

# Pension Services Overview - Tucson Supplemental Retirement System



## Mission Statement

*To assist Tucson Supplemental Retirement System (TSRS) members with planning for a secure retirement; and provide monthly retirement benefits that supplement the social security benefits and personal investment savings of our members and their beneficiaries.*

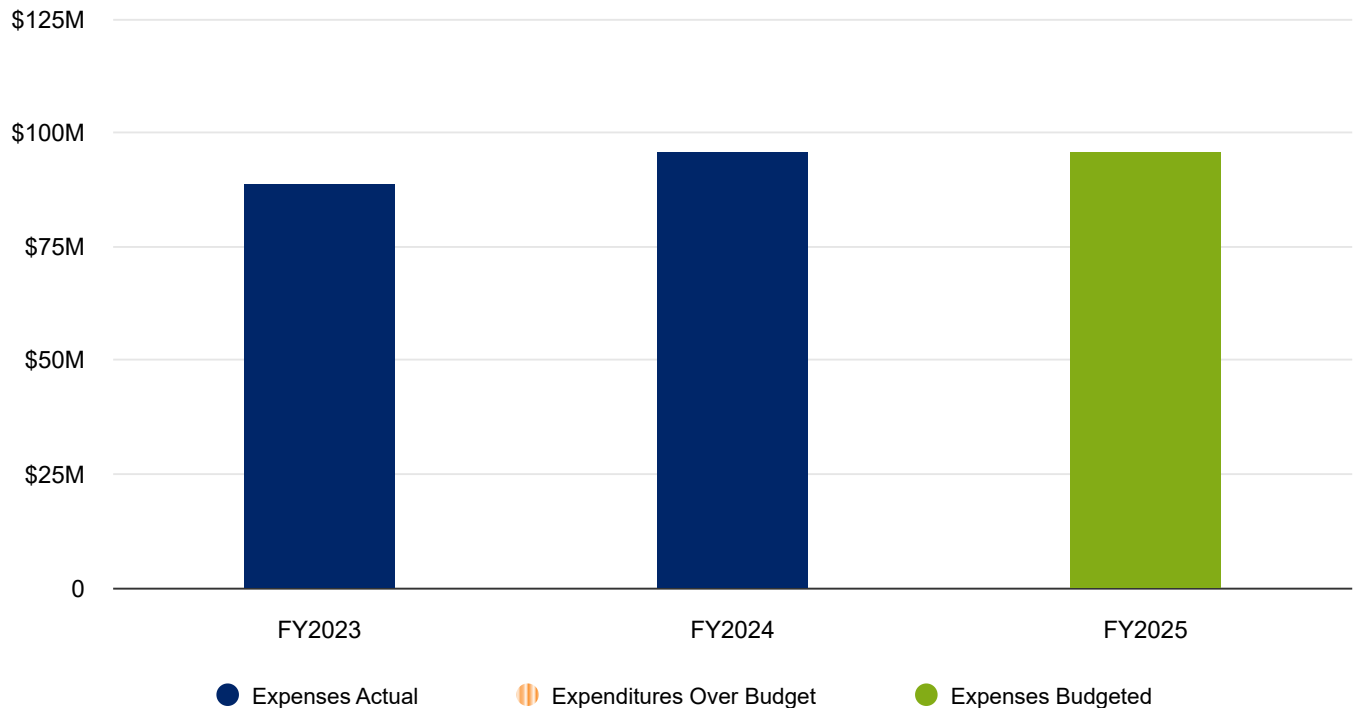
Due to the nature of this fiduciary fund, the administration of this function is overseen by the BSD department leadership.

## Expenditure Summary

**\$95,768,166**

**\$25,914 / 0.027% Higher Than the Prior Year's Budget**

### Historical Expenditures Across Department



### Significant Changes

For Fiscal Year 2025, the adopted budget for the Tucson Supplemental Retirement System (TSRS) is \$95.8 million. This represents a net decrease of approximately \$36.2 million, though overall costs reflect less than a 1% change compared to the prior year. The decrease is primarily related to investment-related expenditures and does not affect core benefits or operations.

### Trends

Tucson Supplemental Retirement System (TSRS) continues to make strong progress toward full funding, thanks to a sound financial policy adopted by the Retirement Board:

- Improving Funded Ratio: The system's funded status continues to rise steadily, reflecting prudent investment and funding strategies.
- Stable Contribution Rates:
  - City contributions are currently set at a minimum of 27.5%.
  - Employee contribution rates are rounded up for stability and consistency.
- Full Funding Projected by 2037: If current policies and trends continue, TSRS is expected to be fully funded by the year 2037.

This long-term financial strategy is designed to protect the retirement security of employees while ensuring the City meets its obligations in a fiscally responsible way.

## Expenditures by Fund

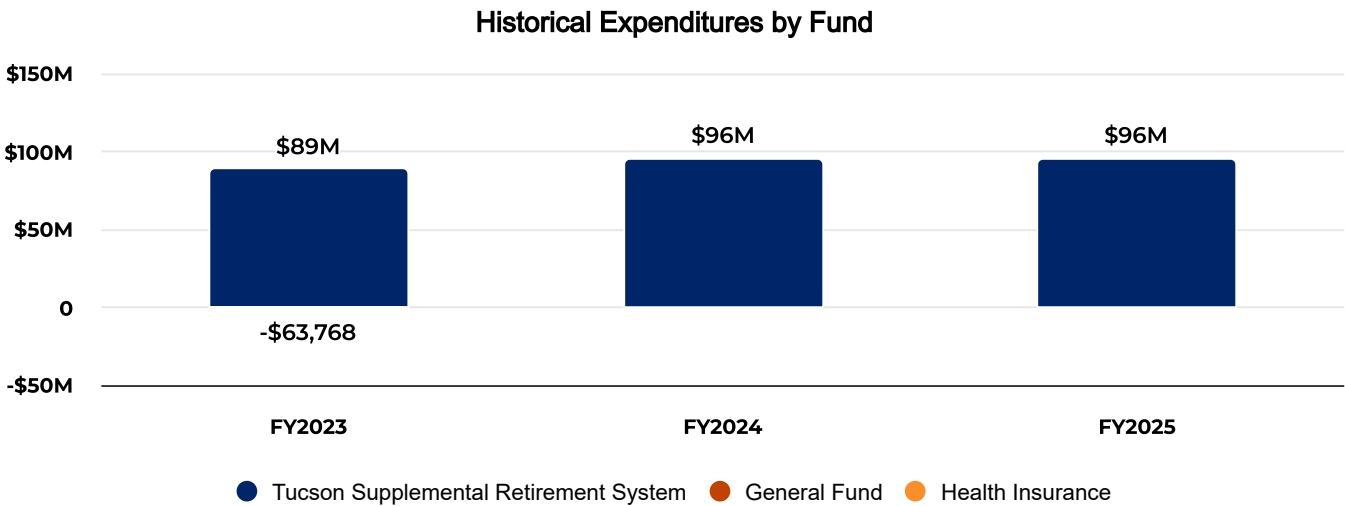
This chart highlights the expenditures for the Tucson Supplemental Retirement System (TSRS) over the past three fiscal years.

- Fiscal Year 2023: \$89 million
- Fiscal Year 2024: \$96 million
- Fiscal Year 2025: \$96 million

The primary funding source is the Tucson Supplemental Retirement System fund, which manages retirement contributions and benefits for eligible City employees. The General Fund and Health Insurance Fund appear minimally or not at all in this view, emphasizing TSRS as a self-contained system.

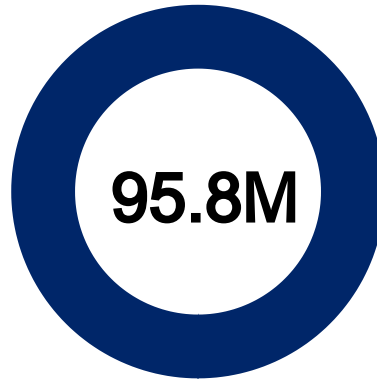
Key Takeaways:

- Year-over-year expenditures are relatively stable, showing fiscal consistency in managing retiree benefits.
- This stability supports the long-term strategy to achieve full funding of the system by 2037, in accordance with the Board-adopted policy.



Note: Fiscal Year 2023 (-\$63,768) indicates transfer out.

### Fiscal Year 2025 Expenditures by Fund



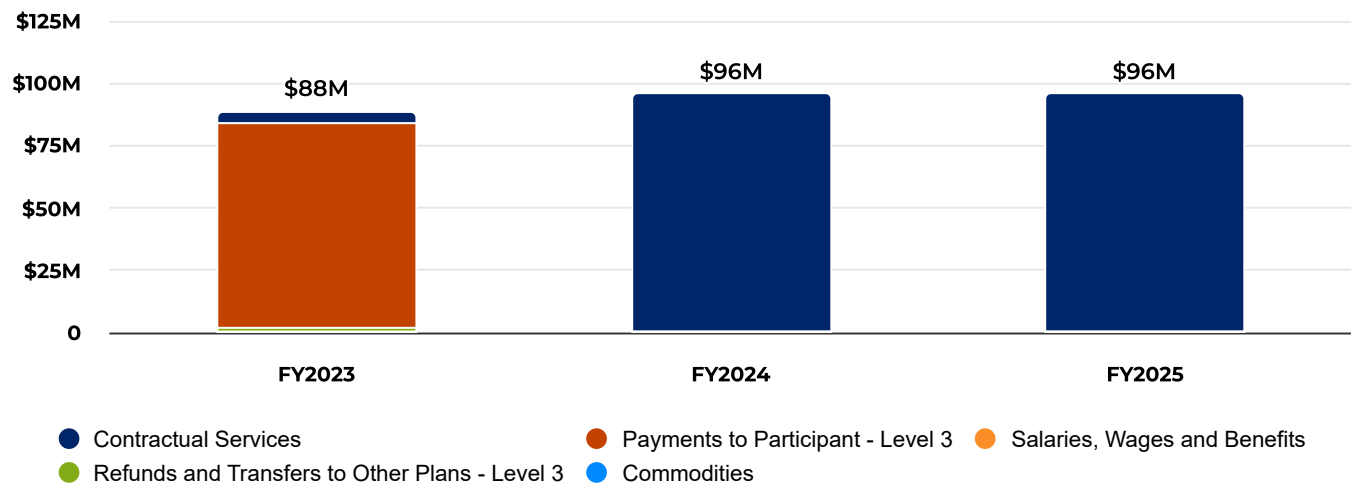
● Tucson Supplemental Retirement System	\$95,768,166	100.00%
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# Expenditures by Type

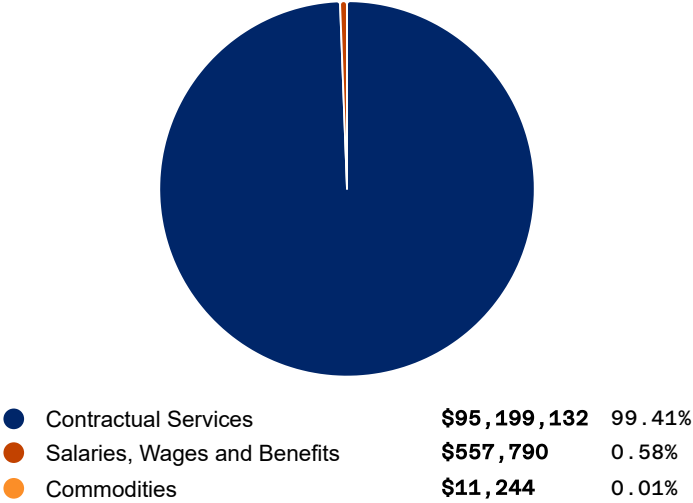
This chart illustrates how the Tucson Supplemental Retirement System (TSRS) has allocated its expenditures by expense type over the past three fiscal years:

- Fiscal Year 2023: Total expenditures were \$88 million, with the majority allocated to Payments to Participants—retirement benefits paid directly to retirees. This direct payment structure accounted for the largest share of Tucson Supplemental Retirement System (TSRS) expenses.
- Fiscal Year 2024: Spending increased to \$96 million, reflecting a reclassification of Contractual Services under this category. These services may include investment management, actuarial consulting, and outsourced benefit administration.
- Fiscal Year 2025: Spending remains steady at \$96 million, with continued support for core benefits. Additional minor expenses include Salaries and Wages, Refunds to Other Plans, and Commodities, representing administrative and operational costs.

Historical Expenditures by Type



Fiscal Year 2025 Expenditures by Type



## Accomplishments

The Tucson Supplemental Retirement System continues to make steady progress toward long-term financial stability.

According to the most recent actuarial valuation (as of June 30, 2022):

- The unfunded liability stands at \$285.3 million.
- The funded ratio increased slightly from 76.10% to 76.50%.

This improvement reflects the strength of the system's funding policy and responsible financial stewardship. Several key factors contributed to this positive change:

- Continued strong contributions by both the City and employees
- Ongoing recognition of prior investment gains, particularly from Fiscal Year 2021
- Favorable salary, retirement timing, and retiree mortality trends

These gains support the system's projected path to reach full funding by 2037, while ensuring the City continues to meet its obligations to current and future retirees.

## Future Objectives

The Tucson Supplemental Retirement System remains focused on its long-term financial health and sustainability.

Key Objective:

- Reduce the unfunded liability and
- Increase the funding ratio to reach full funding of the retirement system

This will be achieved through continued adherence to the Board-approved funding policy, consistent contributions, prudent investment strategies, and careful monitoring of actuarial trends. The system is currently on track to be fully funded by 2037, reinforcing its ability to meet future benefit obligations for all retirees and beneficiaries.

## Position Resources

### Fiscal Year 2025 Adopted FTE Count

