



# Arizona State Retirement System

ASBA – AASBO – ASA

Legislative Workshop

December 9, 2009



# Topics

- Legislative Initiatives
- Retirees Returning to Work
- Contribution Rates
- Funded Status



## ASRS Legislative Initiatives

- Long Term Disability Income Plan
  - Permits a person appealing an agency decision to the Board to have the appeal heard in Executive Session
- Technical and Conforming Changes
  - Military differential wage payments (HEART Act)



# ASRS Legislative Initiatives

- DB Plan Design
  - Modify AMS from 36 to 60 months
  - Modify Rule of 80 to Rule of 85
  - Cap ER Refunds at 25%



# ASRS Legislative Initiatives

- Retirees Returning to Work (RTW)
  - Beginning July 1, 2011, require ERs to pay Alternate Contribution Rate (ACR)
    - for a retiree who RTW and fills a position ordinarily filled by an employee of the ER.
    - the ACR remains in effect throughout the retiree's post-retirement employment.
    - the ACR is calculated to pay down the DB plan deficit but be no less than 2%.



# Contribution Rate

(Paid by Employer and Employee)

	7-1-09	7-1-10
DB Plan	9.00%	9.60%
LTD Plan	0.40%	0.25%
TOTAL	9.40%	9.85%

**ASRS Defined Benefit Plan  
1996 – 2009**

Fiscal Year End June 30	Market Return	Market Value of Assets (in millions)	Excess Actuarial Return	Actuarial Funded Status	Contribution Rate*		EE & ER Contributions (in millions)	Benefit Payments (in millions)	# of New Retirees by Year	Avg. Monthly Benefit**
					Actual	Normal Cost				
1996	16.7%	\$13,917.6	8.7%	113.2%	3.36%	5.44%	\$299.7	\$536.5	3,845	\$ 920
1997	20.6%	\$16,397.9	12.6%	117.1%	3.20%	5.20%	\$309.4	\$580.9	3,578	\$ 945
1998	21.3%	\$19,390.0	13.3%	120.7%	3.05%	5.21%	\$321.3	\$628.6	3,353	\$ 982
1999	16.8%	\$21,836.4	8.8%	116.6%	2.85%	5.24%	\$348.0	\$678.9	4,380	\$1,024
2000	10.0%	\$23,187.6	2.0%	120.4%	2.17%	5.24%	\$283.8	\$788.6	4,822	\$1,125
2001	(6.7%)	\$21,872.9	(14.7%)	115.1%	2.17%	5.48%	\$367.2	\$920.4	4,224	\$1,211
2002	(8.2%)	\$18,594.9	(16.2%)	106.4%	2.00%	5.36%	\$321.8	\$1,029.1	3,954	\$1,371
2003	2.4%	\$18,116.8	(5.6%)	98.4%	2.00%	5.88%	\$375.5	\$1,162.8	5,955	\$1,401
2004	17.5%	\$20,749.6	9.5%	92.5%	5.20%	5.95%	\$866.0	\$1,326.4	6,430	\$1,487
2005	8.5%	\$21,901.0	0.5%	86.1%	5.20%	6.52%	\$946.7	\$1,510.7	7,005	\$1,508
2006	9.8%	\$23,641.1	1.8%	84.3%	6.90%	6.51%	\$1,265.2	\$1,652.6	7,143	\$1,566
2007	17.8%	\$27,639.0	9.8%	83.2%	8.60%	6.58%	\$1,631.2	\$1,784.0	7,393	\$1,584
2008	(7.5%)	\$25,296.1	(15.6%)	82.8%	9.10%	6.71%	\$1,805.7	\$1,931.1	7,784	\$1,596
2009	(18.1%)	\$20,403.5	(26.1%)	79.3%	8.95%	6.46%	\$1,667.0	\$2,012.0	6,615	\$1,613
2010					9.00%					

\* The actual contribution rate is what each active member contributes during a fiscal year. The normal cost rate is what the contribution rate would be if there was no surplus or deficit to amortize.

\*\* Over the 13-year period, average monthly benefits have increased 75%.



# Questions?