



# Choose Your Plan...

Now that you’ve been hired by an employer covered by the Public Safety Personnel Retirement System (PSPRS), you have a choice between two retirement plan options:

- 1) The Tier 3 Defined Benefit (DB) Plan, or
- 2) The Tier 3 Defined Contribution (DC) Plan.

Both plans will bring you closer to achieving a secure retirement, but they are structured in very different ways. Which plan is right for you? Some questions to ask yourself include: How long do I plan to work in public safety? How comfortable am I in managing investments? What is my risk tolerance? What type of benefit will I want when I retire? Here are some considerations to help you decide:

	Defined Benefit Plan	Defined Contribution Plan
<b>This is a...</b>	Traditional retirement pension plan. It is designed for those who plan to work at least 15 years in public safety and who want a guaranteed monthly retirement benefit they can never outlive.	401(k)-type investment plan. It is designed for employees who want greater control over how their contributions are invested, or do not plan to remain in public safety for 15 years.
<b>Investment choices are made by...</b>	PSPRS investment staff. PSPRS is responsible for investing assets in the plan.	You. You are responsible for choosing investments from a diversified set of funds, and for managing your account.
<b>Your benefit is based on...</b>	A formula that includes years of service, salary, and a multiplier. Your benefit is not based on how well investments perform.	Your account balance. Your account balance includes your contributions, a portion of your employer’s contributions (if you work more than 1 year), and investments earnings.
<b>When you retire, your benefit can be paid to you as...</b>	Monthly payments for the rest of your life. You will have the option to provide continuing payments to your qualified beneficiary after you die.	A lump sum, a rollover, an annuity, a customized payment schedule, or a combination of these.
<b>You are fully vested after...</b>	15 years of service. Once you complete at least 15 years of service, you qualify for a benefit which is payable when you turn 55. If you leave PSPRS employment sooner, you are entitled to your contributions plus interest.	10 years of service. Your contributions and earnings on those contributions are immediately vested. Employer contributions vest at a rate of 10% per year. After 10 years, you are entitled to your contributions, matching employer contributions, and investment earnings.



## Tier 3 Plan Comparison Chart

Defined Benefit (DB) Plan	Defined Contribution (DC) Plan
<p><b>Member Contribution Rates</b> Your contribution rate will equal 50% of the cost of your benefit, so may vary from year to year and varies from employer to employer. In fiscal year 2017-18, the member contribution rate is 9.94% of pensionable wages for most employers. The highest rate is 10.84% and the lowest rate is 9.29%. If you do not pay into Social Security you will also contribute 3% to a supplementary defined contribution plan.</p>	<p><b>Member Contribution Rates</b> Your contribution rate will equal 9% (which is added to your DC Plan account) plus 50% of the cost of funding the DC Plan Disability Program. In fiscal year 2017-18, that cost is 1.17% of pensionable wages, so your total contribution is equal to 10.17%. When you select your plan, you may also elect to pay more than 9%, but that election is irrevocable and will continue throughout your public safety career.</p>
<p><b>Disability Benefits</b> You are entitled to disability benefits should you become disabled during your career.</p>	<p><b>Disability Benefits</b> You are entitled to the same disability amount you would receive under the defined benefit plan.</p>
<p><b>Survivor Benefits</b> Upon retirement, your surviving spouse will be entitled to 80% of what you were receiving, which becomes payable for your spouse's lifetime after your death.</p>	<p><b>Survivor Benefits</b> You can pass on the balance of your vested account to your spouse, significant other or anyone else you designate after your death.</p>
<p><b>Investment Choices</b> Investment decisions are handled by investment professionals. You do not determine how investments are managed, and your pension does not rely on investment performance.</p>	<p><b>Investment Choices</b> The amount you receive at retirement is dependent on how well investments perform. You will determine how your contributions are invested by selecting from about two dozen available funds, including equity funds, bond funds, and target date funds.</p>
<p><b>Cost of Living Increases</b> After you have been retired for 7 years or turn age 60 (whichever occurs first), you will be entitled to a cost of living increase in your pension each year, as long as the plan remains more than 70% funded.</p>	<p><b>Cost of Living Increases</b> You would only be entitled to a cost of living increase if you purchase an annuity that offers it.</p>

This brochure is a summary of some of the retirement options available to new Tier 3 PSPRS employees hired in fiscal year 2017-18. Further details can be found on the PSPRS website ([www.psprs.com](http://www.psprs.com)) or in Arizona Revised Statutes Title 38, Chapter 5. In case of a conflict between the information in this brochure and the statutes, provisions of the statutes will control.

### Still Have Questions?

If you need help determining which plan is best for you, PSPRS has contracted with Public Safety Financial/Galloway to provide experienced, unbiased financial help at no cost to you. You can contact an advisor Monday through Friday between 8AM – 5PM by calling (480) 325-8668 or toll free (877) 778-2351.