

TOWN *Of* **PARADISE VALLEY**



STAFF REPORT

TO: Mayor Bien-Willner and Town Council Members

FROM: Jill Keimach, Town Manager
Lindsey Duncan, Chief Financial Officer

DATE: June 9, 2022

DEPARTMENT: Finance and Budget
Lindsey Duncan, 480.348.3696

AGENDA TITLE:

Approve Resolution 2022-15 adopting the Annual Public Safety Personnel Retirement System (PSPRS) Pension Funding Policy for fiscal year 2023

SUMMARY STATEMENT:

Town Council will consider a request to adopt Resolution 2022-15 setting forth the FY2023 Pension Funding Policy in accordance with state statutes.

BACKGROUND:

During the 2018 legislative session, HB2097 was adopted, requiring participants in the Arizona Public Safety Personnel Retirement System (PSPRS) to formally adopt a pension funding policy. The governing body must re-adopt the policy annually, accept the employer's share of the system's assets and liabilities, and post the policy on its website.

The Pension Funding Policy for FY2023 updates the plan's assets, liabilities, and funded status percentages recently provided by the PSPRS' actuarial firm for the fiscal year ended June 30, 2021. The Policy also identifies the Town's annual required contribution (ARC) for the upcoming fiscal year.

The Town's sworn Police personnel are members in one of three different Tiers of the pension plan based on date of hire. Benefits and costs vary by Tier. Members hired prior to July 1, 2017, are members of PSPRS Tier 1 or Tier 2. Those hired on or after July 1, 2017, are members of PSPRS Tier 3. As of June 30, 2021, there were 78 members in Tiers 1 and 2 and two members in Tier 3. These include active, inactive, and retired members as well as other beneficiaries.

The actuarial valuation is determined for Tiers 1 and 2 jointly and separately for Tier 3. Plan information in this Pension Funding Policy is presented only for Tiers 1 and 2. The Tier 3 personnel are members of a shared pension plan that is comprised of multiple employers and reported at the state level.

The Tiers 1 and 2 combined funded status increased from 85.6% to 91.7% as of June 30, 2021. The required employer contribution for FY2023 is \$776,273, a 21% decrease from 935,639 in FY2022.

The Town Council adopted Resolution 2016-19 declaring the expedient resolution of the PSPRS unfunded liability as a priority. The Town has achieved a funded ratio exceeding 90% and Council intends to maintain a funded ratio of no less than 90% and not to exceed 110%.

BUDGETARY IMPACT:

There is no budgetary impact associated with this action. The Town's required contributions to PSPRS are included in the FY2023 budget.

RECOMMENDATION:

Adopt Resolution 2022-15 setting forth the FY2023 Pension Funding Policy.

ATTACHMENT(S):

- A. Staff report
- B. Resolution 2022-15