



## Choose Your Tier 3 Public Safety Retirement Benefit Plan...

Now that you’ve been hired by an employer covered by the Public Safety Personnel Retirement System (PSPRS), you have a choice between two retirement plan options:

1. The Tier 3 defined benefit (DB) plan, or
2. The Public Safety Personnel Defined Contribution Retirement Plan

Both plans will bring you closer to achieving a secure retirement, but they are structured in very different ways. Which plan is right for you? Some questions to ask yourself include: How long do I plan to work in public safety? How comfortable am I in managing investments? What is my risk tolerance? What type of benefit will I want when I retire? Here are some considerations to help you decide:

	Defined Benefit Plan	Defined Contribution Plan
<b>This is a...</b>	Traditional retirement pension plan. It is designed for those who plan to work at least 15 years in public safety and who want a guaranteed monthly retirement benefit they can never outlive.	401(a) investment plan. It is designed for employees who want greater control over how their contributions are invested, or do not plan to remain in public safety for 15 years.
<b>Investment choices are made by...</b>	PSPRS investment staff. PSPRS is responsible for investing assets in the plan.	You choose investments from a diversified set of funds and manage your account. The default account setting is target date funds.
<b>Your benefit is based on...</b>	A formula that includes years of service, salary and a multiplier. Your benefit is not based on how well investments perform.	Your account balance. This includes your contributions, your employer’s matching contributions and investment earnings.
<b>When you retire, your benefit can be paid to you as...</b>	Monthly payments for the rest of your life.	Frequent withdrawals, lump sum payment or rollover into another qualified plan. Early withdrawals may be subject to IRS penalties.
<b>You are fully vested after...</b>	Fifteen years of credited service, which is required for a full pension at 55 years of age. Members who leave prior to having 15 years of credited service are entitled to a refund, plus interest.	Ten years of service. Your contributions and earnings on those contributions are immediately vested. Employer contributions vest at a rate of 10% per year. After 10 years, you will be fully vested in your employer’s contributions, plus investment returns.



## Tier 3 Plan Comparison Chart

Defined Benefit (DB) Plan	Defined Contribution (DC) Plan
<p><b>Member Contribution Rates</b>            You split the cost of your retirement benefit with your employer. This rate may vary from year to year and from employer to employer. See “contribution rates” in the PSPRS members site for details. Members who do not pay into Social Security through their employer will also contribute 3% of their salary to a 401(a) defined contribution plan account.</p>	<p><b>Member Contribution Rates</b>            Members contribute 9% of their salary to their 401(a) account and split the cost of funding their disability insurance with their employer. Upon hiring, members can make a one-time decision to reduce their contribution rate to as low as 5% or increase their contribution rate.</p>
<p><b>Disability Benefits</b>            You are entitled to disability benefits should you become disabled during your career.</p>	<p><b>Disability Benefits</b>            Are limited to work-related injuries. You are entitled to the same disability amount (payable monthly) you would receive under the defined benefit plan.</p>
<p><b>Line of Duty Death</b>            Survivor benefits are paid to eligible spouse and/or eligible children. Contribution balances paid to beneficiaries on file if members do not have eligible spouse or children.</p>	<p><b>Line of Duty Death</b>            Survivor benefits paid to eligible spouse and/or eligible children. Benefits are actuarially offset by balance of member DC account. Absent eligible spouse or children, beneficiaries receive balance of the DC account.</p>
<p><b>Pre-Retirement Survivor Benefits</b>            Survivor benefits paid to eligible spouses or eligible children. Contribution balances paid to beneficiaries on file if members do not have an eligible spouse or children.</p>	<p><b>Pre-Retirement Survivor Benefits</b>            Survivor benefits are limited to line of duty deaths. Benefits for DC-only members and survivors are offset by the balance of member DC account</p>
<p><b>Investment Choices</b>            Investment decisions are handled by investment professionals. You do not determine how investments are managed, and your pension does not rely on investment performance.</p>	<p><b>Investment Choices</b>            The amount you receive at retirement is dependent on how well the investments you selected have performed.</p>
<p><b>Cost of Living Adjustments (COLA)</b>            Retirees receive cost of living adjustments – capped at 2% a year – after being retired for seven years or reaching the age of 60 (whichever comes first). Cost of living adjustments are also dependent upon the Tier 3 plan having a funded status of at least 70%.</p>	<p><b>Cost of Living Adjustments (COLA)</b>            Not applicable.</p>

*This brochure is a summary of some of the retirement options available to Tier 3 PSPRS employees. Further details can be found on the PSPRS website ([www.psprs.com](http://www.psprs.com)) or in Arizona Revised Statutes Title 38, Chapter 5. In case of a conflict between the information in this brochure and the statutes, provisions of the statutes will control.*

### Still Have Questions?

If you need help determining which plan is best for you, PSPRS has contracted with Public Safety Financial/Galloway to provide benefit education services. You can contact an advisor Monday through Friday between 8 a.m. – 5 p.m. by calling (480) 325-8668 or toll free (877) 778-2351. PSPRS does not endorse fee-based asset management services.