

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM**  
**Matrix of Plan Provisions (updated 01/2024)**

|   | Tier 1  | Tier 2   | Tier 3   |
|---|---|--|--|
| <b>Membership Date</b>  | Before January 1, 2012  | On or after January 1, 2012  | On or after July 1, 2017   |
| <b>Plan Type</b>  | Defined Benefit (DB)  | Defined Benefit (DB)<br>(w/ Hybrid <sup>1</sup> )  | Defined Contribution (DC) Only or<br>Defined Benefit (w/ Hybrid <sup>1</sup> )   |
| <b>Determination</b>  | Automatic   |  | 90 days to elect,<br>or will default to DB   |
| <b>Employee (EE)<br/>Contribution Rate</b>  | <b>DB:</b> 7.65%  | <b>DB:</b> 7.65%<br><b>Hybrid:</b> DB + 3%   | <b>DB:</b> 50/50 split with ER<br><b>Hybrid:</b> DB + 3%<br><b>DC only:</b> 9% + Disability  |
| <b>Employer (ER)<br/>Contribution Rate</b>  | Based on individual actuarial<br>valuation  | <b>DB:</b> Individual actuarial valuation<br><b>Hybrid:</b> DB + 4% for short period of<br>time <sup>2</sup> ; then DB + 3%        | <b>DB:</b> 50/50 split with EE + Legacy<br><b>Hybrid:</b> DB + 3% + Legacy<br><b>DC only:</b> 9% + Disability + Legacy <sup>3</sup>                          |
| <b>Salary Cap</b>   | As set by Internal Revenue Code   |  | \$140,952 (adjusted by custom index<br>every three fiscal years)   |
| <b>Inter-System Transfers</b>   | Liability from previous employer(s) stays with previous employer(s).  |  |  |
| <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<br/>(age and service)</b>  | 20 years of service <sup>4</sup> ;<br>no age minimum<br>15 years of service; age 62   | 15+ years of service;<br>minimum age 52.5<br>(need not be mutually attained)   | 15+ years of credited service;<br>minimum age 55<br>(need not be mutually attained;<br>actuarially reduced at 52.5)  |
| <b>Disability and<br/>Survivor Benefits</b>   | All types of disability (Accidental, Catastrophic, Ordinary and Temporary) and survivor benefits are available to members of each tier who use the DB plan. However, disability and survivor benefits for Tier 3 members using the DC-only plan are limited to workplace related injuries and line of duty deaths. These benefits for DC-only members and survivors are also actuarially offset by the final balance of members' DC account with PSPRS. |  |  |
| <b>Multipliers (80%<br/>max)</b>  | 50% plus 2.0%<br>for years >20 and <25<br>2.5% for years >25<br>(reduced by 4% for <20 years <sup>3</sup> )   | The better of<br>Tier 3 years & multipliers<br>- or -<br>62.5% + 2.5% for years >25<br>(reduced by 4% for <25 years <sup>3</sup> ) | 15 to <17 years: 1.50%<br>17 to <19 years: 1.75%<br>19 to <22 years: 2.00%<br>22 to <25 years: 2.25%<br>25+ years: 2.50%                                     |
| <b>Deferred Annuity</b>   | At least 10 years (based on<br>double contributions)  | Not Available  |  |
| <b>Benefit Increases</b><br>Cost of living adjustment based<br>on U.S. Bureau of Labor Statistics<br>metro Phoenix-Mesa data. | Up to 2%. No funding requirement.<br>No waiting period; prorated in first year of retirement  |  | DB Plan members up to 2%.<br>Payable after 7 years or age 60<br>70% to <80% funded: 1.0% cap<br>80% to <90% funded: 1.5% cap<br>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>  | No longer than 30 years   |  | Layered<br>(Not more than 10 years)  |
| <b>Unfunded Liability</b>   | Applied to Tiers 1, 2 and 3 (DB and DC) payrolls (aka Legacy)   |  | Applied to Tier 3 DB payroll only  |
| <b>Deferred Retirement Option Program (DROP)</b>  |   |  |  |
| <b>Attainment of 20 years of credited service</b>   | Not Available   |  |  |
| <b>Interest Rate</b>  | Assumed Earnings (AER)  | Not Available  |  |

- The Hybrid plan is a pension with an additional DC 401(a) account for Tier 2 and 3 members who do not contribute to Social Security.
- Depending on the membership date of a Tier 2 member who does not contribute to Social Security, the employer will pay a matching 4% contribution for a specified short period of time at which point it will reduce to 3%. (ARS § 38-868 (C)).
- Employers must provide a matching contribution equal to 9% of the salary of Tier 3 members who elect to receive only DC benefits.
- For Tiers 1 and 2, years of service (periods of employment) are used to determine retirement eligibility, but years of credited service (periods of contributions received) are used to calculate the benefit amount.