Within the stated calendar quarter, this Title contains all rules made, amended, repealed, renumbered, and recodified; or rules that have expired or were terminated due to an agency being eliminated under sunset law. These rules were either certified by the Governor’s Regulatory Review Council or the Attorney General’s Office; or exempt from the rulemaking process, and filed with the Office of the Secretary of State. Refer to the historical notes for more information. Please note that some rules you are about to remove may still be in effect after the publication date of this Supplement. Therefore, all superseded material should be retained in a separate binder and archived for future reference.

TITLE 02. Administration
Chapter 08. State Retirement System Board
Sections, Parts, Exhibits, Tables or Appendices modified
R2-8-124 and R2-8-125; R2-8-301 through R2-8-306; R2-8-401;
R2-8-801 through R2-8-810; R2-8-901 through R2-8-905

☐ REMOVE Supp. 17-2
Pages: 1 - 33

☐ REPLACE with Supp. 17-3
Pages: 1 - 38

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Disclaimer: Please be advised the person listed is the contact of record as submitted in the rulemaking package for this supplement. The contact and other information may change and is provided as a public courtesy.

PUBLISHER
Arizona Department of State
Office of the Secretary of State, Administrative Rules Division
PREFACE

Under Arizona law, the Department of State, Office of the Secretary of State (Office), accepts state agency rule filings and is the publisher of Arizona rules. The Office of the Secretary of State does not interpret or enforce rules in the Administrative Code. Questions about rules should be directed to the state agency responsible for the promulgation of the rule.

Scott Cancelosi, Director
ADMINISTRATIVE RULES DIVISION
September 30, 2017

RULES
A.R.S. § 41-1001(17) states: “‘Rule’ means an agency statement of general applicability that implements, interprets, or prescribes law or policy, or describes the procedures or practice requirements of an agency.”

THE ADMINISTRATIVE CODE
The Arizona Administrative Code is where the official rules of the state of Arizona are published. The Code is the official codification of rules that govern state agencies, boards, and commissions. Virtually everything in your life is affected in some way by rules published in the Arizona Administrative Code, from the quality of air you breathe to the licensing of your dentist. This chapter is one of more than 230 in the Code compiled in 21 Titles.

ADMINISTRATIVE CODE SUPPLEMENTS
Rules filed by an agency to be published in the Administrative Code are updated quarterly. Supplement release dates are printed on the footers of each chapter:

First Quarter: January 1 - March 31
Second Quarter: April 1 - June 30
Third Quarter: July 1 - September 30
Fourth Quarter: October 1 - December 31

For example, the first supplement for the first quarter of 2017 is cited as Supp. 17-1.

HOW TO USE THE CODE
Rules may be in effect before a supplement is released by the Office. Therefore, the user should refer to issues of the Arizona Administrative Register for recent updates to rule Sections.

ARTICLES AND SECTIONS
Rules in chapters are divided into Articles, then Sections. The “R” stands for “rule” with a sequential numbering and lettering system separated into subsections.

HISTORICAL NOTES AND EFFECTIVE DATES
Historical notes inform the user when the last time a Section was updated in the Administrative Code. Be aware, since the Office publishes each quarter by entire chapters, not all Sections are updated by an agency in a supplement release. Many times just one Section or a few Sections may be updated in the entire chapter.

ARIZONA REVISED STATUTE REFERENCES
The Arizona Revised Statutes (A.R.S.) are available online at the Legislature’s website, www.azleg.gov. An agency’s authority note to make rules is often included at the beginning of a chapter. Other Arizona statutes may be referenced in rule under the A.R.S. acronym.

SESSION LAW REFERENCES
Arizona Session Law references in the introduction of a chapter can be found at the Secretary of State’s website, www.azsos.gov/services/legislative-filings.

EXEMPTIONS FROM THE APA
It is not uncommon for an agency to be exempt from the steps outlined in the rulemaking process as specified in the Arizona Administrative Procedures Act, also known as the APA (Arizona Revised Statutes, Title 41, Chapter 6, Articles 1 through 10). Other agencies may be given an exemption to certain provisions of the Act.

An agency’s exemption is written in law by the Arizona State Legislature or under a referendum or initiative passed into law by Arizona voters.

When an agency files an exempt rulemaking package with our Office it specifies the law exemption in what is called the preambles of rulemaking. The preambles is published in the Arizona Administrative Register online at www.azsos.gov/rules, click on the Administrative Register link.

In the Administrative Code the Office includes editor’s notes at the beginning of a chapter indicating that certain rulemaking Sections were made by exempt rulemaking. Exempt rulemaking notes are also included in the historical note at the end of a rulemaking Section.

The Office makes a distinction to certain exemptions because some rules are made without receiving input from stakeholders or the public. Other exemptions may require an agency to propose exempt rules at a public hearing.

EXEMPTIONS AND PAPER COLOR
If you are researching rules and come across rescinded chapters on a different paper color, this is because the agency filed a Notice of Exempt Rulemaking. At one time the office published exempt rules on either blue or green paper. Blue meant the authority of the exemption was given by the Legislature; green meant the authority was determined by a court order. In 2001 the Office discontinued publishing rules using these paper colors.

PERSONAL USE/COMMERCIAL USE
This chapter is posted as a public courtesy online, and is for private use only. Those who wish to use the contents for resale or profit should contact the Office about Commercial Use fees. For information on commercial use fees review A.R.S. § 39-121.03 and 1 A.A.C. 1, R1-1-113.

Public Services managing rules editor, Rhonda Paschal, assisted with the editing of this chapter.
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ARTICLE 1. RETIREMENT SYSTEM

R2-8-101. Repealed

Historical Note
Former Rule, Social Security Regulation 1; Former Section R2-8-01 renumbered as Section R2-8-101 without change effective May 21, 1982 (Supp. 82-3). Amended subsections (A) and (C) effective April 12, 1984 (Supp. 84-2). Section repealed by final rulemaking at 10 A.A.R. 669, effective February 3, 2004 (Supp. 04-1).

R2-8-102. Repealed

Historical Note
Former Rule, Social Security Regulation 2; Amended effective April 15, 1980 (Supp. 80-2). Former Section R2-8-02 renumbered as Section R2-8-102 without change effective May 21, 1982 (Supp. 82-3). Amended as an emergency by adding subsection (E) effective January 1, 1984, pursuant to A.R.S. § 41-1003, valid for only 90 days (Supp. 83-6). Emergency expired. Permanent rule, subsections (A), (B), and (D), amended effective April 12, 1984 (Supp. 84-2). Correction, subsection (B), as amended effective April 12, 1984 (Supp. 84-3). Section repealed by final rulemaking at 10 A.A.R. 669, effective February 3, 2004 (Supp. 04-1).

R2-8-103. Repealed

Historical Note
Former Rule, Social Security Regulation 3; Amended effective April 15, 1980 (Supp. 80-2). Former Section R2-8-03 renumbered as Section R2-8-103 without change effective May 21, 1982 (Supp. 82-3). Amended as an emergency by adding subsection (E) effective January 1, 1984, pursuant to A.R.S. § 41-1003, valid for only 90 days (Supp. 83-6). Emergency expired. Permanent rule, subsections (A) thru (C), amended effective April 12, 1984 (Supp. 84-2). Section repealed by final rulemaking at 10 A.A.R. 669, effective February 3, 2004 (Supp. 04-1).

R2-8-104. Definitions
A. The definitions in A.R.S. § 38-711 apply to this Chapter.
B. Unless otherwise specified, in this Chapter:
1. “Actuarial assumption” means an estimate of an uncertain future event that affects pension liabilities, or assets, or both.
2. “Authorized employer representative” means an individual specified by the ASRS employer to provide the ASRS with information about a member who previously worked for the ASRS employer.
3. “Contribution” means:
   a. Amounts required by A.R.S. Title 38, Chapter 5, Article 2 to be paid to the ASRS by a member or an employer on behalf of a member other than amounts attributed to the long-term disability program;
   b. Any voluntary amounts paid to the ASRS by a member to be placed in the member’s account; and
   c. Amounts credited by transfer under A.R.S. § 38-762(G).
4. “Day” means a calendar day, and excludes the:
   a. Day of the act or event from which a designated period of time begins to run; and
   b. Last day of the period if a Saturday, Sunday, or official state holiday.
5. “Designated beneficiary” means the same as in A.R.S. § 38-762(G).
6. “Director” means the Director appointed by the Board as provided in A.R.S. § 38-715.
7. “Individual retirement account” or “IRA” means the types of eligible retirement plans specified in A.R.S. § 38-770(D)(3)(a) and (b).
8. “Investment return rate” means a percentage of total return on an asset.
10. “Person” means the same as in A.R.S. § 41-1001(15).
11. “Plan” means the same as “defined benefit plan” in A.R.S. § 38-712(B), and as administered by the ASRS.
13. “Rollover” means a contribution to the ASRS by an eligible member of an eligible rollover distribution from one or more of the retirement plans listed in A.R.S. § 38-747(H)(2) and (H)(3).
14. “System” means the same as “defined contribution plan” in A.R.S. § 38-769(O)(7), and as administered by the ASRS.
15. “Terminate employment” means to end the employment relationship between a member and an ASRS employer with the intent that the member does not return to employment with an ASRS employer.

R2-8-105. Repealed

Historical Note
Former Rule, Social Security Regulation 4; Former Section R2-8-04 renumbered as Section R2-8-104 without change effective May 21, 1982 (Supp. 82-3). Amended subsections (G), (J), and (K) effective April 12, 1984 (Supp. 84-2). Typographical error corrected in subsection (5)(c) “required” corrected to “required” (Supp. 97-1). Amended by final rulemaking at 21 A.A.R. 2515, effective December 5, 2015 (Supp. 15-4).

R2-8-106. Reserved

R2-8-107. Reserved

R2-8-108. Reserved

R2-8-109. Reserved

R2-8-110. Reserved

R2-8-111. Reserved

R2-8-112. Reserved

R2-8-113. Emergency Expired

Historical Note
New Section made by emergency rulemaking at 11 A.A.R. 579, effective January 4, 2005 (05-1). Emergency rule expired (Supp. 05-2).

R2-8-114. Emergency Expired
Title 2, Ch. 8
Arizona Administrative Code
State Retirement System Board

Historical Note
New Section made by emergency rulemaking at 11
A.A.R. 579, effective January 4, 2005 (05-1). Emergency
rule expired (Supp. 05-2).

R2-8-115. Return of Contributions Upon Termination of
Membership by Separation from All ASRS Employment by
Other Than Retirement or Death; Payment of Survivor Bene-
fits Upon the Death of a Member

A. The following definitions apply to this Section unless other-
wise specified:
1. “Acceptable documentation” means any ASRS form
request containing all the accurate, required information,
dates, and signatures necessary to process the form
request.
2. “Eligible retirement plan” means the same as in A.R.S. §
38-770(D)(3).
3. “Employer number” means a unique identifier the ASRS
assigns to a member employer.
4. “Employer plan” means the types of eligible retirement
plans specified in A.R.S. § 38-770(D)(3)(c), (d), (e), and
(f).
5. “Process date” means the calendar day the ASRS gener-
ates contribution withdrawal documents to be sent to a
member.
6. “Warrant” means a voucher authorizing payment of funds
due to a member.

B. A member who terminates from all ASRS employment by
other than retirement or death and desires a return of the mem-
ber’s contributions, including amounts received for the pur-
chase of service, any employer contributions authorized under
A.R.S. § 38-740, and interest on the contributions, shall
request from the ASRS, in writing or verbally, the documents
necessary to apply for the withdrawal of the member’s contribu-
tions.

C. Upon request to withdraw by the member, the ASRS shall
provide:
1. An Application for Withdrawal of Contributions and Ter-
mination of Membership form to the member, and
2. An Ending Payroll Verification - Withdrawal of Contribu-
tion and Termination of Membership form to the
employer.

D. The member shall complete and return to the ASRS the Ap-
llication for Withdrawal of Contributions and Termination of
Membership form that includes the following information:
1. The member’s full name;
2. The member’s Social Security number;
3. The member’s current mailing address;
4. The member’s daytime telephone number, if applicable;
5. The member’s birth date;
6. The date of termination;
7. Dated signature of the member certifying that the mem-
ber:
   a. Is no longer employed by any ASRS employer;
   b. Is neither under contract nor has any verbal or writ-
ten agreement for future employment with an ASRS
employer;
   c. Is not currently in a leave of absence status with an
ASRS employer;
   d. Understands that each of the member’s former
ASRS employers will complete a payroll verifica-
tion form if payroll transactions occurred with the
ASRS employer within the six months before the
process date;
   e. Has read and understands the Special Tax Notice
Regarding Plan Payments the member received with
the application;
   f. Understands that the member is forfeiting all future
retirement rights and privileges of membership with
the ASRS;
   g. Understands that long-term disability benefits will
be canceled if the member elects to withdraw contri-
butions while receiving or electing to receive long-
term disability benefits;
   h. Understands that if the member elects to roll over all
or any portion of the member’s distribution to
another employer plan, it is the member’s responsi-
bility to verify that the receiving employer plan will
accept the rollover and, if applicable, agree to separ-
ately account for the pre-tax and post-tax amounts
rolled over and the related subsequent earnings on
the amounts;
   i. Understands that if the member elects to roll over all
or any portion of the member’s distribution to an
individual retirement account, it is the member’s
responsibility to separately account for pre-tax and
post-tax amounts; and
   j. Understands that if the member elects a rollover to
another employer plan or individual retirement
account, any portion of the distribution not desig-
nated for rollover will be paid directly to the mem-
ber and any taxable amounts will be subject to 20%
federal income tax withholding and 5% state tax
withholding.

8. Specify that:
   a. The entire amount of the distribution be paid directly
to the member,
   b. The entire amount of the distribution be transferred
to an eligible retirement plan, or
   c. An identified amount of the distribution be trans-
ferred to an eligible retirement plan and the remain-
ing amount be paid directly to the member; and

9. If the member selects all or a portion of the withdrawal be
paid to an eligible retirement plan, specify;
   a. The type of eligible retirement plan;
   b. The eligible retirement plan account number, if appli-
cable; and
   c. The name and mailing address of the eligible retire-
ment plan.

E. If the member requesting the withdrawal has been inactive for
five years or more, and if the member’s account balance is
$1,000 or more, the member requesting the withdrawal shall
provide a copy of a driver license or a form of other govern-
ment issued identification to the ASRS.

F. If a payroll transaction for the member occurred with any
ASRS employer within six months before the process date
each ASRS employer shall complete an Ending Payroll Veri-
fication - Withdrawal of Contributions and Termination of
Membership form electronically that includes the following
information:
1. The member’s full name;
2. The member’s Social Security number;
3. The member’s termination date;
4. The member’s final pay period ending date;
5. The final amount of contributions, including any adjust-
ments or corrections, but not including any long-term dis-
ability contributions;
6. The ASRS employer’s name and telephone number;
7. The employer number;
8. The name and title of the authorized employer representa-
tive;
9. Certification by the authorized employer representative that:
a. The member terminated employment and is neither under contract nor bound by any verbal or written agreement for employment with the employer;
b. There is no agreement to re-employ the member; and
c. The authorized employer representative has the legal power to bind the employer in transactions with the ASRS; and
10. The signature of the authorized employer representative and date of signature.

G. If the member requests a return of contributions and a warrant is distributed during the fiscal year that the member began membership in the ASRS, no interest is paid to the account of the member.

H. If the member requests a return of contributions after the first fiscal year of membership, the ASRS shall credit interest at the rate specified in Column 3 of the table in R2-8-118(A) to the account of the member as of June 30 of each year, on the basis of the balance in the account of the member as of the previous June 30. The ASRS shall credit interest for a partial fiscal year of membership in the ASRS on the previous June 30 balance based on the number of days of membership up to and including the day the ASRS issues the warrant divided by the total number days in the fiscal year. Contributions made after the previous June 30 are returned without interest.

I. Upon submitting to the ASRS the completed and accurate Application for Withdrawal of Contributions and Termination of Membership form and, if applicable, after the ASRS has received any Ending Payroll Verification - Withdrawal of Contributions and Termination of Membership forms, a member is entitled to payment of the amount due to the member as specified in subsection (G) or (H) unless a present or former spouse entitled to payment of the amount due to the member as specified in A.R.S. § 38-762(E). The designated beneficiary or other person specified in A.R.S. § 38-762(F):  
1. Provide a certified copy of a death certificate or a certified copy of a court order that establishes the member’s death;  
2. Provide a certified copy of the court order of appointment as administrator, if applicable; and
3. Except if the deceased member was retired and elected the joint and survivor option, complete and have notarized an application for survivor benefits, provided by the ASRS, that includes:
   a. The deceased member’s full name,
   b. The deceased member’s Social Security number,  
   c. The following, as it pertains to the designated beneficiary of other person specified in A.R.S. § 38-762(F): 
      i. Full name;  
      ii. Mailing address;  
      iii. Contact telephone number;  
      iv. Date of birth, if applicable; and
   v. Social Security number or Tax ID number, if applicable.

J. Upon the death of a member, the ASRS shall distribute the survivor benefits according to the most recent, acceptable documentation that is on file with the ASRS that was received prior to the date of the member’s death, unless otherwise provided by law.

K. If there is no designation of beneficiary or if the designated beneficiary predeceases the member, the survivor benefit is paid as specified in A.R.S. § 38-762(E). The designated beneficiary or other person specified in A.R.S. § 38-762(E) shall:
1. Provide a certified copy of a death certificate or a certified copy of a court order that establishes the member’s death;
2. Provide a certified copy of the court order of appointment as administrator, if applicable; and
3. Except if the deceased member was retired and elected the joint and survivor option, complete and have notarized an application for survivor benefits, provided by the ASRS, that includes:
   a. The deceased member’s full name,
   b. The deceased member’s Social Security number,
   c. The following, as it pertains to the designated beneficiary or other person specified in A.R.S. § 38-762(F):
      i. Full name;
      ii. Mailing address;
      iii. Contact telephone number;
      iv. Date of birth, if applicable; and
   v. Social Security number or Tax ID number, if applicable.

Historical Note
Former Rule, Social Security Regulation 1; Amended effective Dec. 20, 1979 (Supp. 79-6). Former Section R2-8-15 renumbered as Section R2-8-115 without change effective May 21, 1982 (Supp. 82-3). Amended by final rulemaking at 11 A.A.R. 1416, effective April 5, 2005 (Supp. 05-2). Amended by final rulemaking at 12 A.A.R. 644, effective February 7, 2006 (Supp. 06-1). Amended by final rulemaking at 21 A.A.R. 2515, effective December 5, 2015 (Supp. 15-4). Amended by final rulemaking at 22 A.A.R. 79, effective March 6, 2016 (Supp. 16-1).

R2-8-116. Alternate Contribution Rate
A. For purposes of this section, the following definitions apply:
1. “ACR” means an alternate contribution rate pursuant to A.R.S. § 38-766.02, the resulting amount of which is not deducted from the employee’s compensation.
2. “Class of positions” means all employment positions of the employer that perform the same, or substantially similar, function or duties, for the employer as determined by the ASRS in subsection (B).
3. “Compensation” has the same meaning as A.R.S. § 38-711(7) and does not include ACR amounts.
4. “Leased from a third party” means:
   a. The employee is not employed by an employer; and
   b. A co-employment relationship, as defined in A.R.S. § 23-561(4), does not exist.
B. An employer that employs a retired member shall pay an ACR to the ASRS, unless the employer provides proof that:
1. The retired member is leased from a third party; and
2. All employees in the entire class of positions, to which the retired member’s position belongs, have been leased from a third party; and
3. No employee who has not been leased is performing the same, or substantially similar, function or duties, as the retired member.
C. In order to determine whether an employer satisfies the criteria in subsection (B), the employer shall submit information and documentation, pursuant to A.R.S. § 38-766.02(E), within 14 days of written request by the ASRS.
D. The employer shall directly remit payment of an ACR to the ASRS from the employer’s funds, through the employer’s secure ASRS account within 14 days of the first pay period end date after the hire of the retired member.
E. If the employer does not remit the ACR by the date it is due pursuant to subsection (D), the ASRS shall charge interest on the ACR amount from the date it was due to the date the ACR payment is remitted to the ASRS at the assumed actuarial interest rate listed in R2-8-118(B).
F. A payment of an ACR on behalf of a retired member pursuant to A.R.S. § 38-766.02, shall not entitle a retired member to a refund of an ACR payment or any additional ASRS benefit as described in A.R.S. § 38-766.01(E).

Historical Note
Former Rule, Retirement System Regulation 2; Former Section R2-8-16 renumbered as Section R2-8-116 without change effective May 21, 1982 (Supp. 82-3). Section expired under A.R.S. § 41-1056(E) at 16 A.A.R. 1765, effective July 4, 2010 (Supp. 10-3). New Section made by final rulemaking at 22 A.A.R. 1341, effective April 5, 2015 (Supp. 15-4). Amended by final rulemaking at 21 A.A.R. 79, effective March 6, 2016 (Supp. 16-2).

R2-8-117. Return to Work After Retirement
A. Unless otherwise specified, in this Section:
1. “Commencing employment” means the date a retired member who is not independently contracted or leased from a third party pursuant to R2-8-116(A)(4) renders
services directly to an Employer for which the retired member is entitled to be paid.
2. “Returns to work” means the member retired from the ASRS prior to commencing employment with an Employer.

B. Pursuant to A.R.S. § 38-766.01(C), a retired member who returns to work directly with an Employer shall submit a Working After Retirement form to each of the retired member’s current Employers through the retired member’s secure website account within 30 days of the retired member commencing employment with an Employer.

C. Pursuant to A.R.S. § 38-766.02(E), within 14 days of receipt of a Working After Retirement form, an Employer shall verify the retired member’s employment information and submit the verified Working After Retirement form to the ASRS through the Employer’s secure website account for each retired member who returns to work with the Employer.

D. After a retired member returns to work, the Employer shall submit a verified Working After Retirement form to the ASRS through the Employer’s secure website account within 30 days of a change in the intent of each retired member’s employment that results in:
   1. The member’s number of hours worked per week increasing from less than 20 hours per week to 20 or more hours per week; or
   2. The member’s number of weeks worked in a fiscal year increasing from less than 20 weeks per fiscal year to 20 or more weeks per fiscal year.

E. The Working After Retirement form shall contain the following information:
   1. The retired member’s social security number;
   2. The retired member’s full name;
   3. The date the member retired;
   4. Whether the retired member terminated employment, and if so, the date the retired member terminated employment;
   5. The first date of commencing employment upon the retired member’s return to work;
   6. The intent of the retired member’s employment reflected as:
      a. The anticipated number of hours the retired member is engaged to work per week and the anticipated number of weeks the retired member is engaged to work per fiscal year; or
      b. The actual number of hours the retired member works for an Employer per week and the actual number of weeks the retired member works for an Employer in a fiscal year.

F. Upon discovering that the retired member’s employment violates A.R.S. §§ 38-766 or 38-766.01, the ASRS shall send the retired member a Retiree Return to Work Notice of Non-Compliance with ASRS Statutes form.

G. By the due date specified on the Retiree Return to Work Notice of Non-Compliance with ASRS Statutes form, the retired member shall return the completed form and any supporting documentation to the ASRS indicating the action the retired member will take to correct the violation of A.R.S. §§ 38-766 or 38-766.01.

H. If the member does not submit the Retiree Return to Work Notice of Non-Compliance with ASRS Statutes form pursuant to subsection (G), the ASRS shall suspend the retired member’s retirement benefits from the date on the Retiree Return to Work Notice of Non-Compliance with ASRS Statutes form.

I. If the ASRS suspends the retired member’s retirement benefits pursuant to subsection (H), the ASRS shall reinstate the retired member’s retirement benefits upon notice from the Employer that all violations pursuant to subsection (F) have been corrected.

**Historical Note**
Former Rule, Retirement System Regulation 3; Former Section R2-8-17 renumbered as Section R2-8-117 without change effective May 21, 1982 (Supp. 82-3). Section repealed by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). New Section made by final rulemaking at 23 A.A.R. 209, effective March 5, 2017 (Supp. 17-1).

### R2-8-118. Application of Interest Rates

**A.** Application of interest from inception of the ASRS through the present is as follows:

<table>
<thead>
<tr>
<th>Effective Date of Interest Rate Change</th>
<th>Assumed Actuarial Interest and Investment Return Rate</th>
<th>Interest Rate Used to Determine Return of Contributions Upon Termination of Membership by Separation from Service by Other Than Retirement or Death</th>
<th>Interest Rate Used to Determine Survivor Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-1-1953</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.50%</td>
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<tr>
<td>7-1-1959</td>
<td>3.00%</td>
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<td>3.00%</td>
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<tr>
<td>7-1-1966</td>
<td>3.75%</td>
<td>3.75%</td>
<td>3.75%</td>
</tr>
<tr>
<td>7-1-1969</td>
<td>4.25%</td>
<td>4.25%</td>
<td>4.25%</td>
</tr>
<tr>
<td>7-1-1971</td>
<td>4.75%</td>
<td>4.75%</td>
<td>4.75%</td>
</tr>
<tr>
<td>7-1-1975</td>
<td>5.50%</td>
<td>5.50%</td>
<td>5.50%</td>
</tr>
<tr>
<td>7-1-1976</td>
<td>6.00%</td>
<td>5.50%</td>
<td>6.00%</td>
</tr>
<tr>
<td>7-1-1981</td>
<td>7.00%</td>
<td>5.50%</td>
<td>7.00%</td>
</tr>
<tr>
<td>7-1-1982</td>
<td>7.00%</td>
<td>7.00%</td>
<td>7.00%</td>
</tr>
<tr>
<td>7-1-1984</td>
<td>8.00%</td>
<td>8.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td>7-1-2005</td>
<td>8.00%</td>
<td>4.00% for Plan Members</td>
<td>8.00% for System Members</td>
</tr>
<tr>
<td>7-1-2013</td>
<td>8.00%</td>
<td>2.00% for Plan Members</td>
<td>8.00% for System Members</td>
</tr>
</tbody>
</table>
B. At the beginning of each fiscal year, interest is credited to the retirement account of each member on the June 30 that marks the end of the fiscal year based on the balance in the member’s account as of the previous June 30. The balance on which interest is credited includes:
1. Employer and employee contributions;
2. Voluntary additional contributions made by members pursuant to A.R.S. §§ 38-742, 38-743, 38-744, and 38-745, if applicable;
3. Amounts credited by transfer under A.R.S. § 38-924; and
4. Interest credited in previous years.

Historical Note
Former Rule, Retirement System Regulation 4; Amended effective July 1, 1975 (Supp. 75-1). Amended effective June 23, 1976 (Supp. 76-3). Former Section R2-8-18 renumbered and amended as Section R2-8-119 effective May 21, 1982 (Supp. 82-3). Amended by final rulemaking at 11 A.A.R. 1416, effective April 5, 2005 (Supp. 05-2). Amended by final rulemaking at 19 A.A.R. 764, effective June 1, 2013 (Supp. 13-2). Amended by final rulemaking at 21 A.A.R. 2515, effective December 5, 2015 (Supp. 15-4). Amended by final rulemaking at 22 A.A.R. 79, effective March 6, 2016 (Supp. 16-1).

R2-8-119. Expired

Historical Note
Former Rule, Retirement System Regulation 5; Amended effective July 1, 1975 (Supp. 75-1). Amended effective June 23, 1976 (Supp. 76-3). Former Section R2-8-19 renumbered and amended as Section R2-8-119 effective May 21, 1982 (Supp. 82-3). Section R2-8-119 and Appendix A and B expired under A.R.S. § 41-1056(E) at 16 A.A.R. 1765, effective July 14, 2010 (Supp. 10-3).

R2-8-120. Designating a Beneficiary; Spousal Consent to Designation
A. The following definitions apply to this Section unless otherwise specified:
1. “DRO” means the same as “domestic relations order” in A.R.S. § 38-773(H)(1).
4. “Spouse” means the individual to whom a member is married under Arizona law.

B. Effective July 1, 2013, a married member:
1. Who is not retired shall name and maintain the member’s current spouse as primary beneficiary of at least 50 percent of the member’s retirement account unless:
   a. Naming or maintaining the current spouse as beneficiary violates another law, existing contract, or court order;
   b. The spouse consents to an alternate beneficiary; and
2. Who retires shall choose a joint and survivor annuity and name the member’s current spouse as primary beneficiary of at least 50 percent of the member’s retirement benefit unless the spouse consents to an alternative.

C. Application of subsection (B).
1. The ASRS shall honor a beneficiary designation last made or a retirement election submitted before July 1, 2013, even if the beneficiary designation or retirement election fails to comply with subsection (B).
2. The ASRS shall not apply subsection (B) to a lump-sum retirement authorized under A.R.S. § 38-764.
3. The ASRS shall not apply subsection (B) if a member submits a letter to the ASRS in which the member affirms under penalty of perjury that spousal consent is not required because of one of the reasons specified in A.R.S. § 38-776(C).

D. Changing a beneficiary designation:
1. If a married member changes a beneficiary designation on or after July 1, 2013, the member shall ensure that the new beneficiary designation is consistent with the requirements specified in subsection (B);
2. If a married member who retired before July 1, 2013, and:
   a. Chose a straight-life annuity wishes to change the member’s beneficiary, the member shall ensure that the new beneficiary designation is consistent with subsection (B); or
   b. Chose a period certain and life annuity or joint and survivor annuity wishes to change either the annuity option or the contingent annuitant, the member shall ensure that the new beneficiary designation is consistent with subsection (B).

E. Re-retirement. A married member who re-retires, as described in A.R.S. § 38-766:
1. Within 60 months of the member’s previous retirement date, shall elect the same annuity option and beneficiary as the member made at the time of the previous retirement; or
2. More than 60 months after the member’s previous retirement date, shall comply with subsection (B).

F. Involuntary cancellation of retirement. If a married member retires on or after July 1, 2013, and is issued one or more estimate checks to a member whose retirement was involuntarily cancelled.

G. Survivor benefits:
1. If a married member last made a beneficiary designation before July 1, 2013, the ASRS shall, at the time of the member’s death, honor the beneficiary designation even if the beneficiary designation is not consistent with the requirements specified in subsection (B); and
2. If a married member made a beneficiary designation on or after July 1, 2013, that is not consistent with the requirements specified in subsection (B), the ASRS shall, at the time of the member’s death:
   a. Notify both the spouse and designated beneficiary and:
      i. Provide the spouse with an opportunity to waive the right under subsection (B); and
      ii. Provide the designated beneficiary with an opportunity to provide documentation that revokes the spouse’s right under subsection (B); and
   b. Designate 50 percent of the member’s retirement benefit to the spouse if neither the spouse nor designated beneficiary respond under subsection (G)(2)(a) within 30 days after notification.
H. Effect of legal documents. In general, a legal document such as a QDRO or prenuptial agreement will supersede the requirements in subsection (B). The ASRS shall ask the Office of the Attorney General to review the legal document before the ASRS decides how to disburse the retirement benefit.

I. Spousal waiver and consent; consent revocation
1. The current spouse of a member has a right to:
   a. Be designated as primary beneficiary of at least 50 percent of the member’s retirement account, and
   b. Have the member choose a joint and survivor annuity with the spouse as contingent annuitant of at least 50 percent of the retirement benefit.
2. To waive the right described in subsection (I)(1) and consent to an alternative, the current spouse shall complete and have notarized a spousal consent form, which is available from the ASRS. If the current spouse is not capable of completing the spousal consent form because of a documented incapacitating mental or physical condition, a person with power of attorney or a conservator may complete the spousal consent form on behalf of the current spouse.
3. A spouse may revoke a waiver and consent by sending written notice to ASRS and ensuring the written notice is received no later than the earlier of one day before the member dies or ASRS disburses a retirement benefit to the member.

Historical Note

R2-8-121. Repealed

Historical Note
Former Rule, Retirement System Regulation 7; Amended effective April 15, 1980 (Supp. 80-2). Former Section R2-8-21 renumbered as Section R2-8-121 without change effective May 21, 1982 (Supp. 82-3). Amended subsection (A) effective May 30, 1985 (Supp. 85-3). Section repealed by final rulemaking at 11 A.A.R. 444, effective January 4, 2005 (05-1).

R2-8-122. Remittance of Contributions

A. Remittance of employee member contributions: Each state department and employer member of the ASRS, including, any county, municipality or political subdivision, shall certify on each payroll the amount to be contributed by each one of their employee members of the ASRS and shall remit the amount of employee member contributions to the ASRS, together with such detailed report as may be required by the ASRS to identify the individual owner of each such member contribution, not later than 14 calendar days after the last day of each payroll period. Payments of employee member contributions not received in the offices of the ASRS by the 14th calendar day after the last day of the applicable payroll period shall become delinquent after that date and shall be increased, by interest at the rate of eight percent per annum from and after the date of delinquency until payment is received by the ASRS.

B. Remittance of employer contributions: Each state department and employer member of the ASRS, including, any county, municipality or political subdivision, shall remit the amount of employer contributions to the ASRS not later than 14 calendar days after the last day of each payroll period. Payments of employer contributions not received in the offices of the ASRS by the 14th calendar day after the last day of the applicable payroll period shall become delinquent after that date and shall be increased, by interest at the rate of eight percent per annum from and after the date of delinquency until payment is received by the ASRS.

Historical Note
Former Rule, Retirement System Regulation 8; Amended effective Dec. 8, 1978 (Supp. 78-6). Former Section R2-8-22 renumbered as Section R2-8-122 without change effective May 21, 1982 (Supp. 82-3). Amended by final rulemaking at 22 A.A.R. 79, effective March 6, 2016 (Supp. 16-1).

R2-8-123. Actuarial Assumptions and Actuarial Value of Assets

A. For the purposes of this Section, “market value” means an estimated monetary worth of an asset based on the current demand for the asset and the amount of that type of asset available for sale.

B. The Board adopts the following actuarial assumptions and asset valuation method:
1. The interest and investment return rate assumptions are determined by the Board.
2. The actuarial value of assets equals the market value of assets:
   a. Minus a 10-year phase-in of the excess for years in which actual investment return exceeds expected investment return; and
   b. Plus a 10-year phase-in of the shortfall for years in which actual investment return falls short of expected investment return.

Historical Note
Table 1. Expired

**Historical Note**


Table 2. Expired

**Historical Note**


Table 3. Repealed

**Historical Note**


Table 3A. Expired

**Historical Note**

New Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2). New Table made by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3). Table expired under A.R.S. § 41-1056(E) at 16 A.A.R. 1765, effective July 14, 2010 (Supp. 10-3).

Table 3B. Expired

**Historical Note**

New Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2). New Table made by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3). Table expired under A.R.S. § 41-1056(E) at 16 A.A.R. 1765, effective July 14, 2010 (Supp. 10-3).

Table 4. Expired

**Historical Note**

Emergency adoption effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Table 4 renumbered as Table 3 by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). New Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2). New Table made by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3). Table expired under A.R.S. § 41-1056(E) at 16 A.A.R. 1765, effective July 14, 2010 (Supp. 10-3).

Table 4A. Repealed

**Historical Note**

New Table made by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2). Table repealed by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3).

Table 4B. Repealed

**Historical Note**

New Table made by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2). Table repealed by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3).

Table 4C. Repealed

**Historical Note**

New Table made by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2). Table repealed by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3).

Table 5. Expired

**Historical Note**

Emergency adoption effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Table 5 renumbered as Table 3 by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table expired under A.R.S. § 41-1056(E) at 16 A.A.R. 1765, effective July 14, 2010 (Supp. 10-3).

Table 6. Expired

**Historical Note**

New Table made by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2). Table repealed by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3).
December 22, 1993 (Supp. 93-4). Table 5 repealed, new Table 5 adopted by emergency rulemaking action effective January 30, 1997, pursuant to A.R.S. § 41-1026 for a maximum of 180 days (Supp. 97-1). Emergency expired. Table 5 repealed, new Table 5 adopted by regular rulemaking action effective September 12, 1997 (Supp. 97-3). Table 5 repealed; new Table 5 renumbered from Table 6 and amended by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed; new Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2). Former Table 5 renumbered to Table 6; new Table 5 made by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3). Table expired under A.R.S. § 41-1056(E) at 16 A.A.R. 1765, effective July 14, 2010 (Supp. 10-3).

Table 6. Expired

Historical Note
Emergency adoption effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Table repealed, new Table adopted effective September 12, 1997 (Supp. 97-3). Former Table 6 renumbered to Table 5; new Table 6 renumbered from Table 7 and amended by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed; new Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2). Former Table 6 renumbered to Table 7; new Table 6 renumbered from Table 5 and amended by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3). Table expired under A.R.S. § 41-1056(E) at 16 A.A.R. 1765, effective July 14, 2010 (Supp. 10-3).

Table 7. Expired

Historical Note
Emergency adoption effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Table repealed, new Table adopted effective September 12, 1997 (Supp. 97-3). Former Table 6 renumbered to Table 5; new Table 6 renumbered from Table 7 and amended by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). New Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2). Table 7 renumbered from Table 6 and amended by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3). Table expired under A.R.S. § 41-1056(E) at 16 A.A.R. 1765, effective July 14, 2010 (Supp. 10-3).

R2-8-124. Termination Incentive Program by Agreement; Unfunded Liability Calculations

A. The following definitions apply to this Section unless otherwise specified:
1. “Compensation” means the same as in A.R.S. § 38-711(7).

B. An Employer that intends to implement a Termination Incentive Program shall provide the following information to the ASRS through the Employer’s secure ASRS account:
1. Within 90 days before implementation of the program, a complete description of the program terms and conditions, including the program contract, understanding, or agreement; and
2. Within 90 days before implementation of the program, the following information for each member who may be eligible to participate in the program:
   a. The member’s full name;
   b. The member’s date of birth; and
   c. The member’s current Compensation;

C. The ASRS may use the information provided by the Employer pursuant to subsection (B) and the information on file with the ASRS to determine an estimated unfunded liability amount in consultation with the ASRS actuary, which may result from the implementation of the Employer’s Termination Incentive Program.

D. If the ASRS determines an estimated unfunded liability amount pursuant to subsection (C), the ASRS may send a Notice of Estimated Liability to the Employer through the Employer’s secure ASRS account, in order to notify the Employer of the estimated unfunded liability amount the Employer may owe to the ASRS as a result of implementing the Termination Incentive Program identified under subsection (B). An Employer may owe the ASRS more or less than the estimated unfunded liability amount based on actual employee participation in the Employer’s Termination Incentive Program pursuant to subsection (F).

E. Within 30 days of termination of employment of each member who participated in a Termination Incentive Program identified under subsection (B), the Employer shall provide the following information to the ASRS through the Employer’s secure ASRS account:
1. The member’s full name;
2. The member’s date of birth;
3. The member’s Compensation at termination;
4. The date the member terminated employment; and
5. The amount and type of any additional pay the member received, or was entitled to receive, from the Employer as a result of participating in the Employer’s Termination Incentive Program.

F. Upon receipt of all the information identified in subsection (E) and in consultation with the ASRS actuary, the ASRS shall calculate the actual unfunded liability amount which resulted from the implementation of the Employer’s Termination Incentive Program.

G. If the ASRS calculates an unfunded liability of less than $0.00 for any member who participated in the Employer’s Termination Incentive Program, the amount will be applied against the aggregate unfunded liability of the Employer.

H. Upon calculating the unfunded liability pursuant to subsections (F) and (G), the ASRS shall send the Employer a Termination Incentive Program Liability Invoice through the Employer’s secure ASRS account.

I. An Employer that owes an unfunded liability amount to the ASRS pursuant to A.R.S. § 38-749, shall remit full payment of the unfunded liability amount by the due date specified in the Termination Incentive Program Liability Invoice.

J. Pursuant to A.R.S. § 38-735(C), if the ASRS does not receive full payment from the Employer of the unfunded liability amount by the due date specified in the Termination Incentive Program Liability Invoice, the unpaid portion of the unfunded liability amount shall accrue interest at the assumed actuarial interest and investment rate contained in R2-8-118(A).
K. The ASRS may collect any unfunded liability amount pursuant to A.R.S. §§ 38-723 and 38-735(C).

Historical Note
Adopted as an emergency effective August 25, 1975 (Supp. 75-1). Former Section R2-8-24 renumbered as Section R2-8-124 without change effective May 21, 1982 (Supp. 82-3). Section repealed by final rulemaking at 10 A.A.R. 669, effective February 3, 2004 (Supp. 04-1). New Section made by final rulemaking at 23 A.A.R. 2743, effective January 1, 2018 (Supp. 17-3).

R2-8-125. Termination Incentive Program by 30% Salary Increase; Unfunded Liability Calculations
A. The following definitions apply to this Section unless otherwise specified:
1. “Average monthly compensation” means the same as in A.R.S. § 38-711(5).
2. “Baseline salary” means a member’s Average Monthly Compensation during the 12 consecutive months in which the member received Compensation immediately preceding the first month of Compensation used to calculate the member’s retirement benefit. The Baseline Salary shall include only Compensation from the Same Employer that paid the Compensation used in the calculation of a member’s retirement benefit. If the member has less than 12 consecutive months in which the member received Compensation immediately preceding the first month of Compensation used to calculate the member’s retirement benefit, then the ASRS will calculate the member’s Baseline Salary as the total of the 12 months of Compensation the member received:
   a. Start ing with the first month of Compensation the member received in the 12 months immediately preceding the member’s Average Monthly Compensation, or within the Average Monthly Compensation; and
   b. Ending with the 12th month of Compensation the member received after the first month of Compensation used in subsection (A)(2)(a).
3. “Compensation” means the same as in A.R.S. § 38-711(7).
4. “Job reclassification” means a change in the classification of an employment position made by the Employer when it finds the duties and responsibilities of the position have changed significantly, materially, and permanently from when the position was last classified.
5. “Promotion” means, excluding a Salary Regrade or Job Reclassification, the act of advancing an employee to a higher salary or higher rank within the organization, which is characterized by:
   a. A change in the employee’s primary job responsibilities; and
   b. A pay increase that is supported by a standard salary administration practice that is documented by the Employer; and
   c. A competitive selection process or a noncompetitive selection process supported by a standard hiring practice that is documented by the Employer.
6. “Salary regrade” means a change in the salary scale of an employment position made by the Employer in order to align the position’s salary scale with market factors and/or the Employer’s current salary practices.
7. “Same employer” means the Employer has the same ownership as another Employer, except that for purposes of this section, each agency, board, commission, and department of the State of Arizona shall be considered a separate Employer.

B. Upon a member’s retirement on or after January 1, 2018, the ASRS shall compare the member’s Baseline Salary to the Average Monthly Compensation for each consecutive 12 months of Compensation used to calculate the member’s retirement benefit in order to determine whether an Employer utilized a Termination Incentive Program as defined in A.R.S. § 38-749(D)(1). This subsection only applies to members who earned the Compensation used to calculate the member’s Baseline Salary, on or after July 1, 2005.

C. Upon determining that a Termination Incentive Program exists under subsection (B), the ASRS shall send a Request for Documentation to the Employer through the Employer’s secure ASRS account, in order to notify the Employer that the ASRS has identified a Termination Incentive Program for a particular member and the Employer may be required to pay the ASRS for the unfunded liability resulting from the Termination Incentive Program, unless the Employer can prove the increase in the member’s salary was the result of a Promotion.

D. Within 90 days of the date on the Request for Documentation, the Employer shall respond to the Request for Documentation by:
1. Submitting documentation through the Employer’s secure ASRS account that shows the member’s increase in Compensation was the result of a Promotion; or
2. Acknowledging in writing that the increase in the member’s salary was not the result of a Promotion.

E. Pursuant to subsection (D), the Employer bears the burden of producing evidence that a Promotion has occurred as defined in subsection (A)(5).

F. The ASRS shall use any evidence the Employer submits to the ASRS pursuant to subsection (D) to determine whether a Promotion occurred.

G. If the Employer does not respond to the Request for Documentation within 90 days of the date on the Request for Documentation, the ASRS shall determine that the increase in the member’s salary was not the result of a Promotion.

H. If the ASRS determines that the increase in the member’s salary was not the result of a Promotion pursuant to subsections (F) or (G), the ASRS shall calculate the unfunded liability amount pursuant to subsection (I).

I. In consultation with the ASRS actuary, the ASRS shall use a determination under subsection (B) to calculate the unfunded liability resulting from the implementation of the Employer’s Termination Incentive Program.

J. Upon calculating an unfunded liability amount pursuant to subsection (I), the ASRS shall send a Termination Incentive Program Liability Invoice to the Employer through the Employer’s secure ASRS account, in order to notify the Employer of the unfunded liability amount the Employer shall owe to the ASRS as a result of implementing the Termination Incentive Program identified under subsection (B).

K. An Employer that owes an unfunded liability amount to the ASRS pursuant to A.R.S. § 38-749, shall remit full payment of the unfunded liability amount by the due date specified in the Termination Incentive Program Liability Invoice.

L. Pursuant to A.R.S. § 38-735(C), if the ASRS does not receive full payment from the Employer of the unfunded liability amount by the due date specified in the Termination Incentive Program Liability Invoice, the unpaid portion of the unfunded liability amount shall accrue interest at the assumed actuarial interest and investment rate contained in R2-8-118(A).
M. The ASRS may collect any unfunded liability amount pursuant to A.R.S. §§ 38-723 and 38-735(C).

**Historical Note**
Adopted as an emergency effective July 30, 1975 (Supp. 75-1). Former Section R2-8-25 renumbered as Section R2-8-125 without change effective May 21, 1982 (Supp. 82-3). Section repealed by final rulemaking at 10 A.A.R. 669, effective February 3, 2004 (Supp. 04-1). New Section made by final rulemaking at 23 A.A.R. 2743, effective January 1, 2018 (Supp. 17-3).

R2-8-126. Calculating Optional Forms of Benefits
A. For the purposes of this Section, the following definitions apply, unless stated otherwise:
1. “Prior service credit” means a “service credit” listed in R2-8-501(24), credited service that is earned pursuant to A.R.S. § 38-739, or a service credit that is transferred or redeemed pursuant to A.R.S. §§ 38-730, 38-771, or 38-921 et seq.
2. “Original retirement date” means:
   a. The date a member retires from the ASRS for the first time; or
   b. The date a member retires from the ASRS after returning to active membership for 60 consecutive months or more pursuant to A.R.S. § 38-766(C).
B. An individual who is 104 years of age or older at the time of retirement is not eligible to elect an option of life annuity with a term certain.
C. An individual who is 93 years of age or older at the time of retirement is not eligible to elect the options of life annuity with ten years certain or life annuity with 15 years certain.
D. An individual who is 85 years of age or older at the time of retirement is not eligible to elect the option of life annuity with 20 years certain.
E. As authorized under A.R.S. § 38-764(F), if the life annuity of any member is less than a monthly amount determined by the Board, the ASRS shall not pay the annuity. Instead, the ASRS shall make a lump sum payment in the amount determined by using appropriate actuarial assumptions.
F. The ASRS shall calculate a member’s or beneficiary’s benefits, based on the attained age of the member or beneficiary, determined in years and full months, as of:
   1. The date of the member’s retirement; or
   2. The date of the member’s death, if the beneficiary is eligible to elect the survivor benefit as monthly income for life pursuant to A.R.S. § 38-762(C).
G. Before the ASRS applies the calculation for an optional form of retirement benefit provided in A.R.S. § 38-760, the ASRS shall include any prior service credit benefit that is applicable to the life annuity of the member.
H. A member who is ten years and one day, or more, older than the member’s non-spousal contingent annuitant is not eligible to participate in a 100% joint-and-survivor option. A member who is 24 years and one day, or more, older than the member’s non-spousal contingent annuitant is not eligible to participate in a 66 2/3% joint-and-survivor option.
I. For members whose original retirement date is on or after March 6, 2016, notwithstanding subsection (H), a member who is ten years and one day, or more, older than the member’s ex-spouse contingent annuitant is eligible to participate in a 100% joint-and-survivor option, if:
   1. The member elected the ex-spouse as the contingent annuitant prior to divorce from the ex-spouse; and
   2. The member submits a DRO to the ASRS which requires the ex-spouse to be the contingent annuitant on the member’s account.
J. For members whose original retirement date is on or after March 6, 2016, notwithstanding subsection (H), a member who is 24 years and one day, or more, older than the member’s ex-spouse contingent annuitant is eligible to participate in a 66 2/3% joint-and-survivor option, if:
   1. The member elected the ex-spouse as the contingent annuitant prior to divorce from the ex-spouse; and
   2. The member submits a DRO to the ASRS which requires the ex-spouse to be the contingent annuitant on the member’s account.

**Table 1. Repealed**

**Historical Note**

**Table 2. Repealed**

**Historical Note**
Adopted effective September 12, 1977 (Supp. 77-5). Table 1 repealed, new Table 1 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

**Table 3. Repealed**

**Historical Note**
Adopted effective September 12, 1977 (Supp. 77-5). Table 2 repealed, new Table 2 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).
### Table 4. Repealed

**Historical Note**
Adopted effective September 12, 1977 (Supp. 77-5). Table 3 repealed, new Table 3 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

### Table 5. Repealed

**Historical Note**
Adopted effective September 12, 1977 (Supp. 77-5). Table 4 repealed, new Table 4 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

### Table 6. Repealed

**Historical Note**
Adopted effective September 12, 1977 (Supp. 77-5). Table 5 repealed, new Table 5 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

### Table 7. Repealed

**Historical Note**
Adopted effective September 12, 1977 (Supp. 77-5). Table 6 repealed, new Table 6 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

### Table 8. Repealed

**Historical Note**
Adopted effective September 12, 1977 (Supp. 77-5). Table 7 repealed, new Table 7 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

### Table 9. Repealed

**Historical Note**
Adopted effective September 12, 1977 (Supp. 77-5). Table 9 repealed, new Table 9 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).
Exhibit E, Table 3. Repealed

Historical Note

Exhibit E, Table 4. Repealed

Historical Note

Exhibit E, Table 5. Repealed

Historical Note

Exhibit E, Table 6. Repealed

Historical Note

Exhibit F, Table 1. Repealed

Historical Note

Exhibit F, Table 2. Repealed

Historical Note

Exhibit F, Table 3. Repealed

Historical Note

Exhibit F, Table 4. Repealed

Historical Note

Exhibit F, Table 5. Repealed

Historical Note

Exhibit F, Table 6. Repealed

Historical Note
Exhibit G. Repealed

Historical Note

Exhibit H. Repealed

Historical Note

Exhibit I. Repealed

Historical Note

Exhibit J. Repealed

Historical Note

Exhibit K. Repealed

Historical Note

Exhibit L. Table 1. Repealed

Historical Note

Exhibit L. Table 2. Repealed

Historical Note

Exhibit L. Table 3. Repealed

Historical Note

Exhibit L. Table 4. Repealed

Historical Note
Exhibit L, Table 5. Repealed

Historical Note

Exhibit L, Table 6. Repealed

Exhibit L, Table 7. Repealed

Exhibit M, Table 1. Repealed

Historical Note

Exhibit M, Table 2. Repealed

Historical Note

Exhibit M, Table 3. Repealed

Historical Note

Exhibit M, Table 4. Repealed

Historical Note

Exhibit M, Table 5. Repealed

Historical Note

Exhibit M, Table 6. Repealed

Historical Note

ARTICLE 2. HEALTH INSURANCE PREMIUM BENEFIT

R2-8-201. Definitions
The following definitions apply to this Article unless otherwise specified:
1. “Coverage” means a medical and/or dental insurance plan a retired member, Disabled member, or contingent annuitant obtains through the ASRS or an Employer.
2. “Contingent annuitant” means the same as in A.R.S. § 38-711(8) and the person is eligible for Coverage.
3. “Disabled” means the member has a disability and is receiving long-term disability benefits pursuant to A.R.S. § 38-797 et seq.
4. “Family calculation” means the family Coverage premium described in A.R.S. § 38-783(B).
5. “Joint & survivor” means the annuity option described in A.R.S. § 38-760(B)(1).
6. “Net premium” means the amount of the Coverage premium reduced by the amount of the Premium Benefit provided by the ASRS.
7. “Original retirement date” means the same as in R2-8-126.
8. “Optional premium benefit” means the election, upon retirement, to have the Premium Benefit paid on behalf of the member’s Contingent Annuitant upon death of the member pursuant to A.R.S. § 38-783.
10. “Premium benefit” means the amount the ASRS provides on behalf of a retired member or Disabled member in order to offset the Coverage premium of the retired or Disabled member pursuant to A.R.S. § 38-783.
12. “Subsidized” means the same as in A.R.S. § 38-783(M)(4).

Historical Note

R2-8-202. Premium Benefit Eligibility and Benefit Determination

A. A retired member or Disabled member who has five or more years of service and who elects to maintain Coverage is eligible for a Premium Benefit as follows:
1. A retired member or Disabled member who elects to maintain Coverage for the retired member or Disabled member only, is eligible for a Single Calculation of the Premium Benefit as described in R2-8-204(A);
2. A retired member or Disabled member who elects to maintain Coverage for the retired member or Disabled member and a dependent who is not a retired member or Disabled member is eligible for a Family Calculation of the Premium Benefit as described in R2-8-204(B);
3. A retired member or Disabled member who elects to maintain Coverage for the retired member or Disabled member and a dependent who is a retired member or Disabled member is eligible for the greater of:
   a. Two Single Calculations of the Premium Benefit described in R2-8-204(A); or
   b. One Family Calculation of the Premium Benefit described in R2-8-204(B).
4. A retired member or Disabled member who is enrolled as a dependent on an active member’s insurance plan is eligible for a Single Calculation of the Premium Benefit described in R2-8-204(A) if:
   a. The retired member has an Original Retirement Date prior to August 2, 2012; or
   b. The Disabled member became Disabled prior to August 2, 2012;
5. A retired member or Disabled member who elects to maintain Coverage for the retired member or Disabled member and multiple dependents, some of whom are retired members or Disabled members, is eligible for the greater of:
   a. Two Single Calculations of the Premium Benefit described in R2-8-204(A); or
   b. One Family Calculation of the Premium Benefit described in R2-8-204(B).

B. Pursuant to A.R.S. § 38-783(E), a retired member who returns to work as an active member with an Employer and elects to maintain Coverage is eligible to receive a Premium Benefit if the member has an Original Retirement Date prior to August 2, 2012.
C. Pursuant to A.R.S. § 38-783(E), a Disabled member who elects to maintain Coverage is eligible to receive a Premium Benefit if the Disabled member became Disabled prior to August 2, 2012.
D. A member who receives a lump sum distribution from the ASRS upon retirement is eligible to receive a Premium Benefit pursuant to this Article.
E. Notwithstanding any other section, a retired member who has an Original Retirement Date on or after August 2, 2012, or a Disabled member who became Disabled on or after August 2, 2012 is eligible to receive a Premium Benefit pursuant to this Article, only if Coverage is not Subsidized.

Historical Note

R2-8-203. Payment of Premium Benefit

A. Every month, the ASRS shall provide a Premium Benefit to the Employer on behalf of a retired member, Disabled member, or Contingent Annuitant who maintains Coverage and is eligible to receive a Premium Benefit pursuant to R2-8-202.
B. Notwithstanding subsection (A), if a retired member who is eligible to receive a Premium Benefit pursuant to R2-8-202 elects to maintain Coverage with the Arizona Department of Administration or the ASRS, the ASRS shall reduce the retired member’s pension amount by the amount of the retired member’s Net Premium for Coverage pursuant to this Article, unless the Net Premium exceeds the pension amount.
C. Notwithstanding subsection (A), if a retired member who is eligible to receive a Premium Benefit pursuant to R2-8-202 elects to maintain Coverage with the ASRS and the Net Premium exceeds the retired member’s pension amount, the retired member shall be responsible for remitting the Net Premium to the retired member’s insurance company and the ASRS shall:
   1. Not reduce the retired member’s pension amount; and
   2. Remit payment of the Premium Benefit to the retired member’s insurance company.
D. Notwithstanding subsection (A), if a retired member who is eligible to receive a Premium Benefit pursuant to R2-8-202 elects to maintain Coverage with the Arizona Department of Administration and the Net Premium exceeds the retired member’s pension amount, the retired member shall be responsible for remitting the Net Premium to the Arizona Department of Administration and the ASRS shall:
1. Not reduce the retired member’s pension amount; and
2. Remit payment of the Premium Benefit to the Arizona Department of Administration.

E. If a Disabled member who is eligible to receive a Premium benefit pursuant to R2-8-202 maintains Coverage with the Arizona Department of Administration, the ASRS shall remit the Premium Benefit to the Arizona Department of Administration, unless the Disabled member is participating in the Six-Month Reimbursement Program pursuant to R2-8-206.

F. If a Disabled member who is eligible to receive a Premium benefit pursuant to R2-8-202 maintains Coverage with an Employer other than the ASRS or the Arizona Department of Administration, the ASRS shall remit the Premium Benefit to the Disabled member’s insurance company and the Disabled member shall be responsible for remitting the Net Premium to the Disabled member’s insurance company.

G. If a retired member or Disabled member who is eligible to receive a Premium Benefit pursuant to R2-8-202 maintains Coverage with the ASRS, the ASRS shall remit the Premium Benefit to the retired member’s Coverage. The Disabled member’s insurance company shall be responsible for remitting the Net Premium to the Disabled member.

H. If a retired member or Disabled member is eligible to receive a Premium Benefit pursuant to R2-8-202, the ASRS shall provide the lesser of the following for any one retired member or Disabled member:
1. The actual cost of the Coverage premium; or
2. The greatest Premium Benefit calculation for which the retired member or Disabled member is eligible pursuant to R2-8-202.

I. If a retired member is eligible to receive a Premium Benefit pursuant to R2-8-202 and the member retires from the ASRS in addition to retiring from another State retirement system or plan described in A.R.S. § 38-921, each month, the ASRS shall remit any Premium Benefit for which the retired member is eligible under this Article to the other State retirement system or plan from which the member retired.

Historical Note

R2-8-205. Premium Benefit Documentation
A. Every year, prior to the effective date of Coverage, an Employer shall report to the ASRS all the Coverage plans and premium rates the Employer offers to its retired or Disabled employees.
B. An Employer shall inform the ASRS of any changes to the retired member’s, Disabled member’s, or Contingent Annuitant’s Coverage, including enrollment in Coverage, maintained through the Employer within 30 days of the changes taking effect.
C. Using the Employer’s secure ASRS website account, or another ASRS approved method, an Employer shall submit the following health insurance enrollment, change, and/or deletion information pursuant to subsection (B):
1. The retired member’s, Disabled member’s, or Contingent Annuitant’s social security number;
2. The retired member’s, Disabled member’s, or Contingent Annuitant’s full name;
3. The retired member’s, Disabled member’s, or Contingent Annuitant’s residential mailing address and telephone number;
4. The retired member’s, Disabled member’s, or Contingent Annuitant’s date of birth;
5. The Coverage in which the retired member, Disabled member, or Contingent Annuitant is enrolling;
6. The type of change that is being made to the Coverage;
7. The following information for each dependent enrolled in, or to be enrolled in, Coverage:
   a. First and last name;
   b. Social security number;
   c. Date of birth; and
   d. Medicare number, if applicable;
8. The old and new premium amounts for Coverage;
9. The effective date of the change, deletion, and/or enrollment;
10. The Employer’s name and telephone number;
11. A certification by the Employer representative’s dated signature that the information is current and correct.

Historical Note

R2-8-204. Premium Benefit Calculation
A. A Single Calculation for a Premium Benefit is based on the retired member’s or Disabled member’s Coverage election, years of service, and Medicare or non-Medicare status.
B. A Family Calculation for a Premium Benefit is based on the retired member’s or Disabled member’s Coverage election, years of service, and Medicare or Non-Medicare status, and the Medicare or Non-Medicare status of any dependents for which the retired member or disabled member has obtained Coverage.
C. A Contingent Annuitant who is eligible to receive an Optional Premium Benefit pursuant to R2-8-207 shall receive an Optional Premium Benefit amount based on:
1. The retired member’s years of service and optional retirement benefit election pursuant to A.R.S. § 38-760; and
2. The Contingent Annuitant’s Coverage and Medicare or non-Medicare status.
D. Notwithstanding R2-8-203(H), if a Contingent Annuitant is a retired member, the Contingent Annuitant may be entitled to receive more than one Premium Benefit.

Historical Note

R2-8-206. Six-Month Reimbursement Program
A. For a retired member or Disabled member who is eligible for a Premium Benefit pursuant to R2-8-202(A)(4) or (B), the ASRS shall remit the Premium Benefit to the retired member or Disabled member pursuant to subsection (B).
B. Pursuant to subsection (A), the ASRS shall remit the Premium Benefit to the retired member or Disabled member every six months, payable in July and January. For purposes of this section, the Premium Benefit shall be the aggregate amounts of the Premium Benefit the retired member or Disabled member is entitled to receive during the previous six months.
C. In order to receive a Premium Benefit payment pursuant to subsection (B), a retired member or Disabled member shall...
submit to the ASRS the Reimbursement of Medical and/or Dental Cost (Six-Month Reimbursement Program) form after the last day of the last month for which the retired member or Disabled member is seeking reimbursement.

D. The Reimbursement of Medical and/or Dental Cost (Six-Month Reimbursement Program) form that a retired member or Disabled member submits pursuant to subsection (C) shall include the following information:

1. The retired member’s or Disabled member’s Social Security Number;
2. The retired member’s or Disabled member’s full name;
3. The retired member’s or Disabled member’s mailing address and phone number;
4. The retired member’s or Disabled member’s date of birth;
5. The retired member’s or Disabled member’s status with the ASRS;
6. The retired member’s or Disabled member’s status with the retired member’s or Disabled member’s Employer;
7. The following Coverage information for the Coverage policy holder:
   a. First and last names;
   b. Social security number;
   c. Date of birth;
   d. Effective date of Coverage;
8. The following information for each dependent enrolled in, or to be enrolled in, Coverage:
   a. First and last name;
   b. Social security number;
   c. Date of birth;
   d. Effective date of Coverage;
9. Six-month reimbursement totals identified by:
   a. The month and year the premium is due for Coverage;
   b. The total medical plan premium per month;
   c. The total dental plan premium per month;
   d. The employee’s out-of-pocket payroll deduction for a medical premium per month;
   e. The employee’s out-of-pocket payroll deduction for a dental premium per month;
   f. The employee’s total out-of-pocket payroll deduction for medical and dental premiums per month;
10. The Employer’s name;
11. The Employer’s phone number;
12. The Employer’s email address;
13. The name of the Employer’s representative; and
14. The dated signature of the Employer’s representative.

Historical Note

R2-8-207. Optional Premium Benefit

A. A member who retires on or after January 1, 2004 is eligible to elect the Optional Premium Benefit to be effective on the date of the retired member’s retirement and may designate a Contingent Annuitant to receive the Optional Premium Benefit upon the death of the retired member if:
1. The retired member elects a retirement option under A.R.S. § 38-760; and
2. The retired member elects to maintain Coverage.

B. A retired member who returns to active membership for 60 consecutive months or more before retiring again, may elect or re-elect the Optional Premium Benefit pursuant to subsection (A).

C. A retired member who does not return to active membership for 60 consecutive months or more before retiring again is not eligible to elect the Optional Premium Benefit pursuant to subsection (A) unless the retired member elected the Optional Premium Benefit to be effective on the date of the retired member’s Original Retirement Date.

D. In order to elect, re-elect, or terminate the Optional Premium Benefit pursuant to subsection (A), the retired member shall submit to the ASRS the Optional Premium Benefit Program Election or Termination form containing the following information:
1. The retired member’s Social Security Number;
2. The retired member’s full name and gender;
3. The retired member’s current mailing address;
4. The retired member’s date of birth;
5. The retired member’s email address;
6. The retired member’s phone number;
7. Whether the retired member is electing, declining, or terminating the Optional Premium Benefit;
8. The following information for the Contingent Annuitant if the retired member is electing or re-electing the Optional Premium Benefit:
   a. The Social Security Number;
   b. The full name;
   c. The mailing address;
   d. The phone number;
   e. The date of birth; and
   f. The gender and relationship to the retired member; and
9. Certification of understanding by the retired member’s dated signature of the following statements:
   a. I have a one-time election at the time of retirement for this benefit, and have a retirement date on or after January 1, 2004;
   b. I must elect a Joint & Survivor or Period-Certain annuity option;
   c. If I elect to participate, my Contingent Annuitant must either be participating or eligible to participate in my retiree health care plan at the time of my death;
   d. I must provide a Social Security Number and proof of birth date for my Contingent Annuitant;
   e. The Premium Benefit will be actuarially reduced for the remainder of my benefit and my Contingent Annuitant’s benefit as long as the Optional Premium Benefit is elected; and
   f. I may rescind the election at any time and be eligible for the unreduced Premium Benefit payable as provided by law.

E. In order to elect or re-elect the Optional Premium Benefit, a member shall submit the Optional Premium Benefit Program Election or Termination form to the ASRS prior to the member’s retirement date.

F. A Contingent Annuitant the retired member designates to receive the Optional Premium Benefit upon the retired member’s death is eligible to receive a Premium Benefit if:
1. The retired member designates the Contingent Annuitant as the primary beneficiary on the member’s retirement account;
2. The Contingent Annuitant is enrolled in a Coverage plan at the time of the member’s death or the Contingent Annuitant enrolls in a Coverage plan within six months of the retired member’s death pursuant to A.R.S. § 38-782(A); and
3. The Contingent Annuitant is eligible to receive at least one monthly payment.

G. Upon the death of a retired member who elected the Optional Premium Benefit pursuant to subsection (A), the ASRS shall provide the Optional Premium Benefit on behalf of the retired member’s Contingent Annuitant who is eligible to receive the Optional Premium Benefit pursuant to subsection (F).

H. Notwithstanding subsection (G), the amount of the Optional Premium Benefit the ASRS provides on behalf of a Contingent Annuitant shall not exceed the actual amount of the Coverage premium.

I. Unless otherwise indicated by law, the Optional Premium Benefit shall not terminate upon the death of the retired member if a Contingent Annuitant is eligible for the Optional Premium Benefit pursuant to subsection (F).

ARTICLE 3. LONG-TERM DISABILITY

R2-8-301. Definitions
The following definitions apply to this Article unless otherwise specified:

1. “Estimated Social Security disability income amount” means the same as in R2-8-801(2).
2. “Legal proceeding” means an appeal of an appealable agency decision at the Office of Administrative Hearings pursuant to A.R.S. § 41-1092 et seq. or an appeal of a Social Security determination at the Social Security Administration, or any other review by a formal body, which determines the rights and responsibilities of the member or survivor.
3. “LTD” means the Long-Term Disability program described in A.R.S. § 38-797 et seq.
4. “LTD contribution” means the amount of funds the member remits to the ASRS from the member’s compensation as payment for the LTD program.
5. “LTD benefit” means the amount of funds the member receives from the ASRS or the ASRS contracted LTD claims administrator, for the period of time a member has an eligible disability as described in A.R.S. § 38-797.07(A)(11).

R2-8-302. Application for Long-Term Disability Benefit
A. In order to claim an LTD benefit, a disabled member shall submit to the disabled member’s Employer all the completed forms prescribed by the ASRS contracted LTD claims administrator within 12 months of the date the disabled member became disabled.
B. Pursuant to A.R.S. § 38-797.07(D), in order to continue receiving an LTD benefit, a disabled member shall submit documentation regarding the disabled member’s ongoing disability and occupation as required by the ASRS contracted LTD claims administrator to determine the disabled member’s continuing eligibility for an LTD benefit.

R2-8-303. Long-Term Disability Calculation
A. The ASRS contracted LTD claims administrator shall calculate an LTD benefit for a member using the member’s monthly compensation as described in A.R.S. § 38-797(11).
B. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A).

R2-8-304. Payment of Long-Term Disability Benefit
A. The ASRS contracted LTD claims administrator shall begin providing an LTD benefit to an eligible disabled member no sooner than six months after the date the disabled member became disabled.
B. The ASRS contracted LTD claims administrator may provide an eligible disabled member’s LTD benefit to a third party pursuant to A.R.S. § 38-797.09.

R2-8-305. Social Security Disability Appeal
A. Upon request by the ASRS contracted LTD claims administrator, a member who claims an LTD benefit pursuant to R2-8-302(A) shall submit a Social Security disability income application as prescribed by the ASRS contracted LTD claims administrator.
B. In order to continue receiving an LTD benefit, a member whose application for Social Security disability income has been denied or terminated must appeal the most recent determination of denial or termination through a hearing before an administrative law judge pursuant to A.R.S. § 38-797.07(A)(10)(a) until the ASRS contracted LTD claims administrator or the Social Security Claims Administrator determines the member is not eligible for a Social Security benefit.
C. Within 10 days after a member receives notice of the status of the member’s Social Security disability income application, the member shall notify:
   1. The ASRS of the member’s application status by submitting a copy of the notice identifying the status of the member’s Social Security disability income application to the ASRS, if the member is not receiving an LTD benefit; or
   2. The ASRS contracted LTD claims administrator of the member’s application status by submitting a copy of the notice identifying the status of the member’s Social Security disability income application to the ASRS contracted LTD claims administrator, if the member is not receiving an LTD benefit.
D. A member who disagrees with an LTD determination by the ASRS contracted LTD claims administrator may submit an appeal pursuant to 2 A.A.C. 8, Article 4.

R2-8-306. Approval of Social Security Disability
Upon receipt of a Social Security disability income benefit, a member shall immediately remit to: 
1. The ASRS the amount of the Social Security disability income benefit necessary to offset the LTD benefit; or
2. The ASRS contracted LTD claims administrator the amount of the Social Security disability income benefit necessary to offset the LTD benefit.

**Historical Note**
New Section made by final rulemaking at 23 A.A.R. 2746, effective November 13, 2017 (Supp. 17-3).

### ARTICLE 4. PRACTICE AND PROCEDURE BEFORE THE BOARD

**R2-8-401. Definitions**
The following definitions apply to this Article, unless otherwise specified:
1. “Appealable agency action” has the same meaning as in A.R.S. § 41-1092.
2. “Board” means, if established, a Committee designated by the Board to take action on appeals as described in A.R.S. § 38-714(E)(1) or, if a Committee is not established, the same as in A.R.S. § 38-711(6).
3. “Final administrative action” has the same meaning as in A.R.S. § 41-1092 and is rendered by the Board.

**Historical Note**

**R2-8-402. General Procedures**
In computing any time period, parties shall exclude the day from which the designated time period begins to run. Parties shall include the last day of the period unless it falls on a Saturday, Sunday, or legal holiday. When the time period is 10 days or less, parties shall exclude Saturdays, Sundays, and legal holidays.

**Historical Note**
New Section made by final rulemaking at 11 A.A.R. 444, effective January 4, 2005 (Supp. 05-1).

**R2-8-403. Letters of Appeal; Request for a Hearing of an Appealable Agency Action**
**A.** After receipt of an agency decision, a person who is not satisfied with the agency decision, may submit a letter of appeal:
1. To the ASRS’s vendor for long-term disability benefits, if the appeal relates to a long-term disability decision; or
2. To the ASRS Member Services Division Assistant Director, or such director’s designee, if the appeal relates to an agency decision other than a long-term disability decision.

**B.** Upon receipt of a letter of appeal, the long-term disability vendor, or the Member Services Division Assistant Director, or such director’s designee, shall send a response letter to the person requesting the appeal notifying the person of:
1. The decision the agency is making in response to the letter of appeal; and
2. The person’s right to appeal the agency response by submitting a letter of appeal to the ASRS Director or such director’s designee.

**C.** A person who is not satisfied with the agency response pursuant to subsection (B) may submit a letter of appeal to the ASRS Director or such director’s designee within 60 days of the date on the agency response letter.

**D.** Within 30 days of the date the ASRS receives a letter of appeal pursuant to subsection (C), the ASRS director or such director’s designee shall send a response letter by certified mail to the person requesting the appeal that includes:
1. The agency action the ASRS is taking in response to the letter of appeal; and
2. Notice of Appealable Agency Action, as required pursuant to A.R.S. § 41-1092.03 informing the person requesting the appeal that the person has a right to appeal the agency action by submitting a Request for Hearing pursuant to subsections (E) and (F).

**E.** For an appealable agency action, a person who is not satisfied with an agency action pursuant to subsection (D) may file a Request for a Hearing, in writing, with the ASRS. The date the Request is filed is established by the ASRS date stamp on the face of the first page of the Request. The Request shall include the following:
1. The name and mailing address of the member, employer, or other person filing the Request;
2. The name and mailing address of the attorney for the person filing the Request, if applicable;
3. A concise statement of the reasons for the appeal.

**F.** The person requesting a hearing shall file the Request for a Hearing with the ASRS within 30 days after receiving a response letter including a Notice of an Appealable Agency Action, pursuant to subsection (E).

**G.** Upon receipt of the Request for a Hearing, the ASRS shall notify the Office of Administrative Hearings as required in A.R.S. § 41-1092.03(B).

**H.** Pursuant to subsection (B):
1. The long-term disability vendor shall send a response letter to the person requesting the appeal within 120 days of the date the long-term disability vendor receives the letter of appeal; and
2. The Member Services Division Assistant Director, or such director’s designee, shall send a response letter to the person requesting the appeal within 30 days of the date the ASRS receives the letter of appeal.

**Historical Note**
New Section made by final rulemaking at 11 A.A.R. 444, effective January 4, 2005 (Supp. 05-1). Amended by final rulemaking at 23 A.A.R. 487, effective April 8, 2017 (Supp. 17-1).

**R2-8-404. Board Decisions on Hearings before the Office of Administrative Hearings**
A recommended decision from the Office of Administrative Hearings that is sent to ASRS at least 30 days before the Board’s next regular monthly meeting, shall be reviewed by the Board at that monthly meeting. At the monthly meeting, the Board shall render a decision to accept, reject, or modify the findings of fact, conclusions of law and recommendations in whole or in part. If the Board modifies or rejects a recommended decision, the Board shall state the reasons for the modification or rejection. The Board shall deliver the Board’s final decision to the Office of Administrative Hearings within five days after the monthly meeting at which the Board made the final decision.

**Historical Note**
New Section made by final rulemaking at 11 A.A.R. 444, effective January 4, 2005 (Supp. 05-1).

**R2-8-405. Motion for Rehearing Before the Board; Motion for Review of a Final Decision**
**A.** Except as provided in subsection (H), within 30 days after service of the final administrative decision, any aggrieved party in an appealable agency action may file with the Board a Motion for Rehearing Before the Board, in writing, specifying the particular grounds for rehearing before the Board.
B. Except as provided in subsection (H), within 30 days after service of the final administrative decision, any aggrieved party of an appealable agency action may file with the Board a Motion for Review of a Final Decision, in writing, specifying the particular grounds for reviewing the Board’s final administrative decision.

C. A party may amend a Motion for Rehearing Before the Board or a Motion for Review of a Final Decision at any time before the Board rules on the motion. A party may file a response within 15 days after the motion or the amended motion is filed. The Board may require the filing of written briefs upon the issues raised in the motion or the amended motion, and may provide for oral argument.

D. The Board may grant a Motion for Rehearing Before the Board or a Motion for Review of a Final Decision for any of the following causes that materially affects the moving party’s rights:
   1. Irregularity in the administrative proceedings of the agency or the hearing officer, or any order or abuse of discretion that deprives the moving party of a fair hearing;
   2. Misconduct of the Board, the hearing officer, or the prevailing party;
   3. Accident or surprise that could not have been prevented by ordinary prudence;
   4. Newly discovered material evidence that could not with reasonable diligence have been discovered and produced at the original hearing;
   5. Excessive or insufficient penalties;
   6. Error in the admission or rejection of evidence or other errors of law occurring at the administrative hearing or during the process of the action; or
   7. That the decision, or findings of fact, is not justified by the evidence or is contrary to law.

E. The Board may affirm or modify the final administrative decision or grant a rehearing before the Board or review of final administrative decision to all or any of the parties on all or part of the issues for any of the reasons in subsection (C). An order granting a rehearing or review shall specify with particularity the grounds for the order.

F. Not later than 10 days after the final administrative decision, the Board may, after giving each party notice and an opportunity to be heard, order a rehearing or review of its final administrative decision for any reason for which it might have granted a rehearing or review on motion of a party. After giving the parties or their counsel notice and an opportunity to be heard on the matter, the Board may grant a motion for rehearing or review for a reason not stated in the motion. In either case, the order granting a rehearing or review shall specify the grounds on which it is granted.

G. When a motion for rehearing or review is based upon an affidavit, the affidavit shall be filed with the motion. An opposing party may, within 15 days after filing, file an opposing affidavit. The Board may extend the period for filing an opposing affidavit for not more than 20 days for good cause shown or by written stipulation of the parties. The Board may permit a reply affidavit.

H. The Board shall rule on the motion within 15 days after the response to the motion is filed or if a response is not filed, within five days of the expiration of the response period.

I. If the Board makes a specific finding that the immediate effectiveness of a particular decision is necessary for the preservation of the public peace, health, and safety and that a rehearing or review of the decision is impracticable, unnecessary, or contrary to the public interest, the decision may be issued as a final decision without an opportunity for a rehearing or review.

If a decision is issued as a final decision without an opportunity for rehearing or review, an application for judicial review of the decision may be made within the time limits permitted for applications for judicial review of the Board’s final decisions.

Historical Note
New Section made by final rulemaking at 11 A.A.R. 444, effective January 4, 2005 (Supp. 05-1). Amended by final rulemaking at 23 A.A.R. 487, effective April 8, 2017 (Supp. 17-1).

ARTICLE 5. PURCHASING SERVICE CREDIT

R2-8-501. Definitions

The following definitions apply to this Article unless otherwise specified:

1. “Active duty” means full-time duty in a branch of the United States uniformed service, other than active reserve duty.
2. “Active duty termination date” means the day a member:
   a. Separates from active military duty;
   b. Is released from active duty-related hospitalization or one year after initiation of active duty-related hospitalization, whichever date is earlier; or
   c. Dies as a result of active military duty.
3. “Active reserve duty” means participating in required meetings and annual training in a Reserve or National Guard branch of the United States uniformed service.
4. “Actuarial present value” means an amount in today’s dollars of a member’s future retirement benefit calculated using appropriate actuarial assumptions and the:
   a. Member’s current years of credited service to the nearest month;
   b. Member’s age to the nearest day;
   c. Amount of service credit the member wishes to purchase to the nearest month, except for the calculation in R2-8-506(A)(2); and
   d. Member’s current annual compensation.
5. “Authorized representative” means an individual who has been delegated the authority to act on behalf of a custodian, trustee, plan administrator, or, if applicable, a member.
6. “Current years of credited service” means the amount of credited service a member has earned or purchased, and the amount of service credit for which an Irrevocable Payroll Deduction Authorization is in effect for which the member has not yet completed payment, but does not include any current requests to purchase service credit for which the member has not yet paid.
7. “Custodian” means a financial institution that holds financial assets for guaranteed safekeeping.
8. “Direct rollover” means distribution of eligible funds made payable to the ASRS as a contribution for the benefit of an eligible member from a retirement plan listed in A.R.S. § 38-747(H)(2) or (H)(3).
10. “Eligible member” means an active member of the Plan or a Plan member who is receiving benefits under the Long Term Disability Program established by A.R.S. Title 38, Chapter 5, Article 2.1.
11. “Forms of payment” means check, cashier’s check, money order, Irrevocable Payroll Deduction Authorization, direct rollover, indirect IRA rollover, indirect rollover, trustee-to-trustee transfer, IRA rollover and termination pay distribution.
12. “Forfeited service” means credited service for which the ASRS has returned retirement contributions to the member under A.R.S. § 38-740.

13. “Immediate family member” means:
   a. A member’s spouse or life partner;
   b. A member’s natural, step, or adopted sibling;
   c. A member’s natural, step, or adopted child;
   d. A member’s natural, step, or adoptive parent; or
   e. An individual for whom the member has legal guardianship.

14. “Indirect IRA rollover” means funds already distributed to the eligible member from a retirement plan listed in A.R.S. § 38-747(H)(3) that are then paid by the eligible member to the ASRS as a contribution for the benefit of the eligible member.


16. “Irrevocable Payroll Deduction Authorization” means an irrevocable contract between an eligible member, an ASRS employer, and the ASRS that requires the ASRS employer to withhold payments from a member’s pay for a specified amount and for a specified number of payments, as provided in A.R.S. § 38-747.

17. “Life partner” means an individual who lives with a member as a spouse, but without being legally married.

18. “Military Call-up” means a member is called to active duty in a branch of the United States uniformed services.

19. “Military service” means active duty or active reserve duty with any branch of the United States uniformed services or the Commissioned Corps of the National Oceanic and Atmospheric Administration.

20. “Military service record” means a United States uniformed services or National Oceanic and Atmospheric Administration document that provides the following information:
   a. The member’s full name;
   b. The member’s Social Security number;
   c. Type of discharge the member received; and
   d. Active duty dates, if applicable; or
   e. Active reserve duty dates, if applicable; and
   f. Point history for reserve duty dates, if applicable.


22. “PDA pay-off letter” means written correspondence from the ASRS to a member that specifies the amount necessary to be paid by the member to complete an Irrevocable Payroll Deduction Authorization and receive the credited service specified in the Irrevocable Payroll Deduction Authorization.

23. “Plan Administrator” means the person authorized to represent a specific eligible plan as addressed in IRC § 414(g).

24. “Service credit” means forfeited service under A.R.S. § 38-742, leave of absence under A.R.S. § 38-744, military service and Military Call-up service under A.R.S. § 38-745, and other public service under A.R.S. § 38-743 that an eligible member may purchase.

25. “SP invoice” means a written correspondence from the ASRS informing an eligible member of the amount of money required to purchase a specified amount of service credit.

26. “Termination pay distribution” means an ASRS employer’s payment to the ASRS of an eligible member’s termination pay to purchase service credit as specified in A.R.S. § 38-747(B)(2).

27. “Three full calendar months” means the first day of the first full month through the last day of the third consecutive full month.

28. “Transfer employment” means to terminate employment with one ASRS employer with which a member has an Irrevocable Payroll Deduction Authorization:
   a. After accepting an offer to work for a new ASRS employer, or
   b. While working as an active member for a different ASRS employer.

29. “Trustee-to-trustee transfer” means a transfer of assets to the ASRS as authorized in A.R.S. § 38-747(I), from a retirement program listed in R2-8-515(A) from which, at the time of the transfer, a member is not eligible to receive a distribution.

30. “Uniformed services” means the United States Army, Army Reserve, Navy, National Guard, Navy Reserve, Air Force, Air Force Reserve, National Guard, Marine Corps, Marine Corps Reserve, Coast Guard, Coast Guard Reserve, and the Commissioned Corps of the Public Health Service.

31. “Window credit” means overpayments made on previously purchased service credit by eligible members of the ASRS as provided by Laws 1997, Ch. 280, § 21, and Laws 2003, Ch. 164, § 3.

Historical Note


R2-8-502. Request to Purchase Service Credit and Notification of Cost

A. An eligible member may request to purchase service credit verbally, in writing, or electronically. The eligible member shall provide the eligible member’s mailing address and designate which category of service credit the eligible member is requesting to purchase.

B. The ASRS shall send a letter acknowledging the request to purchase service credit to the mailing address provided by the eligible member. The ASRS shall provide, with the acknowledgment letter, any form specified in this Article that corresponds to the category of service credit the eligible member requests to purchase and indicate in the acknowledgment letter the deadline for providing supporting documentation of service credit to the ASRS.

C. Except as provided in R2-8-519(A), the eligible member shall provide documentation of service credit as required by this Article within 90 days of the eligible member’s request to purchase service credit. If the ASRS has not received complete and correct documents within 90 days of the request to purchase service credit, the ASRS shall cancel the eligible member’s request to purchase service credit. The eligible member may make a new request to purchase service credit.

D. Upon receipt of the documentation required by this Article from the eligible member and if the eligible member’s request to purchase service credit meets the requirements of this Article, the ASRS shall provide the following to the eligible member:
If the eligible member elects to purchase only a portion of the service credit, the member shall not request to purchase additional service credit. If the eligible member wishes to purchase, not exceeding the years or partial years, and cost specified on the SP Invoice;

e. Either the number of years or partial years of service credit the member wishes to purchase or the cost for the number of years or partial years of service the member wishes to purchase, not exceeding the years or partial years and cost specified on the SP Invoice;

f. If the member elects to pay for the service credit by check, the check number and amount of the check;

g. If the member elects to pay by check or money order, or request an Irrevocable Payroll Deduction Authorization, the amount of money the member wishes to pay per pay period; and

h. If the member elects to pay by Irrevocable Payroll Deduction Authorization, rollover contribution, or direct rollover, the anticipated number of rollovers or transfers;

i. If the member elects to pay for the service credit by check, the check number and amount of the check;

j. If the member elects to pay any cost remaining at retirement or termination of employment with a termination pay distribution, the retirement date or last date of work;

k. The member’s signature and date of the signature; and

3. Other forms the member may need to complete the request for service credit purchase.

Historical Note

R2-8-503. Requirements Applicable to All Service Credit Purchases

A. To purchase service credit at the amount provided in an SP invoice, an eligible member shall purchase the service credit by check or money order, or request an Irrevocable Payroll Deduction Authorization, rollover, transfer or termination pay distribution as specified in this Article, by the due date specified on the SP invoice.

B. An eligible member may purchase all of the service credit or a portion of the service credit. If the eligible member wishes to purchase only a portion of the service credit, the eligible member shall specify, on the Service Purchase Payment Request form identified in R2-8-502(D)(2):

1. The dollar amount the eligible member wishes to purchase, up to the amount specified on the SP invoice, or

2. The number of years or partial years the eligible member wishes to purchase, not exceeding the years or partial years specified on the SP invoice.

C. If the eligible member elects to purchase only a portion of the service credit, the cost and amount of service credit the eligible member identifies on the Service Purchase Payment Request form is only an estimate and may be more or less than the actual cost or amount of service credit purchased by the eligible member.

D. The eligible member shall not request to purchase additional service credit based on the SP invoice until the member has completed the purchase of the previously requested portion of service credit or cancel the request as specified in subsection (E).

E. ASRS shall not consider more than one active request at a time from a member to purchase service credit in a single category. The categories are:

1. Leave of absence,

2. Military service,

3. Presidential Call-up service,

4. Forfeited service, and

5. Other public service.

F. An eligible member may cancel an active request to purchase a specific category of service credit verbally or in writing, and submit a new request in the same category of service credit for a different amount of service credit.

G. If an eligible member is entitled to a window credit, the eligible member may apply the window credit to purchase service credit. To apply a window credit to a purchase of service credit, the eligible member shall make a request to the ASRS in writing by the due date specified on the SP invoice and include the following information:

1. The amount the member wants to apply,

2. The member’s signature, and

3. The date of the member’s signature.

H. The amount of service credit an eligible member may purchase and the benefits an eligible member may receive are subject to the limitations prescribed in A.R.S. § 38-747(E).

I. On or before the due date specified on the SP Invoice, ASRS shall extend the time for an eligible member to respond to an SP invoice as follows:

1. If the member notifies the ASRS of an ASRS error, the time is extended 30 days after the date the ASRS sends notification to the member that the ASRS has corrected the error;

2. If an ASRS internal review is made of the member’s service credit purchase request, the time is extended 30 days after the date ASRS sends notification to the member that the review is completed;

3. If the member appeals an issue regarding the SP invoice under Article 4 of this Chapter, the time is extended 30 days after the date ASRS sends notification to the member that a decision on the appeal has been made; or

4. If an unforeseeable event occurs that is outside of the member’s control, such as an incapacitating illness of the member or death of an immediate family member, and the member notifies the ASRS of the event, the ASRS shall extend the time by up to six months, after a review of the unforeseeable event to determine the length of the extension.

Historical Note

R2-8-504. Service Credit Calculation for Purchasing Service Credit

An eligible member who purchases service credit shall receive one month of credited service for one or more days of service in a calendar month.

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2).

R2-8-505. Restrictions on Purchasing Overlapping Service Credit; Transfers
A. The ASRS shall not permit an eligible member to purchase service credit that, when added to credited service earned in any plan year, results in more than:
   1. One year of credited service in any plan year, or
   2. One month of credited service in any one calendar month.

B. The restrictions in subsection (A) do not apply to service credit that an eligible member transfers from another retirement system to the ASRS as authorized in A.R.S. § 38-730 or A.R.S. Title 38, Chapter 5, Article 7, whether the eligible member requests the transfer before or after purchasing other service credit.

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2).

R2-8-506. Cost Calculation for Purchasing Service Credit
A. For leave of absence service credit, military service credit, and other public service credit, the ASRS shall calculate, as of the date of the request to purchase service credit:
   1. The actuarial present value of the future retirement benefit for the member including the service credit that the eligible member requests to purchase, and
   2. The actuarial present value of the future retirement benefit for the member without the service credit that the eligible member requests to purchase.

B. The cost for purchasing the service credit that the member requests to purchase is the difference between the actuarial present value in subsection (A)(1) and the actuarial present value in subsection (A)(2).

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2).

R2-8-507. Required Documentation and Calculations for Forfeited Service Credit
A. An eligible member who requests to purchase service credit for forfeited service under A.R.S. § 38-742 shall provide to the ASRS:
   1. The following information completed by the eligible member:
      a. Full name and, if applicable, other names used while working for an ASRS employer for which the eligible member is requesting to purchase service credit;
      b. Mailing address;
      c. Telephone number, if applicable;
      d. Social Security number;
   2. The name of each ASRS employer, if known, for which the eligible member is requesting to purchase service credit for forfeited service;
   3. The year the eligible member began working for each ASRS employer and the year the eligible member left each employment, if known; and
   4. The year the eligible member believes the ASRS returned retirement contributions to the member.

B. The amount the eligible member shall pay to purchase service credit for previously forfeited service is the amount of retirement contributions that the ASRS returned to the eligible member, plus interest on that amount from the date on the return of retirement contributions check to the date of redemption at the interest rate determined by the Board as specified in A.R.S. § 38-742.

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). Amended by final rulemaking at 12 A.A.R. 4667, effective December 5, 2006 (Supp. 06-4).

R2-8-508. Required Documentation and Calculations for Leave of Absence Service Credit
A. An eligible member may request to purchase service credit for an approved leave of absence from an ASRS employer under A.R.S. § 38-744. To request to purchase service credit for an approved leave of absence the eligible member shall provide to the ASRS:
   1. An Approved Leave of Absence form that includes:
      a. The following information completed by the eligible member:
         i. The eligible member’s full name and, if applicable, other names used while working for the ASRS employer;
         ii. The eligible member’s Social Security number;
         iii. The eligible member’s mailing address;
         iv. The eligible member’s daytime telephone number;
         v. A statement that the eligible member understands that up to one year of leave of absence service credit may be purchased for each approved leave of absence, if the eligible member returns to work for the employer that approved the leave of absence unless employment could not be resumed because of disability or nonavailability of a position;
         vi. A statement that the eligible member understands that the ASRS uses the actuarial present value calculation method to determine the cost of the service purchase request;
   vii. A statement that the eligible member authorizes the ASRS employer to provide any necessary personal information to ASRS in order to process this request; and
   viii. The member’s dated signature; and
   b. The following information completed by the ASRS employer:
      i. The beginning date and ending date of the approved leave of absence;
      ii. The date the eligible member returned to work or a statement why employment was not resumed;
      iii. Name of the employer;
      iv. The authorized employer representative’s name;
      v. The authorized employer representative’s telephone number and, if applicable, fax number; and
      vi. The authorized employer representative’s dated signature verifying that the approved leave of absence benefited or was in the best interest of the employer; and
   2. A copy of the guidelines referenced in A.R.S. § 38-744, if applicable.

B. The amount the member shall pay to purchase service credit for leave of absence is determined as provided in R2-8-506.

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). Amended by final rulemaking at 12 A.A.R. 4667, effective December 5, 2006 (Supp. 06-4).

R2-8-509. Required Documentation and Calculations for Military Service Credit
A. An eligible member may request to purchase military service credit under A.R.S. § 38-745(A) and (B). To request to purchase military service credit, the eligible member shall provide to the ASRS:
1. The items listed in R2-8-507(A)(1);
2. A copy of the eligible member’s military service record; and
3. A completed, signed, dated, and notarized Affidavit of Military Service form that contains:
   a. The member’s full name;
   b. The member’s Social Security number;
   c. The branch of the uniformed services the member was in;
   d. Whether the member was active duty or active reserve duty;
   e. The years and months by fiscal year that the member was in active duty or active reserve duty for which the member wishes to purchase service credit;
   f. Acknowledgement that the member has attached:
      i. Proof of honorable discharge for each type of military service listed on the form; and
      ii. The member’s military service record that supports all of the service listed on the affidavit;
   g. The following statements of understanding initialed by the member:
      i. I understand that any person who knowingly makes any false statement or who falsifies or permits to be falsified any record of the retirement plan with an intent to defraud the plan is guilty of a class 6 felony per Arizona Revised Statutes Section 38-793;
      ii. I understand this transaction is subject to audit and if any errors or misrepresentations are discovered as a result of this audit, my total credited service with the ASRS will be adjusted as necessary and if I am retired, my retirement benefit will also be adjusted;
      iii. I understand that the service listed on this affidavit does not include time that I either volunteered or was ordered into active duty military service as part of a Presidential Call-up. This service is purchased under Presidential Call-up and requires a Presidential Call-up form to be completed by your employer; and
      iv. I understand that any time I have listed on this affidavit for Reserve or National Guard time volunteered or was ordered into active duty military service as part of a Presidential Call-up. This is covered as a result of this audit, my total credited service with the ASRS will be adjusted as necessary and if I am retired, my retirement benefit will also be adjusted;
   11. If applicable, the earlier of:
      a. The date that the member was released from the hospital for injuries sustained as a result of participating in a Presidential Call-up; or
      b. The date that the member was hospitalized for one year for injuries sustained as a result of participating in a Presidential Call-up; and
12. A copy of the member’s death certificate, if applicable.
B. An ASRS employer shall make the request to purchase service credit for Presidential Call-up service within 30 days after the member’s active duty termination date.
C. The ASRS calculates the amount the ASRS employer pays to purchase Presidential Call-up service by multiplying the eligible member’s salary at the time active duty commences, by the contribution rate in effect for the period of active duty, and by the years or partial years of service elapsing from the active duty commencement date through the active duty termination date. Included in the calculation are any salary increases the member would have received if the member had not left work to participate in a Presidential Call-up.
D. The ASRS shall send the ASRS employer a statement of cost for purchase of the Presidential Call-up service credit, based on the calculation in subsection (B). Within 90 days from the date on the ASRS statement of cost, the ASRS employer shall pay to the ASRS the amount on the statement. If the ASRS employer fails to make full payment within the 90 days, interest shall accrue on the unpaid balance at the assumed actuarial investment earnings rate approved by the Board in effect on the date of the statement of cost.
E. If an ASRS employer deducts retirement and long-term disability contributions from an eligible member’s pay while the eligible member is on Presidential Call-up service, the ASRS shall return the contributions to the ASRS employer after the ASRS receives the information in subsection (A).
F. If an ASRS employer deducts retirement contributions from an eligible member’s pay while the eligible member is on Presidential Call-up service, and the eligible member does not return to the ASRS employer after separation from active military service, the ASRS shall apply the retirement contributions to the member’s credited service.

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). Amended by final rulemaking at 12 A.A.R. 4667, effective December 5, 2006 (Supp. 06-4).

R2-8-510. Required Documentation and Calculations for Presidential Call-up Service Credit

A. An eligible member or the eligible member’s beneficiary who meets the requirements under A.R.S. § 38-745(C) shall receive up to 60 months of Presidential Call-up service under A.R.S. § 38-745(C) through (I). In order to determine the amount of contributions the ASRS employer owes to purchase service credit for Presidential Call-up service, the eligible member’s ASRS employer shall provide to the ASRS a copy of the eligible member’s military service record and a completed Military Call-up form that includes the following:

1. The member’s full name;
2. The member’s Social Security number;
3. The start date of Presidential Call-up Service;
4. The end date of Presidential Call-up Service;
5. Whether the member received paid leave while on Presidential Call-up;
6. The date the member returned to work for the ASRS employer;
7. The salary for each fiscal year while the member is on Presidential Call-up, including any salary increases the eligible member would have received had the member not left employment due to Presidential Call-up, if applicable;
8. The ASRS employer’s name and address;
9. The name of a contact individual for the ASRS employer, and that individual’s business and fax telephone numbers;
10. The contact individual’s signature and date of signature;
11. If applicable, the earlier of:
   a. The date that the member was released from the hospital for injuries sustained as a result of participating in a Presidential Call-up; or
   b. The date that the member was hospitalized for one year for injuries sustained as a result of participating in a Presidential Call-up; and
12. A copy of the member’s death certificate, if applicable.

B. An ASRS employer shall make the request to purchase service credit for Presidential Call-up service within 30 days after the member’s active duty termination date.

C. The ASRS calculates the amount the ASRS employer pays to purchase Presidential Call-up service by multiplying the eligible member’s salary at the time active duty commences, by the contribution rate in effect for the period of active duty, and by the years or partial years of service elapsing from the active duty commencement date through the active duty termination date. Included in the calculation are any salary increases the member would have received if the member had not left work to participate in a Presidential Call-up.

D. The ASRS shall send the ASRS employer a statement of cost for purchase of the Presidential Call-up service credit, based on the calculation in subsection (B). Within 90 days from the date on the ASRS statement of cost, the ASRS employer shall pay to the ASRS the amount on the statement. If the ASRS employer fails to make full payment within the 90 days, interest shall accrue on the unpaid balance at the assumed actuarial investment earnings rate approved by the Board in effect on the date of the statement of cost.

E. If an ASRS employer deducts retirement and long-term disability contributions from an eligible member’s pay while the eligible member is on Presidential Call-up service, the ASRS shall return the contributions to the ASRS employer after the ASRS receives the information in subsection (A).

F. If an ASRS employer deducts retirement contributions from an eligible member’s pay while the eligible member is on Presidential Call-up service, and the eligible member does not return to the ASRS employer after separation from active military service, the ASRS shall apply the retirement contributions to the member’s credited service.

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). Amended by
R2-8-511. Required Documentation and Calculations for Other Public Service Credit

A. An eligible member who requests to purchase other public service credit under A.R.S. § 38-743 shall provide to the ASRS a completed Affidavit of Other Public Service form, signed and dated by the member, and notarized, that includes the following:

1. The member’s full name;
2. The member’s Social Security number;
3. Other names used by the member during employment with the other public service employer, if applicable;
4. The name and mailing address of the other public service employer;
5. The position the member held while working for the other public service employer;
6. A contact name and telephone number of an individual in the other public service employer’s human resources department who can verify employment, if known;
7. The years and months by fiscal year of other public service the member worked and wishes to purchase;
8. If the other public service employer was a non-ASRS employer, a statement of whether the member participated in the non-ASRS employer’s retirement plan;
9. If the member participated in a non-ASRS public service employer’s retirement plan, the name of the retirement plan, identifying whichever one of the following applies:
   a. The approximate date the member took a return of retirement contributions;
   b. The plan is non-contributory and the member is not eligible for benefits from the plan;
   c. That, if not using all of the retirement contributions as a pre-tax rollover, the member will request a return of retirement contributions and forfeit all rights to any benefits from the plan and provide the ASRS with documentation that the member has forfeited all rights to benefits from the plan no later than the due date specified on the SP invoice; and
10. Acknowledgement that:
   a. Knowingly making a false statement or falsifying or permitting falsification of any record of the ASRS with an intent to defraud ASRS is a Class 6 felony, pursuant to A.R.S. § 38-793;
   b. The service purchase transaction is subject to audit and if any errors are discovered, the ASRS shall adjust a member’s total credited service with the ASRS, or if the member is already retired, adjustments to the member’s credited service will affect the member’s retirement benefit; and
   c. If an audit determines that the member is eligible for a benefit from the other public service employer’s retirement plan, the member is required to take necessary steps to forfeit the benefit, and if the forfeiture is not completed within 90 days of being notified of the audit results, the service credit purchased on this application will be revoked and any funds paid to purchase the service credit will be refunded to the member.

B. The amount the member shall pay to purchase other public service credit is determined as provided in R2-8-506.

Historical Note

New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). Amended by final rulemaking at 12 A.A.R. 4667, effective December 5, 2006 (Supp. 06-4).

R2-8-512. Purchasing Service Credit by Check, Cashier’s Check, or Money Order

A. An eligible member may purchase service credit by check, cashier’s check, or money order.

B. Within 30 days of the issue date on the SP invoice or PDA payoff letter, the member shall ensure that the ASRS receives the completed Service Purchase Payment Request form with the information specified in R2-8-502(D)(2) and a check, cashier’s check, or money order made to the order of the Arizona State Retirement System in the amount to purchase the requested service credit.

C. If an eligible member purchases service credit by check, cashier’s check, or money order in conjunction with one or more rollovers, trustee-to-trustee transfers, or termination pay, the member shall make payment within 30 days after the date the ASRS sends written confirmation that the ASRS received the final rollover, trustee-to-trustee transfer, or termination pay payment.

Historical Note

New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). Amended by final rulemaking at 12 A.A.R. 4667, effective December 5, 2006 (Supp. 06-4).

R2-8-513. Purchasing Service Credit by Irrevocable Payroll Deduction Authorization

A. An eligible member may purchase service credit by Irrevocable Payroll Deduction Authorization.

B. By the due date specified on the SP invoice, the member shall ensure that the ASRS receives the completed Service Purchase Payment Request form with the information specified in R2-8-502(D)(2).

C. If the eligible member elects to pay for service credit by Irrevocable Payroll Deduction Authorization, ASRS shall prepare an Irrevocable Payroll Deduction Authorization and send it to the eligible member for signature. The member shall ensure that the ASRS receives the signed Irrevocable Payroll Deduction Authorization within 30 days after the date on the Irrevocable Payroll Deduction Authorization. The signed Irrevocable Payroll Deduction Authorization becomes irrevocable upon receipt by the ASRS.

D. At the time the eligible member signs the Irrevocable Payroll Deduction Authorization the eligible member may elect to use termination pay towards the balance of the Irrevocable Payroll Deduction Authorization if the eligible member terminates employment. If the eligible member chooses this option, the eligible member shall complete the Termination Pay Addendum to the Irrevocable Payroll Deduction Authorization and return it to the ASRS along with the remainder of the Irrevocable Payroll Deduction Authorization that includes the following:

1. A statement that the member:
   a. Understands and agrees that the member must continue working at least three full calendar months after the date of submission of the form before termination pay may be used on a pre-tax basis;
   b. Understands that if the termination payment exceeds the balance owed on the Irrevocable Payroll Deduction Authorization, the overage will be returned to the ASRS employer to be distributed to the member; and
   c. Elects to irrevocably agree to have termination pay that may be payable to the member upon termination of employment sent to the ASRS on a pre-tax basis.
and used toward any remaining balance of the Irrevo-
cable Payroll Deduction Authorization if all
scheduled payroll deductions have not been
completed upon termination of service; and
2. A statement that either all termination pay or a specified
amount of termination pay is to be applied to the balance

E. The ASRS shall:
1. Charge interest on the unpaid balance at the assumed
actuarial investment earnings rate approved by the Board
in effect at the time the authorization was entered into;
2. Limit the payroll deduction time period to a maximum
of 20 years; and
3. Require a minimum payment of $10.00 per payroll
period, or payment in an amount to purchase at least .001
year of service credit per payroll period, whichever is
greater.

F. The ASRS shall transmit the Irrevocable Payroll Deduc-
tion Authorization to the active member’s ASRS employer, and the
ASRS employer shall implement the deduction on the first pay
period after receiving the Irrevocable Payroll Deduction
Authorization.

G. If a deduction is not made under an Irrevocable Payroll Deduc-
tion Authorization within six months after the member signs
the authorization, the authorization lapses and the member
may make another request, which is recalculated based on the
new request date unless the failure to begin deductions is due to
an ASRS error.

H. A period of leave of absence, long-term disability, or Presi-
dential Call-up shall not cancel the Irrevocable Payroll Deduction
Authorization. The ASRS employer shall resume deductions
immediately upon the member’s return to that employment. The
period during which the member is on leave of absence,
on long-term disability, or leaves work because of a Presidential
Call-up is not included in the 20-year payment time limita-
tion under subsection (E)(2). If the member does not return to
active working status, whether due to termination of employ-
ment or retirement, the member may elect to purchase the bal-
cence of unpaid service under the Irrevocable Payroll Deduction
Authorization at the time of termination or retire-
ment as specified in this Section.

I. Deductions made pursuant to an Irrevocable Payroll Deduc-
tion Authorization continue until the:
1. Irrevocable Payroll Deduction Authorization is com-
pleted;
2. Member retires, whether or not the member continues
employment as allowed in A.R.S. §§ 38-766.01 and 38-
764(J); or
3. Member terminates all ASRS employment without trans-
fering employment.

J. If a member retires or terminates employment from all ASRS
employers without transferring employment as stated in R2-8-
513.01 before all deductions are made as authorized by the
Irrevocable Payroll Deduction Authorization, the member’s
purchase of service credit is canceled unless the member noti-
fies the ASRS in writing during the period 14 days before to
14 days after retirement or termination from all ASRS employ-
ment of the intent to purchase the remaining amount due in a
lump sum.

K. When the member notifies ASRS of retirement or termination
from all ASRS employment and requests to pay off the Irrevo-
cable Payroll Deduction Authorization, the ASRS shall send
the member a PDA pay-off letter to the mailing address given
by the member. The ASRS shall calculate the amount owed by
the member and reduce the amount owed by any excess inter-
est that the member has paid.

L. Within 30 days of the date of the PDA pay-off letter, the mem-
ber shall ensure that the ASRS receives the completed SP Pay-
ment Request form with the information specified in R2-8-
502(D)(2). The member may purchase the remaining service credit by one or more of the following methods:
1. By check, cashier’s check, or money order made out to
the ASRS under R2-8-512;
2. By making a request to the ASRS for a rollover or trans-
fer under R2-8-514 and completing the rollover or trans-
fer within 90 days of the date of the PDA pay-off letter;
or
3. By termination pay distribution under R2-8-519, if the
member authorized this option at the time the member
signed the Irrevocable Payroll Deduction Authorization.

Historical Note
New Section made by final rulemaking at 11 A.A.R.
2640, effective June 30, 2005 (Supp. 05-2). Amended by
final rulemaking at 12 A.A.R. 4667, effective December
5, 2006 (Supp. 06-4). Amended by final rulemaking at 18

R2-8-513.01. Irrevocable Payroll Deduction Authorization and
Transfer of Employment to a Different ASRS Employer
A. An Irrevocable Payroll Deduction Authorization continues if a
member transfers employment.

B. An Irrevocable Payroll Deduction Authorization ends if a
member terminates employment without having accepted an
offer to work for a new ASRS employer, and the member is
not already an active member working for a different ASRS
employer. The member shall then pay off the Irrevocable Pay-
roll Deduction Authorization as specified in R2-8-513(J).

C. If a retirement contribution is due from the new ASRS
employer within 120 days from the member’s termination date
with the previous employer, there is a rebuttable presumption
that there is a transfer of employment. If a retirement contribu-
tion is not received within 120 days, the Irrevocable Payroll
Deduction Authorization terminates.

Historical Note
New Section made by final rulemaking at 12 A.A.R.
4667, effective December 5, 2006 (Supp. 06-4).

R2-8-513.02 Termination Date
For the purpose of an Irrevocable Payroll Deduction Authorization, the
date a member is considered terminated from an ASRS employer is:
1. For a member terminating employment, the member’s
last pay period end date with that ASRS employer;
2. For a member on Presidential Call-up who does not return to
the same ASRS employer:
   a. Ninety days from the date of separation from Presi-
dential Call-up service;
   b. Ninety days from the date released from the hospi-
tal, if injured while on Presidential Call-up service;
   c. The date the member has been hospitalized for one
year for injuries sustained as a result of participating
in a Presidential Call-up; or
   d. The date of the member’s death as a result of partici-
pating in a Presidential Call-up;
3. For a member on leave of absence without pay who does not
return to the same ASRS employer, the date the
ASRS employer required the member to return to work;
4. For a member who is unable to work because of a disabili-
ty, the later of:
   a. The date the member’s request for long-term disabil-
ity benefits are denied;
b. The date the member no longer has sick leave and annual leave; or

c. For a member on long-term disability who does not return to the same ASRS employer or transfer employment, the date long-term disability benefits are terminated.

Historical Note
New Section made by final rulemaking at 12 A.A.R. 4667, effective December 5, 2006 (Supp. 06-4).

R2-8-514. Purchasing Service Credit by Direct Rollover
A. An eligible member may purchase service credit or pay off an Irrevocable Payroll Deduction Authorization by direct rollover at retirement or termination of employment without transferring employment.

B. By the due date specified on the SP invoice, the member shall ensure that the ASRS receives the completed Service Purchase Payment Request form with the information specified in R2-8-502(D)(2).

C. Upon receipt of the completed Service Purchase Payment Request form, the ASRS shall provide a Direct Rollover/Transfer Certification to Purchase Service Credit form, if the ASRS has not already provided the member with the form.

D. The member shall ensure that the ASRS receives the Direct Rollover/Transfer Certification to Purchase Service Credit form completed by the member and the plan making the distribution within 90 days after the issue date of the SP Invoice.

E. The information requested on the Direct Rollover/Transfer Certification to Purchase Service Credit form includes:

1. Member’s full name;
2. Member’s Social Security number;
3. Member’s mailing address;
4. Member’s daytime telephone number;
5. The amount of each rollover or transfer, if applicable;
6. The account number of each plan, if applicable;
7. The member’s signature certifying that the member understands the requirements, limitations, and entitlements for the rollover/transfer that is being used to purchase service credit, and has read and understands the Direct Rollover/Transfer Certification to Purchase Service Credit form and any accompanying instructions and information sheets;
8. The date the member signs the form;
9. The authorized representative’s name and title;
10. The authorized representative’s address;
11. The authorized representative’s telephone number;
12. Certification by the authorized representative that:
   a. The plan is either:
      i. A qualified pension, profit sharing, or 401(k) plan described in IRC § 401(a), or a qualified annuity plan described in IRC § 403(a);
      ii. A deferred compensation plan described in IRC § 457(b) maintained by a state of the United States, a political subdivision of a state of the United States, or an agency or instrumentality of a state of the United States;
      iii. An annuity contract described in IRC § 403(b); or
      iv. An IRA described in A.R.S. § 38-747(H)(3);
   b. The rollover/transfer specified on the form from which the pre-tax funds are being rolled over or transferred is intended to satisfy the requirements of the applicable section of the Internal Revenue Code;
   c. The authorized representative is not aware of any plan provision or any other reason that would cause the plan/IRA not to satisfy the applicable section of the Code; and
   d. The funds will be sent to the ASRS as a direct plan rollover, IRA rollover, or a trustee-to-trustee transfer; and

13. The date and signature of the authorized representative.

F. The ASRS shall provide the member with written notification regarding the eligibility of the rollover.

G. The member shall contact the plan administrator to have the funds distributed and transferred to the ASRS. Except as provided in subsection (H), unless the ASRS receives a check for the correct amount from the plan within 90 days of the issue date on the SP invoice, the ASRS shall cancel the request to purchase service credit as specified in R2-8-502(C).

H. At the written request of the member, the ASRS shall provide an extension of 60 days in which the check may be received by the ASRS from the plan at the written request of the member, if:

1. The member has followed the procedure in this Article for requesting to purchase service credit,
2. The member has responded to the ASRS correspondence within the time-frame set forth in this Article,
3. The eligible plan has not provided to the ASRS the check to pay for the requested service credit purchase within 90 days of the date of the SP invoice, and
4. The member makes the written request for extension before expiration of the 90 days.

I. The member shall ensure that the ASRS receives a check from the plan, made payable to the ASRS, for an amount that does not exceed the amount specified on the SP Invoice.

J. If the payment from the eligible plan exceeds the amount specified on the SP Invoice, the ASRS shall return the entire payment to the member.

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). Amended by final rulemaking at 12 A.A.R. 4667, effective December 5, 2006 (Supp. 06-4).

R2-8-515. Purchasing Service Credit by Trustee-to-Trustee Transfer
A. An eligible member may purchase service credit or pay off an Irrevocable Payroll Deduction Authorization at retirement or termination of employment without transferring employment by a trustee-to-trustee transfer if the member participates in:

1. A deferred compensation plan described in IRC § 457 that is maintained by:
   a. The state of Arizona;
   b. A political subdivision, agency, or instrumentality of the state of Arizona; or
   c. A political subdivision entity of the state of Arizona;
2. An annuity contract described in IRC § 403(b); or
3. A retirement program qualified under IRC § 401(a) or 403(a).

B. By the due date specified on the SP invoice, the ASRS shall receive from the member the completed Service Purchase Payment Request form described in R2-8-502(D)(2).

C. Upon receipt of the completed Service Purchase Payment Request form, the ASRS shall provide a Direct Rollover/Transfer Certification to Purchase Service Credit form, if the ASRS has not already provided the member with the form.

D. The member shall ensure that the member and the plan administrator complete the Direct Rollover/Transfer Certification to Purchase Service Credit form, containing all of the applicable information identified in R2-8-514(E), and ensure that the...
ASRS receives the form within 90 days after the issue date on the SP Invoice.

E. The ASRS shall provide the member with written notification regarding the eligibility of the transfer.

F. The member shall contact the plan administrator to have the funds transferred to the ASRS. Except as provided in subsection (G), unless the ASRS receives the check for the correct amount from the plan within 90 days of the issue date on the SP invoice, the ASRS shall cancel the request to purchase service credit as specified in R2-8-502(C).

G. The ASRS shall provide an extension of 60 days in which the check may be received by the ASRS from the plan at the written request of the member, if:
1. The member has followed the procedure under this Article for requesting to purchase service credit,
2. The member has responded to the ASRS correspondence within the time-frame set forth in this Article,
3. The eligible plan has not provided to the ASRS the check to pay for the requested service credit purchase within 90 days of the date of the SP invoice, and
4. The member makes the written request for extension before expiration of the 90 days.

H. The member shall ensure that the ASRS receives a check from the plan, made payable to the ASRS, for an amount that does not exceed the amount specified on the SP Invoice.

I. If the payment from the eligible plan exceeds the amount specified on the SP Invoice, the ASRS shall return the entire payment to the member and notify the member of the correct amount due.

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). Amended by final rulemaking at 12 A.A.R. 4667, effective December 5, 2006 (Supp. 06-4).

R2-8-516. Expired

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). Amended by final rulemaking at 12 A.A.R. 4667, effective December 5, 2006 (Supp. 06-4). Section expired under A.R.S. § 41-1056(J) at 22 A.A.R. 3195, effective October 11, 2016 (Supp. 16-3).

R2-8-517. Expired

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). Amended by final rulemaking at 12 A.A.R. 4667, effective December 5, 2006 (Supp. 06-4). Section expired under A.R.S. § 41-1056(J) at 22 A.A.R. 3195, effective October 11, 2016 (Supp. 16-3).

R2-8-518. Repealed

Historical Note

R2-8-519. Purchasing Service Credit by Termination Pay Distribution
A. To purchase service credit using termination pay distribution, an eligible member shall, no more than six months before the date the eligible member plans to retire or terminate employ-

B. Upon receipt of the documentation required by this Article from the eligible member and if the eligible member’s request to purchase service credit meets the requirements of this Article, the ASRS shall provide a:
1. SP invoice stating the cost to purchase the requested amount of service credit and the date the payment is due, and
2. Service Purchase Payment Request form as described in R2-8-502(D)(2).

C. By the due date specified on the SP invoice, the member shall ensure that the ASRS receives the completed Service Purchase Payment Request form.

D. Upon receipt of the Service Purchase Request form, if the member indicates the member wishes to purchase service credit by termination pay distribution, the ASRS shall send the member a Termination Pay Authorization for the Purchase of Service Credit form to complete and return within the time limitation specified in subsection (E) that includes:
1. Member’s full name,
2. Member’s Social Security number,
3. Member’s daytime telephone number,
4. The Request ID number listed on the SP invoice,
5. Name of ASRS employer,
6. Whether the member elects to use all termination pay or a specific amount of termination pay to purchase service credit,
7. Signature of the member, certifying that the member understands that:
   a. The member is required to continue working at least three full calendar months after the date the member submits the Termination Pay Authorization for the Purchase of Service Credit form before termination pay may be used on a pre-tax basis;
   b. If the member terminates employment more than six months after the date on the SP invoice, the member may purchase the service credit at a newly calculated rate and possibly at a higher cost;
   c. The Termination Pay Authorization for the Purchase of Service Credit form is binding and irrevocable;
   d. The member’s employer is required to make payment directly to the ASRS after mandatory deductions are made, and the member does not have the option of receiving the funds directly from the employer;
   e. The ASRS shall apply service credit to the member’s account upon the receipt of payments authorized by the member by the Termination Pay Authorization for the Purchase of Service Credit form;
   f. If the member elects to purchase with termination pay only a portion of the service credit that the member is entitled to purchase, the member may be eligible to use other forms of payment to purchase additional service credit. However, using other forms of payment to purchase additional service credit does not alter, amend, or revoke the terms of the Termination Pay Authorization for the Purchase of Service Credit form;
g. It is the member’s responsibility to ensure that the member’s employer properly deducts termination pay, as provided the Termination Pay Authorization for the Purchase of Service Credit forms; and
h. The amount of termination pay the member is allowed to apply to purchase service credit is subject to federal laws.

E. In addition to the other time limitations in this Section, to apply termination pay to a service purchase the eligible member shall complete and sign the Termination Pay Authorization for the Purchase of Service Credit forms, and the member shall ensure that the ASRS receives the Termination Pay Authorization for the Purchase of Service Credit form at least three full calendar months before the member retires or terminates employment.

F. The ASRS shall not apply a termination pay distribution to a service credit purchase covered by an Irrevocable Payroll Deduction Authorization in effect at the time of termination unless the eligible member signed a Termination Pay Addendum to the Irrevocable Payroll Deduction Authorization specified in R2-8-513(D) at the time the member signed the Irrevocable Payroll Deduction Authorization.

G. If a member elects to use all of the member’s available termination pay to purchase service credit, ASRS shall not apply any other form of payment to the service credit purchase until the ASRS receives the termination pay.

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). Amended by final rulemaking at 12 A.A.R. 4667, effective December 5, 2006 (Supp. 06-4).

R2-8-520. Termination of Employment and Request Return of Retirement Contributions or Death of Member While Purchasing Service Credit by an Irrevocable Payroll Deduction Authorization

A. If a member terminates employment without transferring employment as specified in R2-8-513.01 while purchasing service credit by an Irrevocable Payroll Deduction Authorization and requests return of retirement contributions, the ASRS shall return any payments made for the purchase of service credit including interest earned on those payments as determined by the Board.

B. If a member dies while purchasing service credit, the ASRS shall credit the member’s account with:
1. The service credit for which the ASRS received payment before the member’s death,
2. Interest earned on payment through the date of distribution at the valuation rate established by the Board, and
3. All service purchase payments.

C. If a member dies while purchasing service credit, the ASRS shall not permit the survivor to purchase the remaining balance.

D. The ASRS shall not refund interest charged as part of an Irrevocable Payroll Deduction Authorization as specified in R2-8-513(E)(1).

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2). Amended by final rulemaking at 12 A.A.R. 4667, effective December 5, 2006 (Supp. 06-4).

R2-8-521. Adjustment of Errors

A. If the ASRS determines an error has been made in the information provided by the member or in the calculations made by the ASRS, the ASRS shall make an adjustment, including, but limited to, increasing or decreasing a member’s total credited service with the ASRS and increasing or decreasing the payment amount.

B. If the ASRS determines that a member is receiving or is eligible to receive retirement benefits from another public employee retirement system that makes the member ineligible to purchase service credit for the same period, the ASRS shall revoke that purchase of service credit, and return any payments made, less any interest payments made, if applicable.

C. The ASRS shall notify the member in writing of any adjustments.

Historical Note
New Section made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2).

ARTICLE 6. PUBLIC PARTICIPATION IN RULEMAKING

R2-8-601. Definitions

The following definitions apply to this Article unless otherwise specified:
1. “Rulemaking record” means a file the ASRS maintains as specified in A.R.S. § 41-1029.
2. “Oral proceeding” means a public gathering the ASRS holds for the purpose of receiving comment and answering questions about a proposed rule as specified in A.R.S. § 41-1023.
3. “Presiding officer” means an individual selected by the ASRS Director to oversee oral proceedings.
4. “Substantive policy statement” means the same as in A.R.S. § 41-1001(22).

Historical Note
New Section made by final rulemaking at 12 A.A.R. 964, effective March 7, 2006 (Supp. 06-1). Amended by final rulemaking at 21 A.A.R. 2515, effective December 5, 2015 (Supp. 15-4).

R2-8-602. Reviewing Agency Rulemaking Record and Directory of Substantive Policy Statements

Except on a state holiday, a person may review a rulemaking record or the directory of substantive policy statements at the Phoenix office of the ASRS, Monday through Friday, from 8:00 a.m. until 5:00 p.m.

Historical Note
New Section made by final rulemaking at 12 A.A.R. 964, effective March 7, 2006 (Supp. 06-1). Section amended by final rulemaking at 22 A.A.R. 3323, effective January 1, 2017 (Supp. 16-4).

R2-8-603. Petition for Rulemaking

A. A person submitting a petition to the ASRS to make or amend a rule under A.R.S. § 41-1033 shall include the following in the petition:
1. The name and current address of the person submitting the petition;
2. An identification of the rule to be made or amended;
3. The suggested language of the rule;
4. The reason why a new rule should be made or a current rule should be amended with supporting information, including:
   a. An identification of the persons who would be affected by the rule and how the persons would be affected; and
   b. If applicable, statistical data with references to attached exhibits;
5. The signature of the person submitting the petition; and
6. The date the person signs the petition.
A. The ASRS shall send a written notice of the ASRS’s decision regarding the Petition for Rulemaking to the person within 60 days of receipt of the petition.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 964, effective March 7, 2006 (Supp. 06-1). Section amended by final rulemaking at 22 A.A.R. 3323, effective January 1, 2017 (Supp. 16-4).

**R2-8-604. Review of a Rule, Agency Practice, or Substantive Policy Statement**

A. A person submitting a petition to the ASRS under A.R.S. § 41-1033 requesting that the ASRS review an agency practice or substantive policy statement that the person alleges constitutes a rule shall include the following in the petition:

1. The name and current address of the person submitting the petition;
2. The reason the person alleges that the agency practice or substantive policy statement constitutes a rule;
3. The signature of the person submitting the petition; and
4. The date the person signs the petition.

B. The person who submits a petition under subsection (A) shall attach a copy of the substantive policy statement or a description of the agency practice to the petition.

C. The ASRS shall send a written notice of the ASRS’s decision regarding the petition to the person within 60 days of receipt of the petition.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 964, effective March 7, 2006 (Supp. 06-1). Section amended by final rulemaking at 22 A.A.R. 3323, effective January 1, 2017 (Supp. 16-4).

**R2-8-605. Objection to Rule Based Upon Economic, Small Business and Consumer Impact**

A. A person submitting an objection to a rule based upon the economic, small business and consumer impact under A.R.S. § 41-1056.01 shall include the following in the objection:

1. The name and current address of the person submitting the objection;
2. Identification of the rule;
3. Either evidence that the actual economic, small business and consumer impact:
   a. Significantly exceeded the impact estimated in the economic, small business and consumer impact statement submitted during the making of the rule with supporting information attached as exhibits; or
   b. Was not estimated in the economic, small business and consumer impact statement submitted during the making of the rule and that actual impact imposes a significant burden on persons subject to the rule with supporting information attached as exhibits; or
   c. Reflects that the ASRS did not select the alternative that imposes the least burden and costs to persons regulated by the rule, including paperwork and other compliance costs, necessary to achieve the underlying regulatory objective.
4. The signature of the person submitting the objection; and
5. The date the person signs the objection.

B. The ASRS shall respond to the objection as specified in A.R.S. § 41-1056.01(C).

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 964, effective March 7, 2006 (Supp. 06-1). Section amended by final rulemaking at 22 A.A.R. 3323, effective January 1, 2017 (Supp. 16-4).

**R2-8-606. Oral Proceedings**

A. A person requesting an oral proceeding under A.R.S. § 41-1023(C) shall submit a written request to the ASRS that includes:

1. The name and current address of the person making the request;
2. If applicable, the name of the public or private organization, partnership, corporation or association, or the name of the governmental entity the person represents; and
3. Reference to the proposed rule including, if known, the date and issue of the Arizona Administrative Register in which the Notice of Proposed Rulemaking was published.

B. The ASRS shall record an oral proceeding by either electronic or stenographic means and any CDs, cassette tapes, transcripts, lists, speaker slips, and written comments received shall become part of the official record.

C. A presiding officer shall perform the following acts on behalf of the ASRS when conducting an oral proceeding as prescribed under A.R.S. § 41-1023:

1. Provide a method for a person who attends the oral proceeding to voluntarily note the person’s attendance;
2. Provide a Request to Present Oral Comment form that includes space for:
   a. The name of the person submitting the Request to Present Oral Comment form,
   b. The entity the person represents, if applicable, and
   c. The rule on which the person wishes to comment or about which the person has a question;
3. Open the proceeding by identifying the rules to be considered, the location, date, time, purpose of the proceeding, and the agenda;
4. Explain the background and general content of the proposed rulemaking;
5. Provide for public comment as specified in A.R.S. § 41-1023(D); and
6. Close the oral proceeding by announcing the location where written public comments are to be sent and specifying the close of record date and time.

D. A presiding officer may limit comments to a reasonable time period, as determined by the presiding officer. Oral comments may be limited to prevent undue repetition.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 964, effective March 7, 2006 (Supp. 06-1). Section amended by final rulemaking at 22 A.A.R. 3323, effective January 1, 2017 (Supp. 16-4).

**R2-8-607. Petition for Delayed Effective Date**

A. A person who wishes to delay the effective date of a rule under A.R.S. § 41-1032 shall file a petition with the ASRS prior to the proposed rule’s close of record date. The petition shall contain:

1. Name and current address of the person submitting the petition;
2. Identification of the proposed rule;
3. Need for the delay, specifying the undue hardship or other adverse impact that may result if the request for a delayed effective date is not granted;
4. Reason why the public interest will not be harmed by the delayed effective date;
5. Signature of the person submitting the petition; and
6. Date the person signs the petition.
B. The ASRS shall send a written notice of the ASRS’s decision to the person within 30 days of receipt of the Petition for Delayed Effective Date.

Historical Note
New Section made by final rulemaking at 12 A.A.R. 964, effective March 7, 2006 (Supp. 06-1). Section amended by final rulemaking at 22 A.A.R. 3323, effective January 1, 2017 (Supp. 16-4).

ARTICLE 7. CONTRIBUTIONS NOT WITHHELD

R2-8-701. Definitions
The following definitions apply to this Article unless otherwise specified:
1. “218 agreement” means a written agreement between the state, political subdivision, or political subdivision entity and the Social Security Administration, under the provisions of § 418 of the Social Security Act, to provide Social Security and Medicare or Medicare-only coverage to employees of the state, political subdivision, or political subdivision entity.
2. “Documentation” means a pay stub, completed W-2 form, completed Verification of Contributions Not Withheld form, employer letter or spreadsheet, completed State Personnel Action Form, Social Security Earnings Report, employment contract, payroll record, timesheet, or other ASRS employer-provided form that includes:
   a. Whether the employee was covered under the ASRS employer’s 218 agreement prior to July 24, 2014;
   b. The number of hours worked or length of time the member was employed by the ASRS employer, or
   c. The compensation paid to the member by the ASRS employer.
3. “Eligible service” means employment with an ASRS employer:
   a. That is no more than 15 years before the date the ASRS receives written credible evidence that less than the correct amount of contributions were paid into the ASRS or the ASRS otherwise determines that less than the correct amount of contributions were made as specified in A.R.S. § 38-738(C); and
   b. In which the member worked a minimum of 20 hours per week for at least 20 weeks in a service year for at least one ASRS employer from 7/1/1999 to the present.

Historical Note
New Section made by final rulemaking at 12 A.A.R. 4793, effective December 5, 2006 (Supp. 06-4). Amended by final rulemaking at 21 A.A.R. 2515, effective December 5, 2015 (Supp. 15-4).

R2-8-702. General Information
A. Verified eligible service that occurred more than 15 years before the date ASRS receives the information identified in R2-8-704(A)(1) is considered public service credit as provided in A.R.S. § 38-738(D), and is not applied under this Article.
B. The ASRS employer shall pay the ASRS employer’s portion of the contributions the ASRS determines is owed under R2-8-706 whether or not:
   1. The member has withdrawn contributions as specified in R2-8-115; or
   2. The member pays the member’s portion of the contributions.
C. The person who initiates the claim that contributions were not withheld for eligible service has the burden to prove a contribution error was made.
D. ASRS shall not waive payment of contributions or interest owed under this Article.
E. If a member is not able to establish eligibility for service credit for which contributions were not withheld, but is able to establish a period of employment by an ASRS employer the member may request to purchase service credit for that period under A.R.S. § 38-743 and Article 5 of this Chapter.

Historical Note
New Section made by final rulemaking at 12 A.A.R. 4793, effective December 5, 2006 (Supp. 06-4).

R2-8-703. ASRS Employer’s Discovery of Error
If an ASRS employer determines that contributions have not been withheld for a member for a period of eligible service, the ASRS employer shall notify ASRS in writing, and shall provide ASRS with the member’s full name, Social Security number, months, years, and hours per week worked, the compensation each fiscal year for the time periods worked, and the member’s position title and status at the time contributions should have been withheld.

Historical Note
New Section made by final rulemaking at 12 A.A.R. 4793, effective December 5, 2006 (Supp. 06-4).

R2-8-704. Member’s Discovery of Error
If a member believes that an Employer has not withheld contributions for the member for a period of eligible service, the member shall:
A. Provide the Employer with documentation of the member’s claim and request that the Employer provide a letter that includes the information in the Verification of Contributions Not Withheld form or complete a Verification of Contributions Not Withheld form that includes:
   1. The member’s full name;
   2. Other names used by the member;
   3. The member’s Social Security number;
   4. Whether the position was covered under the Employer’s 218 agreement prior to July 24, 2014;
   5. The position title the member held at the time the contributions should have been withheld;
   6. The eligibility of the member at the time the contributions should have been withheld;
   7. The following statements of understanding and agreements certified by the authorized Employer representative’s signature indicating:
      a. I understand it is my responsibility to verify the accuracy of the information I am providing on this form. I understand any individual who knowingly makes a false statement, or who falsifies or permits to be falsified any record of the ASRS with an intent to defraud the ASRS, is guilty of a Class 6 felony pursuant to A.R.S. § 38-793; and
      b. I understand that, based on the information provided on this form, the ASRS may determine that contributions are owed on behalf of the member listed on this form, and the Employer may incur a substantial financial obligation. I understand that I may receive an invoice for the member contributions I owe.
   8. The following information by fiscal year:
      a. All pay period end dates;
      b. The hours per week worked within each pay period; and
      c. The compensation earned by the member within each pay period.
   9. The name of the Employer;
   10. The printed name and signature of the authorized Employer representative;
11. The daytime telephone number of the authorized Employer representative;
12. The title of the authorized Employer representative; and
13. The date the authorized Employer representative signed the form:

B. Provide the ASRS with the completed Verification of Contributions Not Withheld form; and

C. If the Employer refuses to fill out the Verification of Contributions Not Withheld form, or if the member disputes the information the Employer completes on the form, the member shall provide the ASRS with the documentation the member believes supports the allegation that contributions should have been withheld, that includes proof:
   1. That the employee was covered under the Employer’s 218 agreement prior to July 24, 2014,
   2. Of the number of hours worked,
   3. Of the length of time the member was employed by the Employer, and
   4. Of the compensation paid to the member by the Employer.

Historical Note
New Section made by final rulemaking at 12 A.A.R. 4793, effective December 5, 2006 (Supp. 06-4). Section amended by final rulemaking at 22 A.A.R. 3326, effective January 1, 2017 (Supp. 16-4).

R2-8-705. ASRS’ Discovery of Error
If the ASRS determines, as specified in A.R.S. § 38-738(B)(7), that contributions have not been withheld for a member for a period of eligible service, the ASRS shall notify the member and the ASRS employer in writing and shall request the following information:
   1. The months, years and hours per week worked;
   2. The compensation earned by the member each fiscal year for the time periods worked; and
   3. The member’s position title at the time contributions should have been withheld.

Historical Note
New Section made by final rulemaking at 12 A.A.R. 4793, effective December 5, 2006 (Supp. 06-4).

R2-8-706. Determination of Contributions Not Withheld
A. Upon receipt of the information listed in R2-8-703, R2-8-704, or R2-8-705, the ASRS shall review the information to determine whether or not member contributions should have been withheld by the Employer, the length of time those contributions should have been withheld, and the amount of contributions that should have been withheld.
B. Except for a member who met active membership requirements while simultaneously contributing to another retirement plan listed in subsection (B)(2), for purposes of this Article, the ASRS shall determine that contributions should not have been withheld for the period of service in question if:
   1. An Employer remits an accurate ACR amount pursuant to R2-8-116; or
   2. The employee participates in:
      a. Another Arizona retirement plan listed in A.R.S. Title 38, Chapter 5, Articles 3, 4, or 6; or
      b. In an optional retirement plan listed in A.R.S. Title 15, Chapter 12, Article 3 or A.R.S. Title 15, Chapter 13, Article 2.
C. Except for returning to work under A.R.S. § 38-766.01(D), the presence of a contract between a member and the Employer does not alter the contribution requirements of A.R.S. §§ 38-736 and 38-737.
D. If there is any discrepancy between the documentation provided by the Employer and the documentation provided by the member, a document used in the usual course of business prepared at the time in question is controlling.

E. The ASRS shall provide to the Employer and the member a written statement that includes:
   1. The dates of eligible service for which contributions were not withheld,
   2. The dollar amount of contributions that should have been made,
   3. The dollar amount of the contributions to be paid by the Employer,
   4. The interest on the Employer contributions and member contributions to be paid by the Employer,
   5. The dollar amount of contributions to be paid by the member, and
   6. The various payment options that may apply to the member, as specified in R2-8-512 through R2-8-519.

Historical Note
New Section made by final rulemaking at 12 A.A.R. 4793, effective December 5, 2006 (Supp. 06-4). Section amended by final rulemaking at 22 A.A.R. 3326, effective January 1, 2017 (Supp. 16-4).

R2-8-707. Submission of Payment
A. Within 90 calendar days after the ASRS notifies the ASRS employer in writing of the amount due, the ASRS employer shall pay all ASRS employer contributions, including accrued interest on both the ASRS employer and member contributions, from the date the contributions were due to the date the ASRS notifies the ASRS employer of the amount due. An ASRS employer who makes payment under A.R.S. § 38-738(B)(3) is not liable for additional interest that may accrue as a result of a member’s failure to remit payment required by A.R.S. § 38-738(B)(1). If the ASRS does not receive full payment of the ASRS employer’s amount due within 90 calendar days after the ASRS notifies the ASRS employer of the amount due, interest on the amount not paid, as provided in A.R.S. § 38-738(B)(3), will accrue from the 91st day until the ASRS employer pays the full amount.

B. An ASRS employer may pay the amount the ASRS employer believes may be due at any time before ASRS’s notification of the amount due in order to prevent the accrual of interest after the date of the payment. Any amount the ASRS employer pays that the ASRS determines is not owed shall be refunded to the ASRS employer.

C. A member may purchase eligible service for which contributions were not withheld in accordance with the requirements of Article 5 of this Chapter for purchase of service credit. If the ASRS does not receive full payment of the ASRS employer’s amount due within 90 calendar days after the ASRS notifies the member that the ASRS received the ASRS employer’s full payment, interest on the amount not paid, as provided in A.R.S. § 38-738(B)(1), will accrue from the 91st day until the member pays the full amount.

Historical Note
New Section made by final rulemaking at 12 A.A.R. 4793, effective December 5, 2006 (Supp. 06-4).

R2-8-708. Expired

Historical Note
New Section made by final rulemaking at 12 A.A.R. 4793, effective December 5, 2006 (Supp. 06-4). Section expired under A.R.S. § 41-1056(J) at 22 A.A.R. 2982, effective September 15, 2016 (Supp. 16-3).

R2-8-709. Nonpayment of Contributions
A. A member receives service credit only for the portion of service the ASRS has determined is eligible and that the member has paid for.

B. A member does not receive service credit until both the ASRS employer and member portions of the contributions have been paid.

C. If the ASRS employer does not pay, the ASRS shall take any steps legally authorized to collect payment. Any steps the ASRS may take to collect payment are separate from any action a member may elect to take against the ASRS employer.

Historical Note
New Section made by final rulemaking at 12 A.A.R. 4793, effective December 5, 2006 (Supp. 06-4).

ARTICLE 8. RECOVERY OF OVERPAYMENTS

R2-8-801. Definitions
For purposes of this article, the following definitions apply, unless specified otherwise:

1. “DRO” means the same as in R2-8-120.

2. “Estimated Social Security disability income amount” and “Revised Social Security disability income amount” mean the amount of funds the ASRS is entitled to collect pursuant to R2-8-802.

3. “LTD” means long-term disability program as described in A.R.S. § 38-797 et seq.

4. “LTD benefit” means the same as in R2-8-301.

5. “Overpayment” means:
   a. Any funds the ASRS distributes in excess of the amount to which the recipient is legally entitled; and
   b. Any estimated social security disability income amount or revised social security disability income amount the ASRS is entitled to collect pursuant to A.R.S. § 38-765.

Historical Note
New Section made by final rulemaking at 23 A.A.R. 2750, effective November 13, 2017 (Supp. 17-3).

R2-8-802. Estimated Social Security Disability Income Amount and Revised Social Security Disability Income Amount

A. The ASRS contracted LTD claims administrator shall determine a member’s estimated Social Security disability income amount as follows:
   1. Prior to the death, retirement, or forfeiture of a member, the estimated Social Security disability income amount shall be equal to the member’s full monthly LTD benefit reduced by $50 per month pursuant to A.R.S. § 38-797.07(A)(9); and
   2. Upon the member’s death, retirement, or forfeiture, the estimated Social Security disability income amount shall be equal to the total amount of the member’s LTD benefit, reduced by $50 per month pursuant to A.R.S. § 38-797.07(A)(9).

B. A member or survivor who disputes the estimated Social Security disability income amount based on the conclusions of a legal proceeding may request a revised Social Security disability income amount by submitting supporting documentation from the legal proceeding to the ASRS contracted LTD claims administrator within 30 days of the date of conclusion of the legal proceeding.

C. Pursuant to subsection (B), the ASRS or the ASRS contracted LTD claims administrator shall determine whether the estimated Social Security disability income amount needs to be revised based on the conclusions of the legal proceeding.

D. If the ASRS or the ASRS contracted LTD claims administrator determines the estimated Social Security disability income amount was inaccurate, the ASRS or the ASRS contracted LTD claims administrator shall calculate a revised Social Security disability income amount based on the supporting documentation provided by the member or survivor pursuant to subsection (B).

E. Pursuant to subsection (B), if the revised Social Security disability amount is less than the amount of the estimated Social Security disability benefit, the ASRS or the ASRS contracted LTD claims administrator shall:
   1. Refund a portion of the amount of the estimated Social Security disability benefit that the ASRS retained upon forfeiture of the member in order to offset the difference between the estimated Social Security disability income amount and the revised Social Security disability income amount, or
   2. Adjust the member’s retirement benefits or the survivor’s benefits to offset the difference between the estimated Social Security disability income amount and the revised Social Security disability income amount.

F. If a member or survivor is not satisfied with the determination on the request for a revised Social Security disability income amount, the member or survivor may appeal the determination pursuant to 2 A.A.C. 8, Article 4.

Historical Note
New Section made by final rulemaking at 23 A.A.R. 2750, effective November 13, 2017 (Supp. 17-3).

R2-8-803. Reimbursement of Overpayments

A. Upon the ASRS discovering that it has made an overpayment to a member, survivor, or alternate payee, the ASRS shall send a letter to notify the necessary person that an overpayment was provided and the person shall reimburse the ASRS in the amount of the overpayment.

B. A person who reimburses the ASRS for an overpayment shall do so by remitting a check, made payable to the ASRS, by the due date specified in the letter providing notice of the overpayment.

C. If the ASRS is unable to collect the amount of an overpayment by reducing future payments to members, survivors, or alternate payees as provided in this Article, the ASRS shall allow the appropriate person to reimburse the ASRS for the amount of the overpayment by making payments over the course of as many months as the number of months in which an overpayment was made by the ASRS, not to exceed 36 months.

D. A person may request to reimburse the amount of the overpayment to the ASRS sooner than provided in this Article.

Historical Note
New Section made by final rulemaking at 23 A.A.R. 2750, effective November 13, 2017 (Supp. 17-3).

R2-8-804. Collection of Overpayments from Forfeiture

A. Unless a member cancels a forfeiture request by submitting written notice to the ASRS within 30 days of the request to forfeit, the ASRS shall reduce a member’s refund amount in order to offset the member’s overpayment amount pursuant to subsection (B).

B. The ASRS shall reduce the member’s refund amount by the amount of any overpayment and the ASRS shall:
   1. Pursue collection of any remaining overpayment amount pursuant to this Article; and
   2. Distribute the remaining refund amount to the member pursuant to R2-8-115.
B. Upon retirement, the ASRS shall reduce the amount of a member’s benefit by the amount of any overpayments that have not been reimbursed to the ASRS pursuant to R2-8-803 as follows:
1. If the member elects to receive a lump sum or partial lump sum benefit, the amount of the lump sum or partial lump sum shall be reduced by the amount of the overpayment to no less than $5.00 and the ASRS shall pursue overpayment collections for any remaining overpayment amount pursuant to this Article;
2. If the member elects to receive retirement benefits as a monthly annuity and the amount of the overpayment is equal to or less than the amount of the member’s first annuity disbursement minus $5.00, the ASRS shall reduce the amount of the first annuity disbursement by the amount of any overpayment to no less than $5.00;
3. If the member elects to receive retirement benefits as a monthly annuity and the amount of the overpayment exceeds the amount of the member’s first annuity disbursement plus $5.00, the ASRS shall reduce the amount of the first annuity disbursement by the amount of the overpayment to no less than $5.00 and pursue collection pursuant to subsection (B).

C. The ASRS shall reduce a member’s or alternate payee’s monthly annuity as follows in order to offset any overpayments which have not been reimbursed or collected pursuant to this Article:
1. The ASRS shall reduce the member’s monthly annuity by up to 10% for 36 months, if the amount of the overpayment can be collected by the ASRS within that time.
2. If the amount of the overpayment cannot be collected pursuant to subsection (B)(1), the ASRS will notify the member that the member must make payment arrangements within 60 days of the date on the notice. If the member does not make payment arrangements within 60 days of the date on the notice, the ASRS shall actuarially reduce the amount of the member’s monthly annuity.
D. Notwithstanding subsection (B), the ASRS shall not reduce a member’s or alternate payee’s monthly annuity by an estimated Social Security disability income amount while the member is pursuing a Social Security disability income determination pursuant to R2-8-305 if the member submits documentation to the ASRS every six months informing the ASRS of the status of the member’s Social Security disability income request until a determination is made regarding the amount of Social Security disability income to which the member was entitled.

D. If the ASRS is unable to collect the amount of any overpayment pursuant to subsection (C), the ASRS shall pursue collection of any remaining overpayment amount pursuant to this Article.

E. Notwithstanding subsection (C), the ASRS shall not reduce a survivor’s monthly annuity by an estimated Social Security disability income amount while the survivor is pursuing a Social Security disability income determination on behalf of the member pursuant to R2-8-305, if the survivor submits documentation to the ASRS every six months informing the ASRS of the status of the member’s Social Security disability income request until a determination is made regarding the amount of Social Security disability income to which the member was entitled.

C. The ASRS shall collect the amount of any remaining overpayment by reducing the necessary person’s monthly annuity over the same number of months in which the overpayment was made, up to 3 months for each month an overpayment was made by the ASRS.
A. For purposes of remitting contributions pursuant to R2-8-902, compensation includes pay the member receives from an additional Employer:
   1. The member meets membership pursuant to A.R.S. § 38-711 with at least one Employer;
   2. The member was employed with the additional Employer and did not meet membership with the additional Employer pursuant to A.R.S. § 38-711 between January 1, 2005 through December 31, 2009;
   3. The member resumed or continued employment with the additional Employer and did not meet membership with the additional Employer prior to January 1, 2012; and
   4. The member does not leave employment with an Employer or the additional Employer in an unpaid status for more than 30 consecutive days during the member’s service year.

B. For purposes of pension calculations pursuant to R2-8-903, compensation includes the pay identified in subsection (A).

C. Notwithstanding any other subsection, for a member whose membership began after December 31, 2009, compensation includes pay the member receives from an additional Employer if the member meets membership pursuant to A.R.S. § 38-711 with the additional Employer.