



PSPRS FY2024 Second Quarter Newsletter

EMPLOYER & LOCAL BOARD CONFERENCE VIDEOS POSTED

PSPRS has published video recordings of the 2024 Annual Employer and Local Board Conference to its YouTube channel and agency webpage.

In all, PSPRS leadership, staff, and trustees gave more than a dozen presentations ranging from system-wide financial updates to nitty-gritty operational how-to sessions.

Board of Trustees Chairman Scott McCarty opened the event with a run-down of board objectives and governance accomplishments, along with steep funding level improvements and falling pension debts. McCarty's opener was followed by Administrator Mike Townsend, who spoke to more than 300 staff and local board personnel from more than 135 employers about communicating the value of pension benefits to recruits and PSPRS-managed plan members.



“The conference is to help stakeholders with their roles in administering to plan members and sharing updates about our operations, progress and legislation,” said Townsend. “We’re grateful to the hundreds of employers and local board members who could attend and we’re happy to provide [video recordings](#) for those who couldn’t make it.”

CANCER INSURANCE TAXABILITY CHANGES

CANCER



The taxability of PSPRS cancer insurance program claim payments continues to fall. This year, 33 percent of cancer diagnosis claim payments are considered subject to state and federal taxes. This is the final calendar year that cancer diagnosis payments will be taxed.

The incremental reduction of claim payment taxability over three years is due to IRS rules that impact 2022 legislation that required PSPRS employers to report cancer insurance premium payments made on behalf of members as imputed income. This change allowed claim payments, which can reach as high as \$15,000 for non-skin cancer diagnoses, to avoid being subject to taxes by 2025. (These changes do not impact CORP members who pay their own premiums through participating employers.)

“The goal of the PSPRS Board of Trustees was to make this benefit as valuable and convenient as possible for families of plan members struggling with a cancer diagnosis,” said PSPRS Insurance Department

Supervisor Mark Rodriguez. “We’re pleased that our members and retirees will see a reduced impact on their taxes when they receive a cancer claim payment but we’re still looking forward to next year when that tax liability is gone.”

As a reminder, annual cancer insurance payments are billed by July 31, and public safety employers must remit payment by August 31.

EMPLOYERS: EXCESS PREPAYMENT BALANCE NOTICE

As a reminder to employers, PSPRS will apply any remaining contribution prepayment balances towards employers’ reserve balances at the approaching June 30 end of the fiscal year.

Excess balances occur when employer contribution prepayment amounts exceed actuarially determined required contributions that are included in employer valuations. These excess balances cannot be held for use in the following fiscal year, and, as a result, must be applied to employers’ reserve balances that impact valuations and contribution rates.



Some PSPRS-managed plan employers have taken to prepaying their pension contributions to take advantage of interest that accrues through investment returns.

The payments are typically made at the beginning of each fiscal year and allow employers to forego the routine of making employer contributions each pay period.

PSPRS UPDATES SERVICE AND BANKING FORMS



As part of its anti-fraud efforts, PSPRS updated a variety of forms used by members, retirees, and beneficiaries to require notarization. Stakeholders will also have to submit a copy of their valid driver’s license, passport or travel identification when submitting completed forms to PSPRS.

Employers and stakeholders should not save forms to their desktops or other files and instead use forms directly from the PSPRS website to ensure they are using the most current forms available. Submitting expired versions of forms to PSPRS will result in a delay of services.

“Our commitment is to safeguard the system and our membership by closing every potential vulnerability to fraud,” said PSPRS Director of Member Services Robert Ortega. “These efforts can involve updating our technological platforms as well as something as basic as updating pdfs and paper forms.”

Plan stakeholders can find updated forms at www.psprs.com. The following forms now require notarization, which PSPRS can provide at our office at no cost.

- Address & Name Change form (on Employer, Retiree and Member Forms & Resources pages)
- Direct Deposit form (on Employer, Retiree and Member Forms & Resources pages)
- Direct Deposit form for retired members (on Employer, Retiree and Member Forms & Resources pages)
- Direct Deposit form for refunds (on Employer and Member Forms & Resources pages)
- All refund forms (on Employer and Member Forms & Resources pages)

NEW ‘STARS’ SYSTEM TO HONOR MEMBERS & EMPLOYERS

Until recently, the most significant agency infrastructure investment in the history of PSPRS, has been known simply as the acronym PAS. The bland, nondescriptive title for the pension administration system is replaced with STARS as the consequence of an internal PSPRS contest that resulted in more than 80 proposed titles from staff members.



STARS, standing for Serving Those Active and Retired Serving others, was the winning entry submitted by PSPRS Local Board Relationship Manager Joann Lowey, who plays a key role helping employers prepare for this transition.

“The STARS system will revamp and modernize all of our portals and improve the look, feel and features that our stakeholders will use every day,” said Deputy Administrator Mike Smarik. “STARS is a fitting tribute to not only our members’ service to Arizona but to the employers and support networks that work on behalf of first responders, corrections officers, elected officials and the judiciary.”

Staff submissions to rename the PAS were evaluated by PSPRS management and the submission by Lowey, who has spent almost 30 years working for the state of Arizona with PSPRS, was selected among four top contenders.

COMING SOON: EMPLOYER-LOCAL BOARD MEMBER WORKSHOP



PSPRS Employer Relationship Manager Harold Greene will lead a live-streamed Employer Workshop on June 6, 2024. The goal is to provide employers and local board members with how-to training, system knowledge and an opportunity to ask questions on all aspects of the member data management, pension payment and contribution process. Deferred retirement, cancer insurance and other system benefits and issues will also be covered. The event will be hosted on Zoom and a recording will be made available. More details will be shared soon. [Sign up for PSPRS News &](#)

[Communications](#) to ensure you are notified of this event.

AGENCY EARNS NCPERS ‘CERTIFICATE OF TRANSPARENCY’

For the fourth consecutive year, PSPRS received the Certificate of Transparency from the National Conference of Public Employee Retirement Systems.

The honor is presented to public pensions that participate in NCPERS’ annual Public Retirement Systems Survey that tracks trends in benefits, investments, actuarial assumptions, funding and liability levels, plan expenses and other key pension measurements. Survey results were compiled in NCPERS’ [2024 Public Retirement Systems: Trends in Fiscal, Operation, and Business Practices report](#).



“Our goal is sound pension management and complete transparency in communicating the health of the plans we manage and the state of our operations to stakeholders and the public,” said Administrator Townsend. “Public pensions are a vital component to retirement security and we’re proud to share our plan updates with NCPERS and national audiences.”

PSPRS was among 157 state and local public pension plans to participate in the NCPERS survey. The participating pensions represent more than 13.86 million active and retired members and manage combined assets of more than \$2.3 trillion.

NCPERS, which represents about 500 retirement plans in North America, is the largest trade association for public pensions.