemental 401(a) plan and Elected Officials 401(a) plan
- Competitive RFP for four service providers:
 - Investment Consultant
 - Record Keeper
 - Registered Investment Advisor / Education Provider
 - Annuity Provider
- Completed in under 6 months from start to finish
- During the RFP process we were able to significantly reduce fees from initial proposals for all outside vendors
- Nationwide Fixed Account is paying a guarantee 2.75% up from their initial offer of 2.00% and one of the highest in the state of Arizona
- 401(A) plan is already becoming a model across the country, Brian Moore presented on a panel at NAGDCA this week



Contractual Service Providers



Plan Consulting



Nationwide[®]

Plan Provider/Recordkeeper



GALLOWAY

Federally Registered Investment
Advisor/Education



SECURITY
BENEFITSM

TO AND THROUGH RETIREMENT

Annuity Service Provider

All service providers participated in a competitive bid process conducted by the DC Committee where contractual authority was delegated by the Board of Trustees.

CURRENT ASSETS



- \$89,000,000 in the PSPRS 401(A)
- \$19,000,000 in the supplemental 401(A)
- \$5,000,000 in the Elected Officials 401(A)
- **\$113,000,000 across all three plans as of 10/31**
- Initially experience significant leakage, past couple months leakage has been reduced
- In August, sent a mailing out to almost 5,000 members with 18 years or more of service
- Monthly mailings continue to go out to members as they reach critical milestones

EDUCATION

- SB 1428 “pension reform” added an education component to PSPRS
- Previously, PSPRS relied on the local boards and employers to provide any retirement/financial wellness education to our members
- This was not being accomplished efficiently and many members were unprepared to make retirement decisions.
- FY 2018 education stats:
 - 78 seminars (Financial wellness/Retiring from DROP)
 - 995 members attended
 - 98% found the training informative
 - 100% would recommend to others
 - 88% motivated to increase 457/401(A) deferrals
 - 94% were motivated to change/review asset allocations (IE move out of fixed account)
- Numerous new hire “Tier 3” classes
- Starting in July, CORP classes and CORP new hire “Tier 3” classes

HELP NEEDED

- Education classes are designed for all members, of all ages, years of service, and ranks
- Currently, mostly people about to DROP/retiree or in DROP are attending the classes
- We are revamping the class names so they will appeal to a broader population
- Financial Wellness begins on date of hire, if people are waiting until they are getting ready to retire to start thinking about their retirement they will be behind the curve
- When you get our emails referencing the classes, please send out to your department and encourage all employees to attend
- If you would like us to set up a class for your agency, contact me or Galloway and we will coordinate it
- Tier 3: Make sure your Tier 3 people are receiving education before they have to make a choice at the end of the first 90 days.



- Adding seminars to all areas of the state, not just the Valley
- Tweaking the seminars to keep up with current trends/issues
- Working on a robust member engagement reference Aug 3, 2018 law that allows retired members to roll all their 457/401(A) assets into the PSPRS 401(A) plan
- Continue to grow the assets in the plans
- Work on legislation to enact a statewide 457 plan. Useful for smaller agencies that don't have access to a good 457 plan

THANK YOU



to the DC committee for all you hard work over the past year!



QUESTIONS AND DISCUSSION
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