

# STATE RETIREMENT SYSTEM AT A GLANCE

Overview of the key elements in the retirement system's design, its financial health, and the share of teachers, municipal employees, and state workers receiving pension benefits.

As of June 30, 2020

## Features of the Retirement System

What retirement savings options are available?	Guaranteed Income Plan
How long does an ASRS member have to work before they are eligible for retirement benefits?	Immediate
Does an ASRS member's service transfer with them to a new plan if they move to another state?	No
Are ASRS members enrolled in social security?	Yes
How long before the value of a teacher, municipal employee, or state worker's pension is worth more than just what they have paid into the plan? <sup>1</sup>	28 years
What percentage of teachers, municipal employees, and state workers remain in the plan long enough for benefits to be worth more than they put in?	12%
What percentage of new teachers, municipal employees, and state workers will receive a full pension? <sup>2</sup>	5%
What percentage of teachers, municipal employees, and state workers will receive no pension benefit? <sup>3</sup>	0%

## Breakdown of Pension Contributions in Fiscal 2021<sup>4</sup>

Pension fund costs, as shown below, are typically determined as a percentage of the total salary paid to workers in the retirement system.

Employees' contributions into the fund	12.0%
+ Employer contributions for pension benefits earned this year	2.7%
<b>= Total amount required for pension benefits earned this year</b>	<b>14.7%</b>
+ Employer contributions remaining for paying down pension debt	9.4%

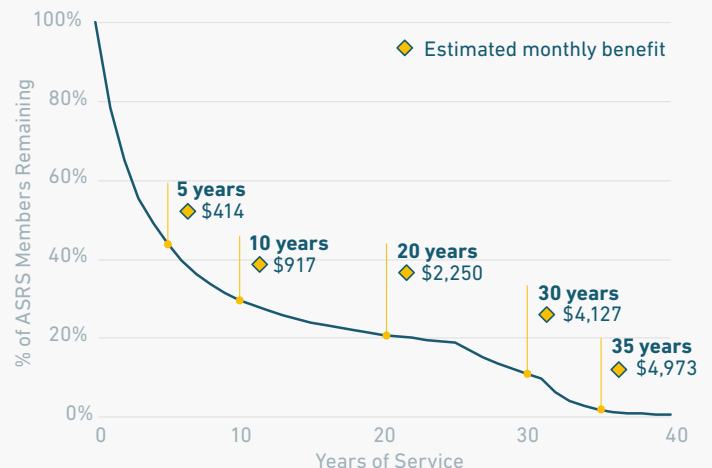
## Financial Status for Arizona State Retirement System<sup>5</sup>

Promised pension benefits	\$56.5B
− Assets for paying promised benefits	\$39.2B
<b>= Shortfall in assets that should already be saved and invested to pay future benefits</b>	<b>\$17.3B</b>
Number of years until the asset shortfall is paid off (estimated by ASRS)	27

## ASRS Member Retention and Estimated Benefits

**Almost 60% of new teachers, municipal employees, and state workers will not vest in ASRS and less than 2% are expected to work a full career**

The majority of new ASRS members will not receive any benefits. Those who vest need to work 20 years to receive approximately \$2,250 per month in retirement income.





## ARIZONA

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### Source of Information

All pension finance data and benefit information is drawn from retirement system actuarial valuation reports.

Because of variance in how states report their data, the contribution rates shown may be the determined rate for the following fiscal year or two years in advance. Employer contribution rate shown reflects any non-member contributions, i.e. combined state and/or school district or school specific contributions. Breakeven points and teacher retention rates were created by Bellwether Education Partners and published in EducationNext.

### Teacher Retention and Benefit Figure – Notes

Source: Equable analysis of average salaries, service, and benefits using June 2020 actuarial valuation report.

- Arizona teacher retention rates are projected as part of ASRS's annual actuarial valuation report. Percentages reported assume a 25-year-old female teacher.
- Estimated benefits are based on figures reported in the June 2020 actuarial valuation report (distribution of active members by age and years of service table).
- Benefit estimates are calculated using average salary for service cohorts assumed as the final average salary. The variable multiplier is multiplied by the years of service, multiplied by average salary figures for each cohort, and then divided by 12 to calculate the estimated benefit.

### Notes

- 1 Based on a typical, 25-year-old female entrant, assuming today's contributions and discount rate
- 2 Based on teacher retention assumptions provided by the retirement system. This percentage assumes a 25-year-old, new, female teacher and reports the share that will reach the plan's normal retirement age.
- 3 Based on teacher retention assumptions provided by the retirement system. This percentage assumes a 25-year-old, new, female teacher and reports the share that will not reach the vesting point. Note that ASRS members are technically "vested" upon their enrollment into the retirement system. However, benefits and refundable contributions available to members will vary depending on a member's years of service.
- 4 ASRS members and employers split the costs of funding the retirement system (and its debt) equally. However, we report rates assuming that member contributions are applied first to normal cost. Employer contributions are responsible for any remaining normal cost after subtracting member contributions. Any remaining employer contributions are paid toward pension debt.
- 5 Data for this section were found in the 2020 Comprehensive Annual Financial Report. Amortization period was reported in the 2020 valuation report.

### For More Information

**Anthony Randazzo**  
Executive Director  
anthony@equable.org

**Jon Moody, PhD**  
Vice President, Research  
jon@equable.org