PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM PENSION FUNDING POLICY

June 10, 2025

BACKGROUND

- Arizona Revised Statute §38-863.01 requires:
  - Each Governing Body shall annually adopt a pension funding policy for employees hired prior to July 1, 2017.
  - The funding policy shall include (1) how to maintain the stability of contributions, (2) how and when the funding requirements will be met, and (3) define the funded target ratio.
  - The Governing body shall formally accept the employer's share of assets and liabilities, based on the actuarial report.

JUNE 2024 ACTUARIAL VALUATION

Trust fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
Tolleson Police	$20,771,302	$21,312,340	$541,038	97.5%
Tolleson Fire	$23,659,437	$25,770,453	$2,111,016	91.8%
City Totals	$44,430,739	$47,082,793	$2,652,054	94.4%

POLICE 6-YEAR FUNDED STATUS

Police	Unfunded Actuarial Accrued Liability	Funded Ratio
2024	$541,038	97.5%
2023	$1,702,202	91.5%
2022	$2,381,479	87.1%
2021	$2,471,911	85.5%
2020	$2,891,918	82.1%
2019	$2,889,685	80.2%

FIRE 6-YEAR FUNDED STATUS

Fire	Unfunded Actuarial Accrued Liability	Funded Ratio
2024	$2,111,016	91.8%
2023	$3,274,919	86.5%
2022	$2,795,630	87.1%
2021	$3,324,981	83.9%
2020	$2,768,440	85.8%
2019	$2,582,375	85.8%

KEY TAKEAWAYS

- Required annual payments are made from operating funds.
- The target date is to be 100% funded by 2036.
- The City has paid an additional $2.0M payment in FY 24/25 and budgeted an additional $2.0M in FY 25/26 that are not reflected in the 2024 actuarial report.
- The Unfunded Liability has decreased by $2.8M over the past 6 years.
- The funded ratio has improved from 80.2% in Police and 85.8% in Fire to 97.5% and 91.8% funded, respectively.
- The Resolution and funding policy satisfy the requirements of Arizona Revised Statute §38-863.01

RECOMMENDATION

- Staff recommends Council adopt the Resolution approving the PSPRS funding policy.