

PROPOSITION 103: PENSION REFORM

Ad Hoc Committee Members



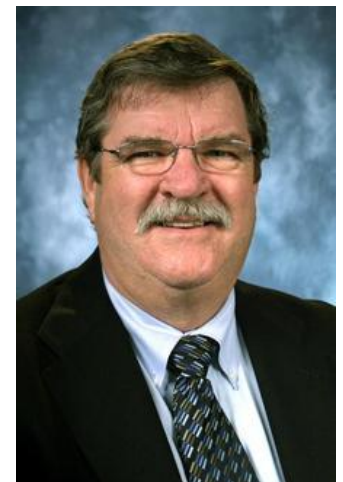
Councilman Daniel Valenzuela, Co-Chair



Councilwoman Thelda Williams, Co-Chair



Sue Glawe



Rick DeGraw



Dave Howell



Suzanne Pfister



Pete Gorraiz

City Of Phoenix Emloyees' Retirement System



7,731 Active Members

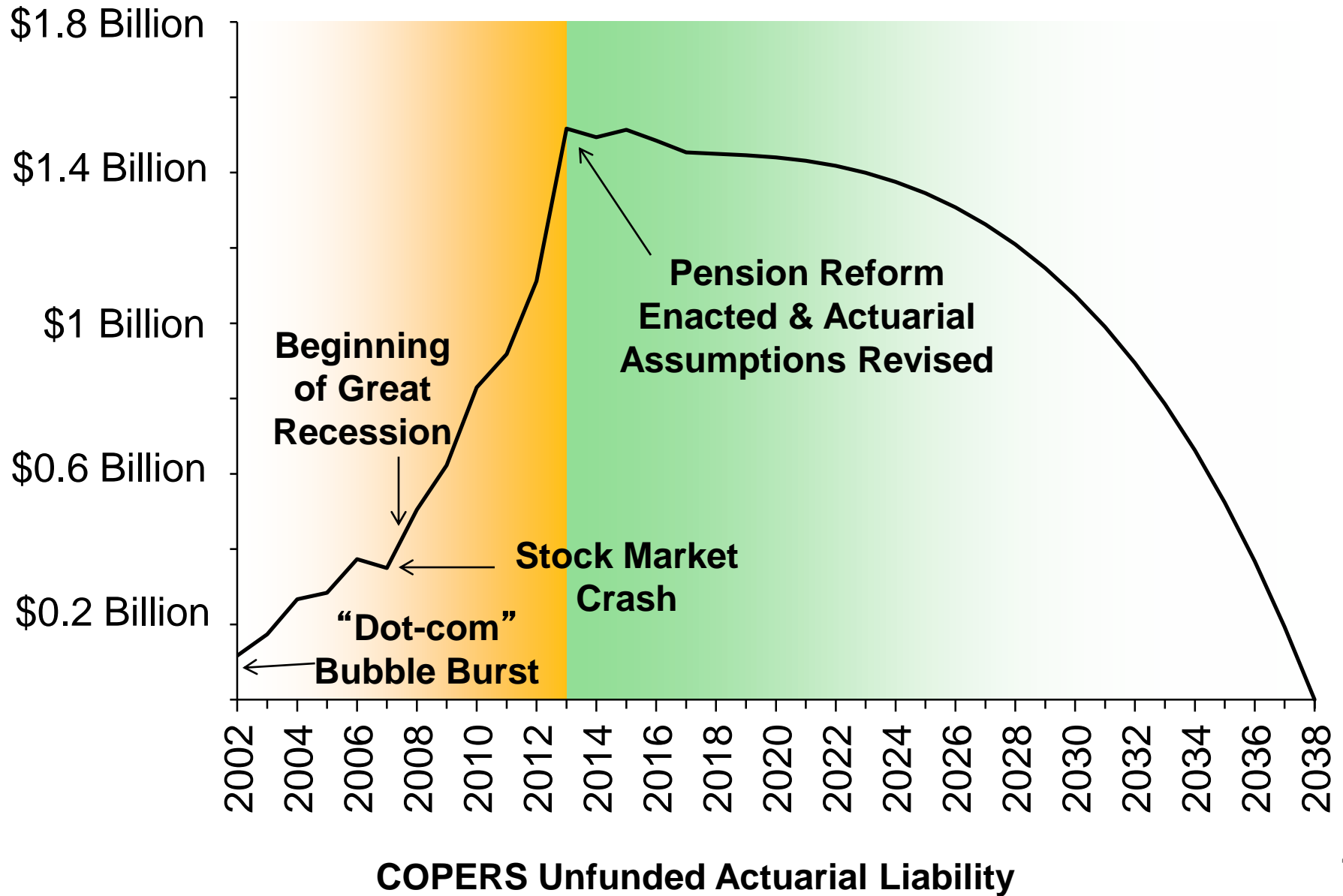


6,290 Retired Members

\$30,109 Avg. Annual Benefit

All numbers based on June 30, 2014 Valuations.

COPERS Unfunded Liability on Track to \$0



Tier 1 vs. Tier 2

Hired before 7/1/2013



Hired after 7/1/2013



5% Contribution Rate

15.51% Contribution Rate

Annual Salary: \$34,673

Annual Net: \$21,874

Annual Net: \$19,121

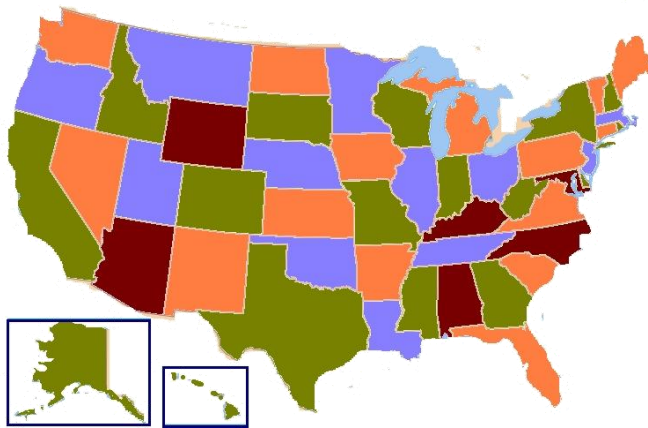
Framework for Reform



Helps Recruit and Retain



Saves Money



Implements Best Practices



Avoids Litigation



Tier 1

- Retirement benefits unchanged
- 5% employee contribution rate



Tier 2

- Retirement benefits unchanged
- 11% ceiling on employee contribution rate



Tier 3

- Retirement benefits **change**
- 11% ceiling on employee contribution rate

← 3.75% Maximum Interest Credit for All Tiers →

Proposed Stacked Hybrid Plan



\$125,000 salary
(indexed to inflation)

Tier 3

- \$125,000 cap on compensation for pension
- Self-funded COLA
- Reduce max multiplier from 2.3% to 2.1%
- Eliminate Sick Leave Credit
- Change to 5-year FAS
- No “grandfathering” of new hires from ASRS

\$303.7 million

All Tiers

- 3.75% max interest credit

11% ceiling on Tier 2 and Tier 3

-\$261.7 million

2% contribution to DC above the cap

-\$3.2 million

TOTAL SAVINGS to CITY **\$38.8 million**

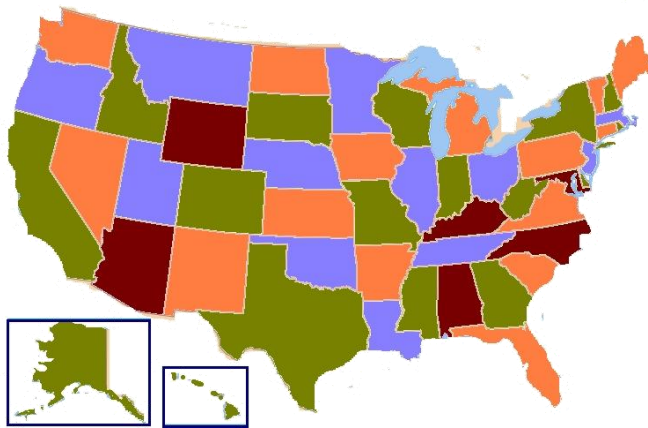
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Tier 1 vs Tier 2 vs Tier 3 Multiplier

Pension Formula is:

(FAS) x (Credited Service) x Benefit Multiplier

Years of Service	Tier 1	Tier 2	Tier 3
Less than 10 years	2% per year	2.1% all years	1.85% all years
10-19 years			1.9% all years
20 – 25 years		2.15% all years	2.0% all years
25 – 30 years		2.2% all years	
30 years – 32.5 years		1% per year	2.3% all years
32.5 – 35.5 years			
Over 35.5 years	0.5% per year		