



November 30, 2022

The APRS Board of Trustees conducted a special study in early 2022 that included the System's actuary, investment consultant, and legal counsel, as well as its staff, to address how to define the PROP interest rate and tie it to a meaningful long-term benchmark. At the October 2022 meeting, the Board voted to adopt a new PROP policy that specifies how the PROP interest rate is to be determined by the System's actuary based on the rate that is equal to the average yield of 10-Year Treasury Constant Maturities (Nominal), as published by the Federal Reserve in Statistical Release H.15, during the 12-month period ending on October 31 of the calendar year immediately preceding the year in which the rate will be effective. The policy further stipulates that in no event will the PROP interest rate be greater than three percent (3%) less than the assumed rate of return for the applicable calendar year as established by the Board, or less than zero percent (0%).

Based on the new criteria outlined in the policy, the System's actuary has determined the 2023 PROP interest rate will be 2.58%. The new rate will go into effect on January 1, 2023. The PROP interest rate will be posted on our website prior to the January 1 effective date each year in the future.

The PROP policy was also amended to better comply with the IRS required minimum distribution (RMD) rules. The System will contact PROP participants who have reached the RMD age to submit their RMD request. If the distribution is not requested or does not meet the required minimum distribution for the PROP account as determined by the System, the RMD amount will automatically be distributed to the member by the RMD deadline.

The updated PROP policy and all PROP related forms and information can be found on our website, www.ausprs.org/retirees/prop.

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