



# CITY OF PHOENIX EMPLOYEES' RETIREMENT SYSTEM



## Popular Annual Financial Report

A Component Unit of the  
City of Phoenix, Arizona

**FISCAL YEARS ENDING**  
JUNE 30, 2024 AND 2023

*Building the Phoenix  
of Tomorrow*



A Component Unit of the  
City of Phoenix, Arizona



City of Phoenix  
Employees' Retirement System  
200 W. Washington St, 10th Floor  
Phoenix, AZ 85003

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**COPERS Board**



**Aaron Avila**  
**Chairperson**



**Tammy Ryan**  
**Vice Chairperson**



**Inger Erickson**  
**Board Member**



**Joe Jatzkewitz**  
**Board Member**



**David Mathews**  
**Board Member**



**Kathleen Gitkin**  
**Board Member**



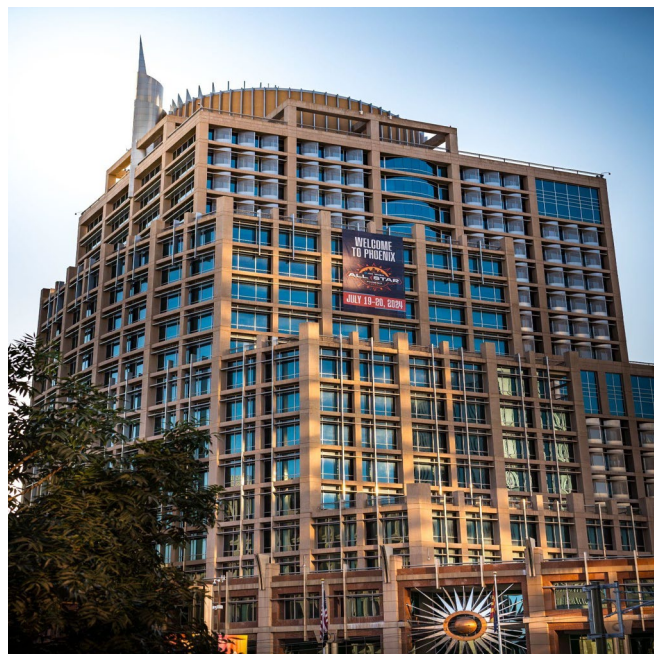
**Brett Hutchison**  
**Board Member**



**Stephen Vital**  
**Board Member**



**Alan Maguire**  
**Board Member**



## MESSAGE FROM THE ADMINISTRATOR

Dear Reader:

I am pleased to present the 2024 Popular Annual Financial Report (PAFR) for the City of Phoenix Employees' Retirement System (COPERS) for the fiscal year ended June 30, 2024. The information presented here is a summary of the more detailed 2024 COPERS Annual Comprehensive Financial Report ([ACFR](#)) which is prepared and presented in conformity with Generally Accepted Accounting Principles (GAAP). The PAFR is not intended to replace the ACFR but to summarize the financial health and the investment performance of COPERS throughout the fiscal year. I encourage you to review the ACFR in its entirety online at [phoenix.gov/copers](http://phoenix.gov/copers).

The COPERS Plan is governed by the City of Phoenix Employees' Retirement Law of 1953 (Chapter XXIV of the City of Phoenix Charter). This law has been revised over the years, with the latest amendment approved by the City voters on August 25, 2015. COPERS was created to provide retirement, survivor, and disability benefits to City of Phoenix general employees. COPERS is a qualified retirement plan under the Internal Revenue Code. The City of Phoenix Employees' Retirement Board (the Board) is the trustee of the Plan.

The net asset value of COPERS as of June 30, 2024, was \$3.494 billion. On a fair value basis, the investment rate of return for this fiscal year was 7.3 percent compared to 5.4 percent in fiscal year 2023.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to COPERS for its annual comprehensive financial report for the fiscal year ended June 30, 2023. In order to be awarded a Certificate of Achievement, an organization must conform to the highest standards of fiduciary reporting and full disclosure. This is the 38th year COPERS has received this award.

The Plan also received the Public Pension Standards Award for Funding and Administration. This award was presented by the Public Pension Coordinating Council, a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems and the National Council on Teacher Retirement. This is the 14th year the Plan has applied for and received this award.

During the reporting period, COPERS implemented the new pension administration system with Levi, Ray & Shoup, Inc. (LRS). The project, scheduled to take approximately three years, went live on March 1, 2024. The new web-based system will allow greater automation and accuracy for staff, and enhanced member services through a web-based application. The Segal Group continues to serve as consultants for COPERS in assisting with the replacement software project.

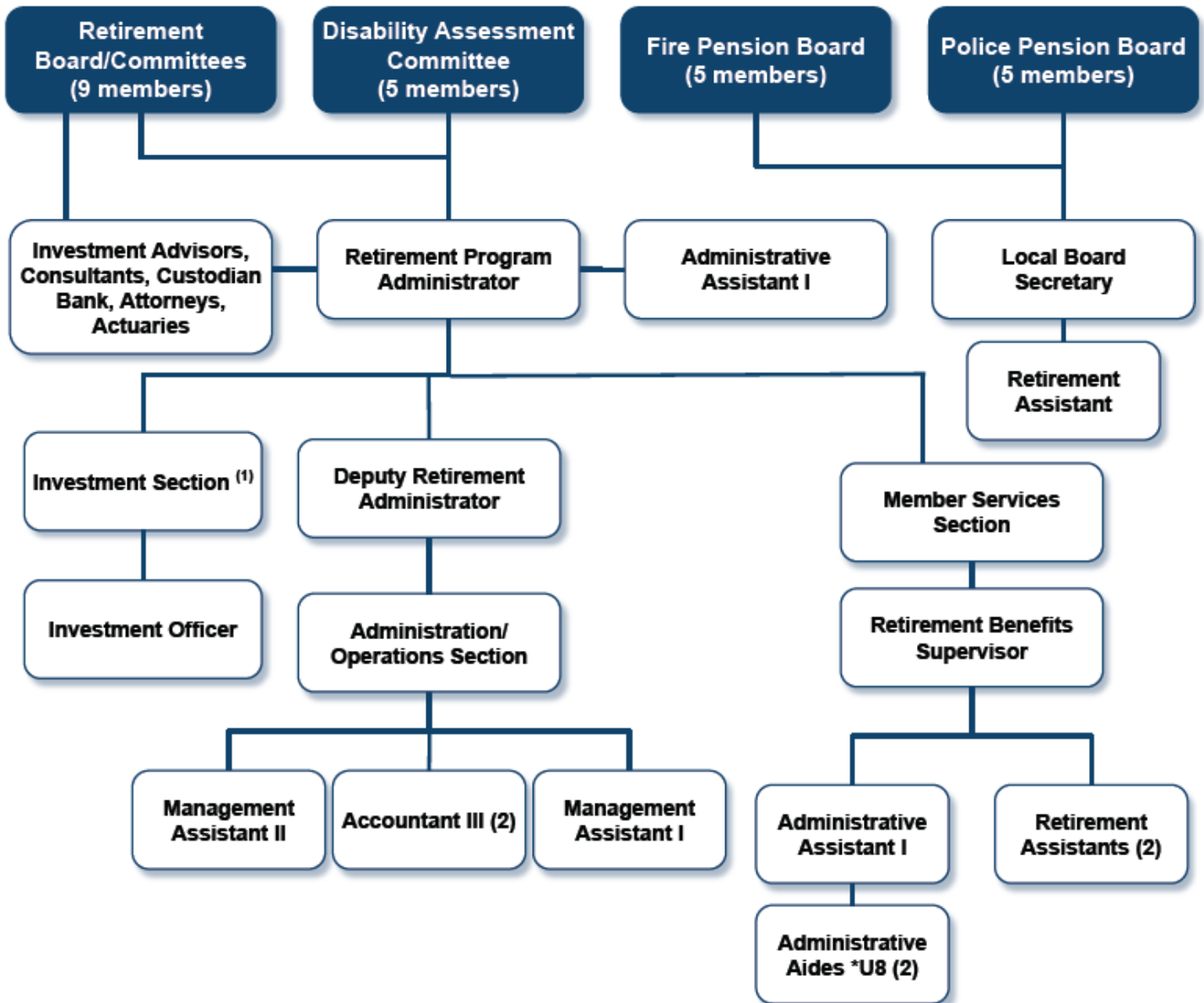
I would like to acknowledge the guidance provided by the Retirement Board. I would also like to acknowledge the hard work of the COPERS staff and the Finance Department for their collaboration on the information provided in the COPERS ACFR and PAFR. This report is intended to provide important information crucial to the understanding of the pension plan.

Sincerely,

***Scott Steventon***

Scott Steventon  
Retirement Program Administrator

# COPERS ORGANIZATION

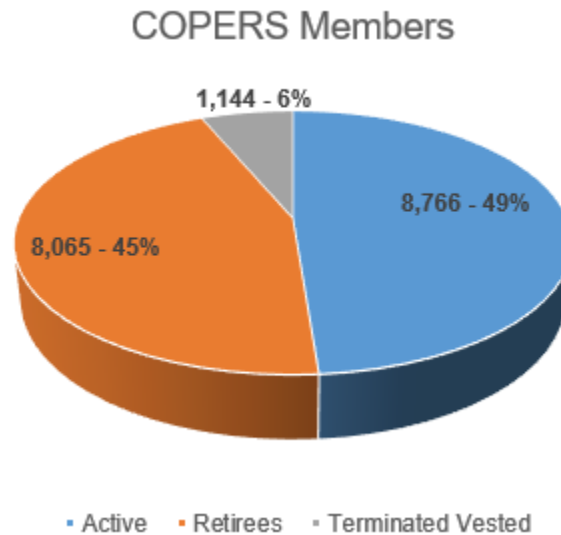


**Description of Plan**

COPERS is a single-employer, defined benefit pension plan established by the City Charter (Chapter XXIV). Its purpose is to provide retirement, disability retirement, and survivor benefits for its members. Members are full-time employees on a work schedule which consists of the number of full-time hours per week designated for the class of employment for the employee’s classification and which work schedule is intended to be continuous over a period of twelve months. All full-time classified civil service employees and full-time appointive officials of the City with the exception of sworn police and firefighters are required, as a condition of employment, to contribute to COPERS.

**Membership Data**

The following chart summarizes the make-up of COPERS membership as of June 30, 2024:



**Pension Benefits**

Benefits are calculated on the basis of a given rate, final average salary and service credit. Members are eligible for retirement benefits at age 60 plus ten or more years of service credit, age 62 with five or more years of service credit, or where age and service credits equal 80 for Tier 1 employees and 87 for Tier 2 and 3 employees. The table below outlines the benefits for each tier.

Tier 1	Tier 2	Tier 3
<ul style="list-style-type: none"> <li>Up to 32.5 yrs service @ 2.0%</li> <li>32.5 to 35.5 yrs service @ 1.0%</li> <li>35.5 yrs service &amp; over @ 0.5%</li> </ul>	<ul style="list-style-type: none"> <li>Less than 20 yrs service @ 2.10%</li> <li>20 yrs but less than 25 yrs service @ 2.15%</li> <li>25 yrs but less than 30 yrs service @ 2.20%</li> <li>30 yrs or more @ 2.30%</li> </ul>	<ul style="list-style-type: none"> <li>Less than 10 yrs service @ 1.85%</li> <li>10 yrs but less than 20 yrs service @ 1.9%</li> <li>20 yrs but less than 30 yrs service @ 2.0%</li> <li>30 yrs or more @ 2.1%</li> </ul>

A deferred pension is available at age 62 for members who have five or more years of service credit at time of separation and leave their accumulated contributions in COPERS.

A supplemental post-retirement payment and a permanent benefit increase (under the Pension Equalization Program) may be provided to retirees in Tiers 1 and 2 if sufficient reserves are available at the end of the fiscal year. The reserve is funded if the five-year average investment return exceeds 8%.

## ACTUARIAL SUMMARY

### Actuarial Methods and Assumption Changes

Funding a retirement program is a long-term commitment and it requires the use of assumptions. COPERS hires an independent actuary to conduct annual valuations of pension assets and expected expenses. The COPERS Board works with the actuary to adopt reasonable assumptions including the following:

- Life Expectancy of retirees receiving benefits
- Future salary increases for active employees
- Inflation
- Rate of return on COPERS investments
- Amortization period

The actuary uses these assumptions and standardized methods required by the Governmental Accounting Standards Board to develop the valuation, which includes the actuarial accrued liability and the actuarial or smoothed fair value of plan assets. The valuations are used to determine annual contribution rates that employees and the City are required to pay to meet future pension obligations.

Tier 1 members contribute 5 percent of pay and the City contributes the remainder of the total contribution rate. Tier 2 and Tier 3 members contribute half the total contribution rate, not to exceed 11 percent of pay, and the City contributes the remainder of the total contribution rate.

The smoothed fair value of assets was used for the June 30, 2024 valuation. This method, which is unchanged from last year, spreads the difference between the actual rate of return on COPERS investment and the expected rate of return on COPERS investments over four years. Using the smoothed fair value of assets minimizes the effect of market volatility and also minimizes the volatility of contribution rates. It is consistent with the long-term process of funding a pension plan.

The unfunded actuarial liability (UAL) is the difference between the actuarial liability and the actuarial value of assets, it measures the extent to which promised benefits outweigh the current assets. Changes in UAL indicate whether a plan is successfully moving towards being fully funded.

### Funded Status (in thousands)

Actuarial Valuation Date	Smoothed Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability	Funded Ratio
6/30/2024	\$ 3,738,075	\$ 5,147,294	\$ (1,409,219)	72.6%
6/30/2023	3,517,451	4,884,162	(1,366,711)	72.0%
6/30/2022	3,361,409	4,723,291	(1,361,882)	71.2%
6/30/2021	3,211,142	4,541,799	(1,330,657)	70.7%
6/30/2020	2,811,163	4,414,114	(1,602,951)	63.7%
6/30/2019	2,677,353	4,401,825	(1,724,472)	60.8%
6/30/2018	2,562,847	4,226,046	(1,663,199)	60.6%
6/30/2017	2,402,707	4,129,452	(1,726,745)	58.2%
6/30/2016	2,283,216	3,984,137	(1,700,921)	57.3%
6/30/2015	2,202,923	3,975,908	(1,772,985)	55.4%

The foregoing actuarial assumptions and disclosures are based on the presumption that COPERS will continue as presently chartered. If COPERS is amended, different actuarial assumptions and other factors might be applicable in determining actuarial present values.



## FINANCIAL SUMMARY

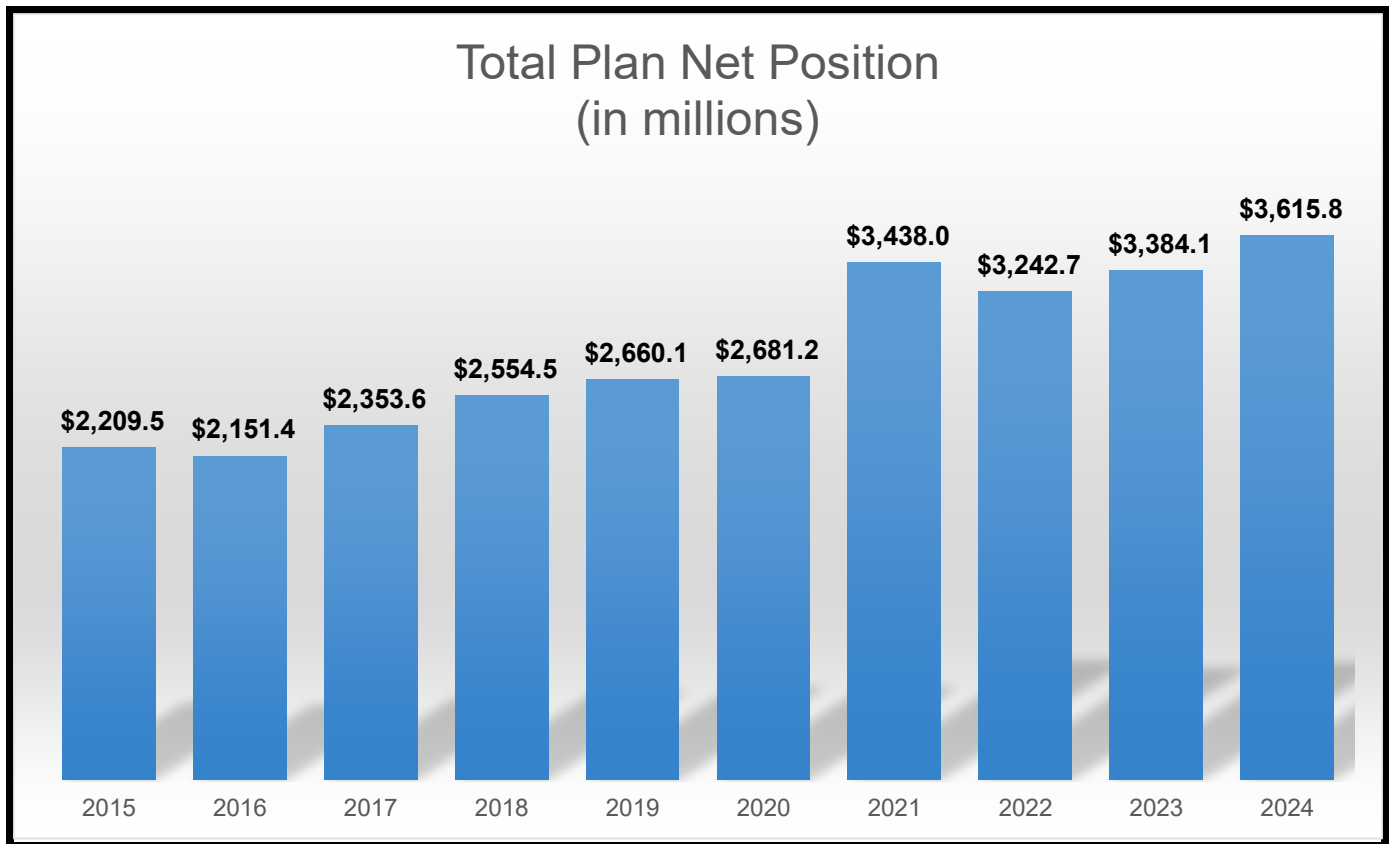
### Statement of Fiduciary Net Position

The Statement of Fiduciary Net Position presents information on all of the assets and liabilities of the Plan with the difference reported as Net Position Held in Trust for Pension Benefits. Net position is what is available to make pension payments to retirees and survivors.

The overall increase in net position is primarily a result of strong investment performance. A current and prior year summary of COPERS' net position held for benefits is shown below to assist the reader in evaluating the progress of the Plan.

#### COPERS' Fiduciary Net Position for Benefits for June 30, 2024 and 2023 (in thousands)

	2024	2023	Change	% Change
Cash & Cash Equivalents	\$ 164,995	\$ 104,316	\$ 60,679	58.2 %
Total Receivables	96,077	27,320	68,757	251.7
Total Investments	3,494,066	3,315,336	178,730	5.4
Total Assets	3,755,138	3,446,972	308,166	8.9
Total Liabilities	139,323	62,876	76,447	121.6
COPERS' Net Position	\$ 3,615,815	\$ 3,384,096	\$ 231,719	6.8 %



**How Pensions Are Funded**

COPERS is funded through a combination of revenue from employee contributions, employer contributions and investment earnings. Historically, the largest portion of funding has come from investments. As expected, the proportion of net investment income fluctuates with the market. Revenues for the last five years are shown below.

**Fund Revenues (in thousands)**

Year Ended	Employee Contributions	Employer Contributions	Net Investment and Other Income
6/30/2024	\$ 57,067	\$ 210,701	\$ 251,254
6/30/2023	47,749	193,136	177,601
6/30/2022	53,350	178,319	(159,662)
6/30/2021	40,561	357,382	612,601
6/30/2020	39,356	175,947	52,523

**Expenses of the Plan**

COPERS' assets can only be used to make benefit payments to retirees and beneficiaries, provide refunds of contributions to terminated employees, and to pay the costs of administering the system. Expenses for the last five years are shown below.

**Fund Expenses (in thousands)**

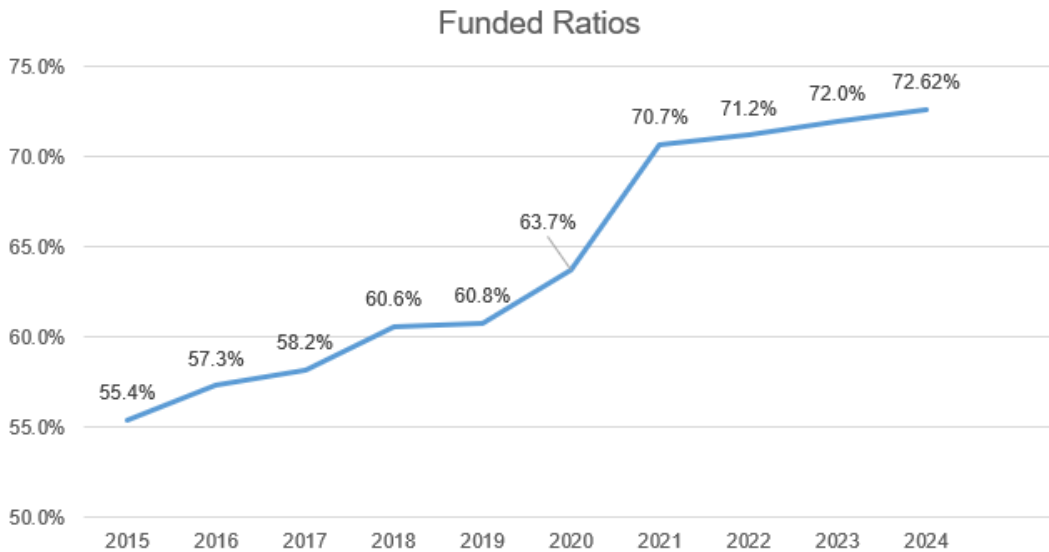
Year Ended	Benefit Payments	Refunds	Administrative and Other Expenses
6/30/2024	\$ 276,224	\$ 4,000	\$ 7,079
6/30/2023	268,868	4,120	4,089
6/30/2022	257,782	4,436	5,129
6/30/2021	246,214	3,047	4,429
6/30/2020	239,407	2,526	4,854

Expenses incurred to staff the Retirement Office are paid by the City of Phoenix from its General Fund.

## FINANCIAL SUMMARY

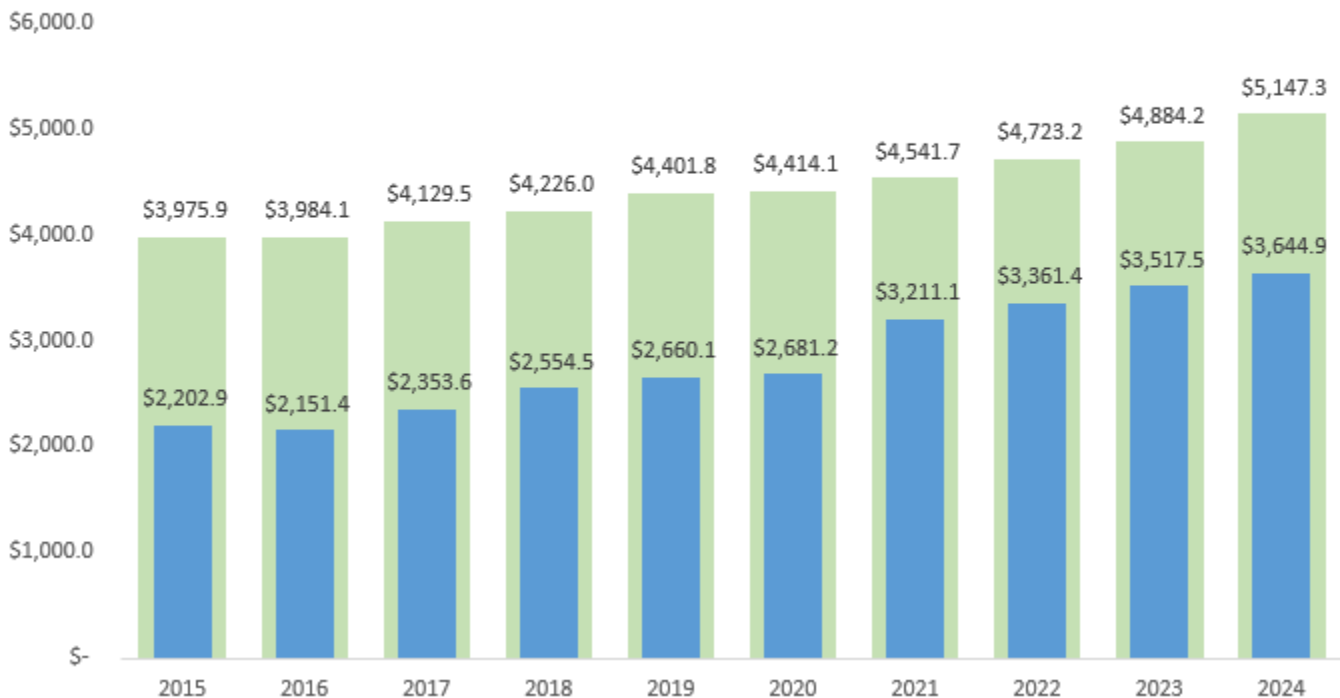
### Funded Ratio

Every year an independent actuary conducts a study to calculate the funding status of the Plan (Funded Ratio), measure the Plan's funding progress and recommend contribution rates. The Funded Ratio compares the obligations of the Plan to the assets that the Plan holds. High funding ratios indicate a well-funded plan with sufficient assets to cover the plan's obligations. For the June 30, 2024 valuation, the actuary determined COPERS' funded ratio was 72.62%, meaning that the Plan has 72.62% of the funds required to pay all current and future pensions. The following chart shows improvement in the funding status over the past several years.



### Assets and Actuarial Accrued Liability

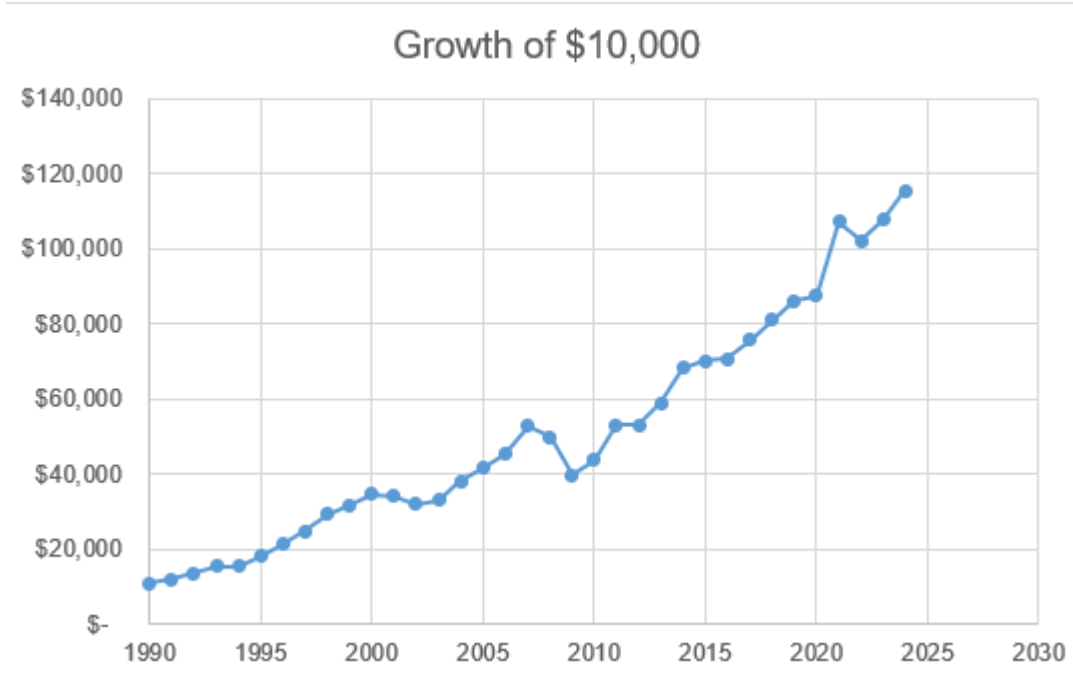
#### Assets & Actuarial Accrued Liability (AAL) (in millions)



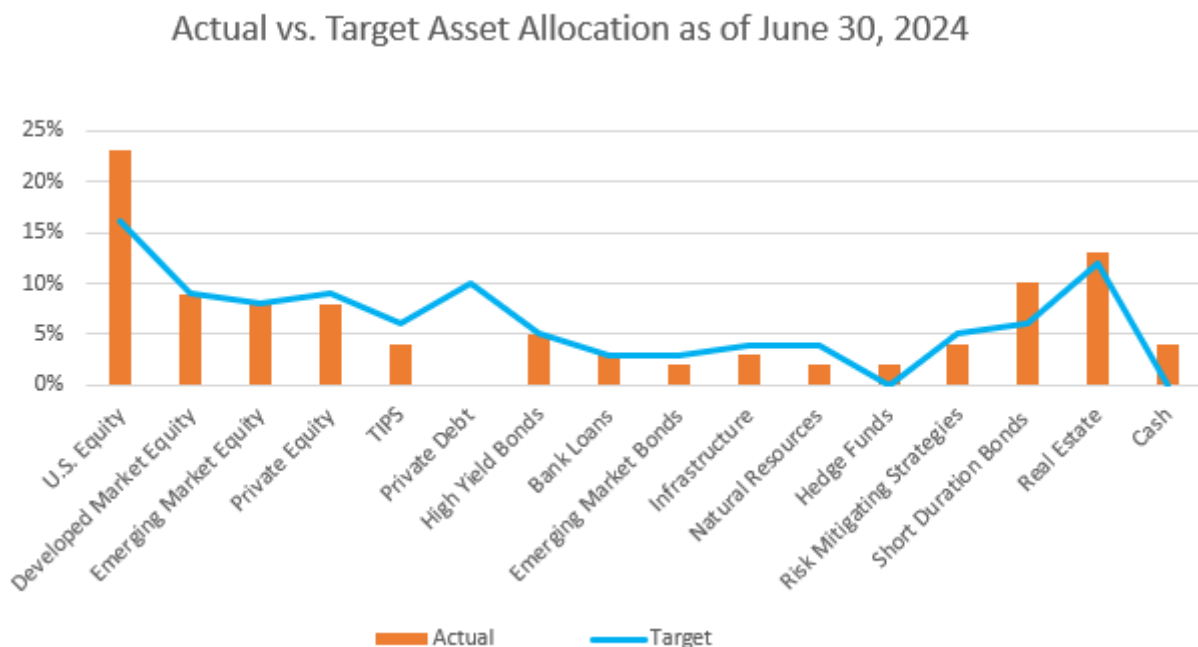
# INVESTMENTS SUMMARY

## Investment Summary and Asset Allocation

For the fiscal year ended June 30, 2024, the Plan's investment portfolio produced a net return of 7.3%. COPERS' asset allocation has provided consistent overall returns over time, as illustrated in the graph below that shows the growth of \$10,000 at COPERS' investment return rates.



Asset allocation represents how the System's investments are spread amongst various asset classes and is used to mitigate risk. In an effort to attain the total portfolio return goal, each asset class has a benchmark return. Actual and target allocations are depicted in the chart below.



## OUTSTANDING ACHIEVEMENT AWARD

Government Finance Officers Association of the United States and Canada has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to City of Phoenix Employees' Retirement System for its Popular Annual Financial Report for the fiscal year ended June 30, 2023. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.



Government Finance Officers Association

Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to

**City of Phoenix Employees' Retirement Plan  
Arizona**

For its Annual Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

Visit COPERS at:  
[www.phoenix.gov/copers](http://www.phoenix.gov/copers)

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Email: [copers@phoenix.gov](mailto:copers@phoenix.gov)

Data presented in this report was derived from our June 30, 2024 Annual Comprehensive Financial Report (ACFR). The Popular Annual Financial Report (PAFR) and ACFR were prepared in accordance with Generally Accepted Accounting Principles (GAAP). The ACFR provides in-depth information about the financial, investments, actuarial and statistical aspects of the pension plan. This PAFR and the ACFR are available at [www.phoenix.gov/copers](http://www.phoenix.gov/copers), by phone at (602)534-4400 or by email to [copers@phoenix.gov](mailto:copers@phoenix.gov).





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