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# MEMORANDUM

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Date: May 21, 2018

To: The Honorable Chairman and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator 

Re: **Elected Officials' Retirement Plan**

The Arizona Legislature enacted and the Governor has signed a significant increase in the employer's contribution rate to the Elected Officials' Retirement Plan (EORP). The fund was substantially underfunded based on previous reform litigation that was reversed by the Courts.

I indicated on Page 6 of my April 27, 2018, Recommended Fiscal Year 2018/19 Budget memorandum, that this was an unresolved issue, but if enacted, the increase would impact the General Fund by a negative \$2.6 million.

The legislation has passed and been signed into law by the Arizona Governor; hence, the County will experience another \$2.6 million adverse impact to the General Fund. The contribution rate for the EORP will now be 61.5 percent of salary. This contribution is second behind the highest Public Safety contribution rate of 67.12 percent, compared to the regular County employee contribution requirement to the Arizona State Retirement System of 11.80 percent.

CHH/anc

#### Attachments

c: Tom Burke, Deputy County Administrator for Administration  
Keith Dommer, Director, Finance and Risk Management  
Robert Johnson, Deputy Director, Finance and Risk Management

**Arizona State Retirement System/ Public Safety Personnel Retirement System/Elected Official Retirement System  
Contribution Rates after Hall and Parker Court Decisions  
FY 2017/18 versus FY 2018/19**

	Employer			Employee		
	FY 2017/18 Employer	FY 2018/19 Employer	Increase/ Decrease	FY 2017/18 Employee	FY 2018/19 Employee	Increase/ Decrease
Arizona State Retirement	11.50%	11.80%	0.30%	11.50%	11.80%	0.30%
Public Safety - Sheriff - Hired Prior to 7/20/2011	67.16%	67.12%	-0.04%	4.00% <sup>1</sup>	4.00%	0.00%
Public Safety - Sheriff - Hired Prior to 1/1/2015	67.16%	67.12%	-0.04%	8.00%	8.00%	0.00%
Public Safety - Sheriff - Hired On or After 1/1/2015	63.51%	63.47%	-0.04%	11.65%	11.65%	0.00%
Public Safety - Sheriff - Hired On or After 7/1/2017	53.49% <sup>4</sup>	59.33% <sup>5</sup>	5.84%	7.31% <sup>4</sup>	10.07% <sup>5</sup>	2.76%
Corrections Officers	25.13%	32.09%	6.96%	8.41%	8.41%	0.00%
Admin Office of Courts - Probation Officers	23.34%	32.98%	9.64%	8.41%	8.41%	0.00%
County Attorney Investigators - Hired Prior to 7/20/2011	89.94%	92.36%	2.42%	4.00% <sup>2</sup>	4.00%	0.00%
County Attorney Investigators - Hired Prior to 1/1/2015	89.94%	92.36%	2.42%	8.00%	8.00%	0.00%
County Attorney Investigators - Hired On or After 1/1/2015	86.29%	88.71%	2.42%	11.65%	11.65%	0.00%
County Attorney Investigators - Hired On or After 1/1/2017	77.79% <sup>4</sup>	84.87% <sup>5</sup>	7.08%	7.31% <sup>4</sup>	9.94% <sup>5</sup>	2.63%
Elected Officials - Hired Prior to July 20, 2011	23.50%	61.50%	38.00%	7.00% <sup>3</sup>	7.00%	0.00%
Elected Officials - Hired On or After July 20, 2011	23.50%	61.50%	38.00%	13.00%	13.00% <sup>6</sup>	0.00%

1 - Change in employee rate from 11.65 percent to 7.65 percent effective first whole pay period after April 1, 2017 adjusted for 3.65 percent excess County contribution. Change required as the result of Parker vs. PSPRS decision. FY 2016/17 and FY 2017/18 employee rates were 8.00 percent prior to decision.

2 - Change in employee rate from 11.65 percent to 7.65 percent effective first whole pay period after April 1, 2017 adjusted for 3.65 percent excess County contribution. Change required as the result of Parker vs. PSPRS decision. FY 2016/17 and FY 2017/18 employee rates were 8.00 percent prior to decision.

3 - Change in employee rate from 13.00 percent to 7.00 percent effective first whole pay period after April 1, 2017. Change required as the result of Hall vs EORP decision. FY 2016/17 and FY 2017/18 employee rates were 13.00 percent prior to decision.

4 - Amount contained in June 30, 2016 Actuarial Report, not June 30, 2017 Actuarial Report

5 - Assume Tier 3 Members are under Defined Benefit (DB) Plan. Defined Contribution (DC) employer rate is 59.77 percent for Public Safety - Sheriff and 85.44 percent for County Attorney Investigators.

6 - June 30, 2017 Elected Officials Actuarial Report not yet available; assume FY 2017/18 rate



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# EORP contribution rate increase signed into law

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May 15, 2018

May 15, 2018  
FOR IMMEDIATE RELEASE  
Contact: Christian Palmer  
Phone: 602-296-3736

## **EORP contributory rate increase signed into law** ***Actuarially determined rate of 61.5 percent starts in July***

Employer contribution rates for the Elected Officials' Retirement Plan will rise substantially due to legislation signed this afternoon by Governor Doug Ducey.

Now law, *Senate Bill 1478*, effectively returns the calculation of the employer contribution rate to an annual, actuarially determined basis. Effective July 1, 2018, that new rate will be 61.5 percent and is to be applied to all elected official payrolls, regardless of what retirement system or plan they may be in. This replaces the former static employer contribution rate of 23.5 percent that actuaries warned was insufficient to sustain the Elected Officials' Retirement Plan.

The elected officials' pension plan, which also covers members of the judiciary, was closed to new members on January 1, 2014. Those hired since then become members of the Elected Officials Defined Contribution Retirement Plan or the Arizona State Retirement System.

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