



Public Safety Personnel Retirement System (PSPRS)

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PSPRS

Supporting Arizona's Public Safety Personnel

- Arizona Revised Statute - section 38-841, established PSPRS in 1968 to provide a unified and equitable **retirement program for the state's firefighters and police officers**

- Arizona Revised Statute - section 38-848, **established a nine-member Board of Trustees**, which is entrusted with the fiduciary responsibility to serve its members and best protect the financial health of PSPRS, CORP (Corrections Officer Retirement Plan), and EORP (Elected Officials' Retirement Plan)

- PRSPS is made up of 3 tiers:
 - - Tier 1: Any sworn employee hired on or before June 30, 2012
 - - Tier 2: Any sworn employee hired between July 1, 2012 to June 30, 2017
 - - Tier 3: Any sworn employee hired on or after July 1, 2017

Pension Funding Policy

As per state requirement (*ARS 38-863.01*), beginning on or before each fiscal year, the governing body of an employer shall:

- Adopt a pension funding policy for the public safety personnel retirement system for employees who were hired before July 1, 2017
- Formally accept the employer's share of the assets and liabilities under the system based on the system's actuarial valuation report

Pension Policy Required Objectives:

PSPRS Supporting Arizona's Public Safety Personnel

The pension funding policy includes funding objectives that address at least the following:

- **Maintain stability of contributions**
- **Meet minimum funding requirements**
- **Funding ratio target and timeline**



City Funding Strategies

Stabilized Investment

Forecasted at approximately **\$107M-\$109M** in the future for annual contributions

- additional contributions for public safety benchmark

Pension Stabilization Fund

-\$20M in FY 25/26

Increased Range Boundaries

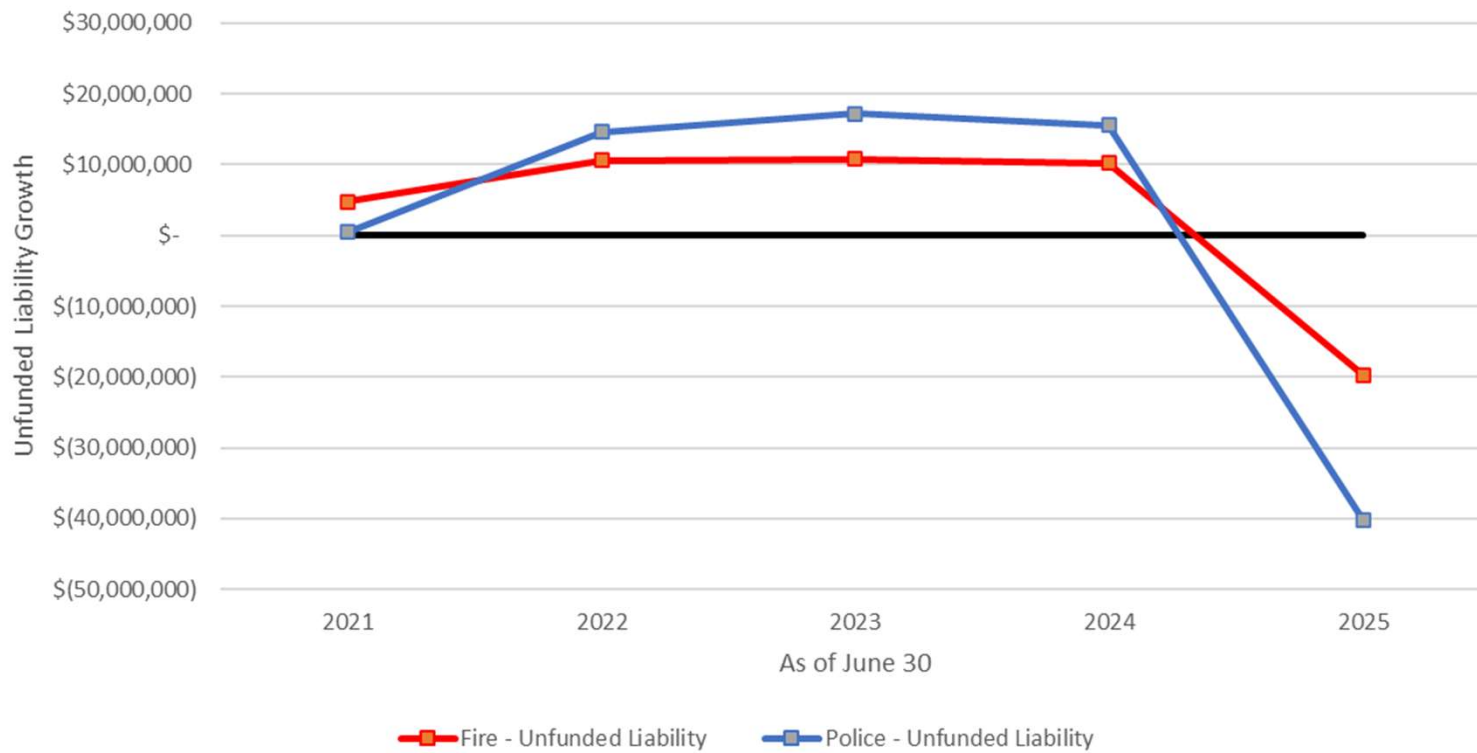
Current Status Tier 1 and 2 (Pension + Health)



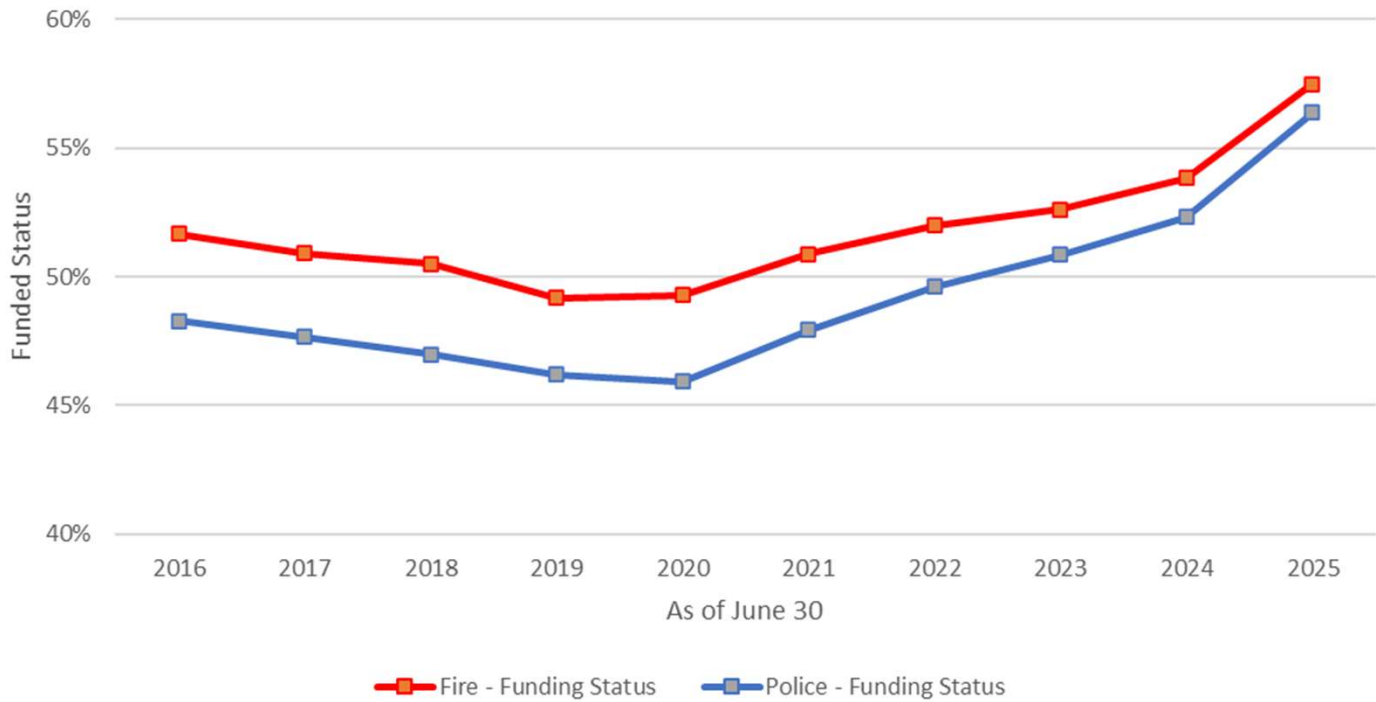
Plan (As of June 30, 2024)	Assets	Liability	Unfunded Liability	Funded Status
Fire and Medical	\$ 313	\$ 582	\$ 268	53.8%
Police	\$ 568	\$ 1,086	\$ 518	52.3%
Total	\$ 881	\$ 1,668	\$ 786	
Plan (As of June 30, 2025)	Assets	Liability	Unfunded Liability	Funded Status
Fire and Medical	\$ 336	\$ 585	\$ 249	57.5%
Police	\$ 617	\$ 1,095	\$ 478	56.4%
Total	\$ 953	\$ 1,680	\$ 727	

Dollars in Millions

5-Year Net Increase/Decrease of Tier 1 & 2 Unfunded Liability



Continued improvement in the City's funded status of Tier 1 & 2 Pension Plans



Mesa's Outlook

Continue to monitor market conditions and liability growth.

- Model includes forecasted investment losses

Account for state and federal impacts:

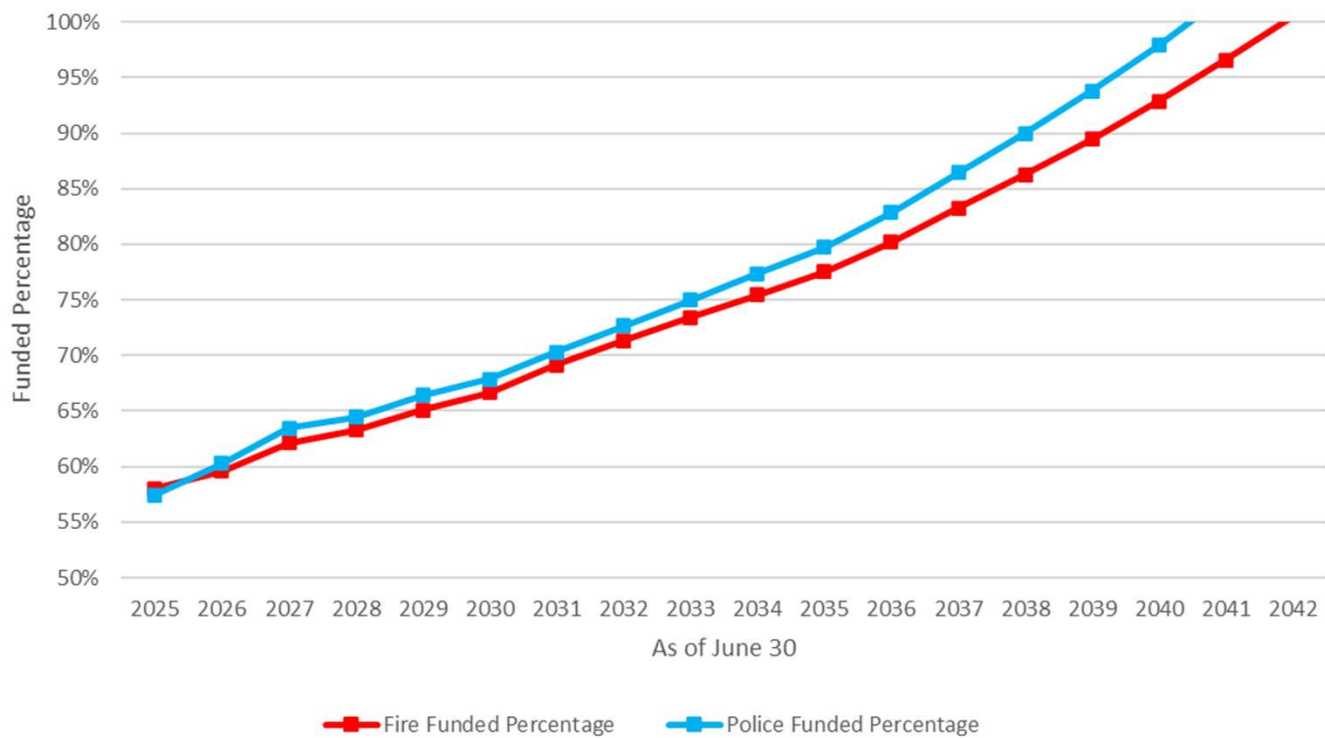
- PSPRS considering an experience study in FY 2026/27
- Reduction of wage growth to 0%
 - Already implemented in Mesa
- Reduction of the discount rate from 7.2% to 7% (2028-2031) for Tiers 1 and 2

Account for salary, overtime, and FTE growth

Monitor Tier 3 population and salary growth



PSPRS Funded Status



Next Steps

Council to take action on adopting
the PSPRS funding policy on:

June 1, 2026



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