This Chapter contains rule Sections that were filed to be codified in the Arizona Administrative Code between the dates of January 1, 2019 through March 31, 2019.

Title 2

CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

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The release of this Chapter in Supp. 19-1 replaces Supp. 18-4, 1-42 pages

Please note that the Chapter you are about to replace may have rules still 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 Therefore, all superseded material should be retained in a separate binder and archived for future reference.
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

RULES
The definition for a rule is provided for under A.R.S. § 41-1001. “’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.

The Code is separated by subject into titles. Titles are divided into chapters. A chapter includes state agency rules. Rules in chapters are divided into Articles, then Sections. The “R” stands for “rule” with a sequential numbering and lettering outline separated into subsections.

Rules are codified quarterly in the Code. 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 2019 is cited as Supp. 19-1.

Please note: The Office publishes by chapter, not by individual rule section. Therefore there might be only a few sections codified in each chapter released in a supplement. Historical notes at the end of a section provide an effective date and information when a rule was last updated.

AUTHENTICATION OF PDF CODE CHAPTERS
The Office began to authenticate chapters of the Administrative Code in Supp. 18-1 to comply with A.R.S. § 41-1012(B) and A.R.S. § 5302(1), (2)(d) through (e), and (3)(d) through (e).

A certification verifies the authenticity of each Code chapter posted as it is released by the Office of the Secretary of State. The authenticated pdf of the Code includes an integrity mark with a certificate ID. Users should check the validity of the signature, especially if the pdf has been downloaded. If the digital signature is invalid it means the document’s content has been compromised.

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.

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 a chapter can be found at the Secretary of State’s website, under 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 preamble of rulemaking. The preamble is published in the Register online at www.azsos.gov/rules, click on the Administrative Register link.

Editor’s notes at the beginning of a chapter provide information about rulemaking sections 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
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
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Rhonda Paschal, managing rules editor, assisted with the editing of this chapter.
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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. “Assumed actuarial investment earnings rate” means the assumed rate of investment return approved by the Board and contained in R2-8-118(A).
   3. “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.
   4. “Contribution” means:
      a. Amounts required by A.R.S. Title 38, Chapter 5, Articles 2 and 2.1 to be paid to the ASRS by a member or an employer on behalf of a member;
      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. § 38-924.
   5. “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.
   6. “Designated beneficiary” means the same as in A.R.S. § 38-762(G).
   7. “Director” means the Director appointed by the Board as provided in A.R.S. § 38-715.
   8. “Individual retirement account” or “IRA” means the types of eligible retirement plans specified in A.R.S. § 38-770(D)(3)(a) and (b).
   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.
   12. “Retirement account” means the same as in A.R.S. § 38-711(J)(2).
   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. “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.
   15. “United States” means the same as in A.R.S. § 1-215(39).

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). Amended by final rulemaking at 24 A.A.R. 1861, effective June 11, 2018 (Supp. 18-2).

R2-8-105. Repealed

Historical Note
Former Rule, Social Security Regulation 5; Amended effective April 15, 1980 (Supp. 80-2). Former Section R2-8-05 renumbered as Section R2-8-105 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, 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).
CHAPTER 8. 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 Be-
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 pro-
vide:
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-
lication 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-
er:
   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 contribu-
tions 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 applicable; 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 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(E):
      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.

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 investment earnings rate listed in R2-8-118(A).

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, 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).

R2-8-117. 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.

7. Acknowledgement by the retired member that the retired member has read the Return to Work information on the ASRS website and intends to continue submitting the Working After Retirement form to the retired member’s Employer.

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 Plan through the present is as follows:

<table>
<thead>
<tr>
<th>Date of Effective Change</th>
<th>Effective Date</th>
<th>Assumed Actuarial Investment Earnings 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>
</tr>
</thead>
<tbody>
<tr>
<td>7-1-1953</td>
<td>2.50%</td>
<td>2.50%</td>
<td></td>
</tr>
<tr>
<td>7-1-1959</td>
<td>3.00%</td>
<td>3.00%</td>
<td></td>
</tr>
<tr>
<td>7-1-1966</td>
<td>3.75%</td>
<td>3.75%</td>
<td></td>
</tr>
<tr>
<td>7-1-1969</td>
<td>4.25%</td>
<td>4.25%</td>
<td></td>
</tr>
<tr>
<td>7-1-1971</td>
<td>4.75%</td>
<td>4.75%</td>
<td></td>
</tr>
<tr>
<td>7-1-1975</td>
<td>5.50%</td>
<td>5.50%</td>
<td></td>
</tr>
<tr>
<td>7-1-1976</td>
<td>6.00%</td>
<td>5.50%</td>
<td></td>
</tr>
<tr>
<td>7-1-1981</td>
<td>7.00%</td>
<td>5.50%</td>
<td></td>
</tr>
<tr>
<td>7-1-1982</td>
<td>7.00%</td>
<td>7.00%</td>
<td></td>
</tr>
<tr>
<td>7-1-1984</td>
<td>8.00%</td>
<td>8.00%</td>
<td></td>
</tr>
<tr>
<td>7-1-2005</td>
<td>8.00%</td>
<td>4.00%</td>
<td></td>
</tr>
<tr>
<td>7-1-2013</td>
<td>8.00%</td>
<td>2.00%</td>
<td></td>
</tr>
<tr>
<td>7-1-2018</td>
<td>7.50%</td>
<td>2.00%</td>
<td></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. § 38-922; and

4. Interest credited in previous years.

#### C. Notwithstanding subsection (B), the retirement account of each member stops accruing interest the last full month prior to the retirement date.

### 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 R2-8-118 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...
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; or
   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 contingent annuitant 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 but fails to comply with subsection (B) within 30 days after the member’s effective retirement date, the member shall submit a signed letter to ASRS stating that the member’s spouse refuses to consent to the chosen alternative and asking that the retirement be cancelled. The member may submit another retirement application that complies with subsection (B). The member’s new effective retirement date is the date ASRS receives the new application. ASRS shall not issue additional 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.
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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. Each Employer 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 not later than 14 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 day after the last day of the applicable payroll period shall become delinquent after that date and shall accrue interest at the assumed actuarial investment earnings rate listed in R2-8-118(A) per annum from and after the date of delinquency until payment is received by the ASRS.

B. Each Employer shall remit the amount of employer contributions to the ASRS not later than 14 days after the last day of each payroll period. Payments of employer contributions not received in the offices of the ASRS by the 14th day after the last day of the applicable payroll period shall become delinquent after that date and shall accrue interest at the assumed actuarial investment earnings rate listed in R2-8-118(A) 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). Amended by final rulemaking at 24 A.A.R. 1861, effective June 11, 2018 (Supp. 18-2).

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;

   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**

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). Emergency amendments to Table 3 adopted effective January 30, 1997, pursuant to A.R.S. § 41-1026 for a maximum of 180 days (Supp. 97-1). Emergency expired. Permanent amendments adopted effective September 12, 1997 (Supp. 97-3). Table 3 repealed; new Table 3 renumbered from Table 7 and amended by final rulemaking December 22, 1993 (Supp. 93-4). Table expired under A.R.S. § 41-1056(E) at 16 A.A.R. 1765, effective July 14, 2010 (Supp. 10-3).

### Table 3A. Expired

**Historical Note**

New Table made by emergency rulemaking under A.R.S. § 41-1026 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. 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. 4012, 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).
ing 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). Renumbered to Table 6 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 investment earnings rate listed 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). Amended by final rulemaking at 24 A.A.R. 1861, effective June 11, 2018 (Supp. 18-2).

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 used in calculating the 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. 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
Upon a member’s retirement on or after January 1, 2018, the ASRS shall compare the member’s Baseline Salary to 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 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 investment earnings rate listed 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). Amended by final rulemaking at 24 A.A.R. 1861, effective June 11, 2018 (Supp. 18-2).

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 ten years certain or life annuity with 15 years 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 15 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.

K. Notwithstanding subsection (F), for purposes of determining whether a member is eligible to participate in a joint-and-survivor option, the ASRS shall calculate the difference in a member’s age and the contingent annuitant’s age based on the birthdates of the member and the contingent annuitant.

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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 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 7. 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 8. Repealed

Historical Note
Adopted effective September 12, 1977 (Supp. 77-5).
Table 8 repealed, new Table 8 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).

Table 10. Repealed

Historical Note
Adopted effective October 18, 1984 (Supp. 84-5). Table
10 repealed, new Table 10 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 11. Repealed

Historical Note
Adopted effective October 18, 1984 (Supp. 84-5). Table
11 repealed, new Table 11 adopted effective July 24, 1985
(Supp. 85-4). Repealed by emergency effective July 6,
emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2). Repealed by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3).

Exhibit D, Table 1. Repealed

Historical Note

Exhibit D, Table 2. Repealed

Historical Note

Exhibit D, Table 3. Repealed

Historical Note

Exhibit D, Table 4. Repealed

Historical Note

Exhibit D, Table 5. 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
Adopted by emergency 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). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days

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Exhibit L, Table 4. Repealed

Historical Note

Exhibit L, Table 5. Repealed

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Exhibit L, Table 6. Repealed

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Repealed by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3).

Exhibit L, Table 7. Repealed

Historical Note

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

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).
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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.

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 the ASRS, 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 an Employer other than the ASRS or the Arizona Department of Administration, the ASRS shall remit the Premium Benefit to the retired member’s or Disabled member’s Employer, unless the retired member or Disabled member is participating in the Six-Month Reimbursement Program pursuant to R2-8-206.

H. If a retired member or Disabled member is eligible to receive a Premium Benefit pursuant to R2-8-202, the ASRS shall pro-
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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

R2-8-204. 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

R2-8-205. 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

R2-8-206. 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 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 ASRS
7. The following Coverage information for the Coverage policy holder:
   a. First and last names;
   b. Social security number;
   c. Date of birth;
In order to elect, re-elect, or terminate the Optional Premium Benefit:

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).

Historical Note
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).

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

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.

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

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).

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

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.

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

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.

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

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.
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Historical Note
Amended by final rulemaking at 23 A.A.R. 2749, effective November 13, 2017 (Supp. 17-3).

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 of the particular grounds for reviewing the Board’s final administrative decision, any aggrieved party or other person filing the Request; and
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 reserve duty” means participating in required meetings and annual training in a Reserve or National Guard branch of the United States uniformed service.

3. “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. Eligible Member’s Current Years of Credited Service;
   b. Eligible Member’s age as of the date the Eligible Member submits to the ASRS a request to purchase service pursuant to this Article;
   c. Amount of Service Credit the member wishes to purchase; and
   d. Member’s current annual compensation.

4. “Authorized representative” means an individual who has been delegated the authority to act on behalf of a Custodian, Trustee, Plan Administrator, or a member, if the member’s IRA or 403(b) is not maintained by the member’s Employer.

5. “Current years of credited service” means the amount of creditable service a member has earned or purchased, and the amount of Service Credit for which an Irrevocable PDA 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.

6. “Custodian” means a financial institution that holds financial assets for guaranteed safekeeping.

7. “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).

8. “Eligible funds” means payments listed in A.R.S. § 38-747(H)(2) and (H)(3).

9. “Eligible member” means a member who is eligible to purchase service pursuant to A.R.S. §§ 38-742, 38-743, 38-744, or 38-745.

10. “Forfeited service” means credited service for which the ASRS has returned retirement contributions to the member under A.R.S. § 38-740.


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


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

15. “Military Call-up service” means a member is called to Active Duty in a branch of the United States Uniformed Services.

16. “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.

17. “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 Active Reserve Duty dates, if applicable.
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19. “PDA pay-off invoice” means written correspondence from the ASRS to an Eligible Member that specifies the amount necessary to be paid by the Eligible Member to complete an Irrevocable PDA to receive the total credited service specified in the Irrevocable PDA.
20. “Plan administrator” means the person authorized to represent a specific eligible plan as addressed in IRC § 414(g).
21. “Service credit” means Forfeited Service, Leave of Absence Service, Military Service and Military Call-up Service under A.R.S. § 38-745, and Other Public Service that an Eligible Member may purchase.
22. “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.
23. “Termination pay” means an Employer’s payment to the ASRS of an Eligible Member’s pay received as a result of terminating employment to purchase Service Credit as specified in A.R.S. § 38-747(B)(2).
24. “Three full calendar months” means the first day of the first full month through the last day of the third consecutive full month.
25. “Transfer employment” means to terminate employment with one Employer with which an Eligible Member has an Irrevocable PDA:
   a. After accepting an offer to work for a new Employer;
   b. While working as an active member for a different Employer; or
   c. Before returning to work with any Employer within 120 days of terminating employment.
26. “Trustee-to-Trustee transfer” means a transfer of assets to a retirement program from which, at the time of the transfer, a member is not eligible to receive a distribution.
27. “Uniformed services” means the United States Army, Army Reserve, Army National Guard, Navy, Navy Reserve, Air Force, Air Force Reserve, Air Force National Guard, Marine Corps, Marine Corps Reserve, Coast Guard, Coast Guard Reserve, and the Commissioned Corps of the Public Health Service.
28. “Window credit” means overpayments made on previously purchased Service Credit by 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 electronically. The Eligible Member shall verify at the time of request, the following information for the Eligible Member:
   1. Name;

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 PDA, Direct Rollover, Trustee-to-Trustee Transfer, or Termination...
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Pay as specified in this Article, by the due date specified by the method of payment the Eligible Member elected.

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:
1. Either the number of years or partial years of Service Credit the Eligible Member wishes to purchase; or
2. The cost for the number of years or partial years of Service Credit the Eligible Member wishes to purchase, not exceeding the years or partial years and cost specified on the SP Invoice.

C. The 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 Service;
2. Military Service;
3. Forfeited Service; and
4. Other Public Service.

D. An Eligible Member may cancel an active request by notifying the ASRS in writing.

E. 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 date payment election is due as specified on the SP Invoice and include the following information:
1. The amount the Eligible Member wants to apply, and
2. The Eligible Member’s dated signature.

F. On or before the due date specified on the SP Invoice, an Eligible Member may request an extension of a due date for purchasing Service Credit.

**Historical Note**


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

A. 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.

B. Pursuant to A.R.S. 38-739(B), an Eligible Member who purchases Service Credit shall receive a proportionate amount of credited service based on the length of the Eligible Member’s service year.

C. Notwithstanding any other provision, an Eligible Member whose membership date is on or after July 20, 2011, cannot purchase more than five years of Service Credit for each of the following based on the length of the Eligible Member’s service year:
1. Leave of Absence Service;
2. Military Service; and
3. Other Public 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 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

R2-8-505. Restrictions on Purchasing Overlapping Service

Credit

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.

**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 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

R2-8-506. Cost Calculation for Purchasing Service Credit

A. For Service Credit for Leave of Absence Service, Military Service, and Other Public Service, 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 Eligible 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 Eligible Member without the Service Credit that the Eligible Member requests to purchase.

B. The cost for purchasing the Service Credit that the Eligible 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). Amended by final rulemaking at 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

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 the ASRS:
1. The name of an Employer, if known, for which the Eligible Member is requesting to purchase Service Credit for Forfeited Service; and
2. The year and month the Eligible Member believes the ASRS returned retirement contributions.

B. Upon receipt of payment as specified in subsection (D), the ASRS shall apply the Service Credit to the Eligible Member’s account based on the most recent Forfeited Service available for purchase.

C. Notwithstanding subsection (B), if an Eligible Member has more than one return of contributions pursuant to A.R.S. § 38-740, the Eligible Member may elect to purchase Forfeited Service for any of the return of contributions and the ASRS shall apply the Service Credit to the Eligible Member’s account based on the most recent Forfeited Service available for purchase.

D. 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, plus interest on that amount from the date on the return of retirement contributions check to the date of redeposit at the Assumed Actuarial Investment Earnings Rate specified in R2-8-118(A).

**Historical Note**

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R2-8-508. Required Documentation and Calculations for Leave of Absence Service Credit
A. An Eligible Member who requests to purchase Service Credit for Leave of Absence Service under A.R.S. § 38-744 shall provide to the ASRS an Approved Leave of Absence form that includes:
1. The following information completed by the Eligible Member:
   a. The start date and end date of the approved leave of absence;
   b. The date the Eligible Member returned to work or a statement of why employment was not resumed;
   c. The name of the Employer;
   d. Whether the Eligible Member participated in another public retirement system during this leave of absence; and
   e. If the Eligible Member participated in another public retirement system during the leave of absence, whether the Eligible Member is receiving a benefit or is eligible to receive a benefit, from the other public retirement system; and
2. Acknowledgement of the following statements of understanding:
   a. The Eligible Member understands that up to one year of 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;
   b. The Eligible Member authorizes the Employer to provide any necessary personal information to ASRS in order to process this request; and
   c. The Eligible Member certifies that if the Eligible Member participated in another public retirement system during the approved leave of absence, the Eligible Member is not receiving, and is not eligible to receive, a benefit from the other public retirement system for the time during the approved leave of absence; and
3. The Eligible Member’s dated signature.
B. Pursuant to A.R.S. § 38-744, a member who participated in another public retirement system during the leave of absence, and is receiving a benefit or is eligible to receive a benefit from the other public retirement system, is not an Eligible Member for purposes of this section.

R2-8-509. Required Documentation and Calculations for Military Service Credit
A. An Eligible Member who requests to purchase Service Credit for Military Service under A.R.S. § 38-745(A) and (B) shall provide to the ASRS:
1. A copy of the Eligible Member’s Military Service Record within 30 days of the Eligible Member’s request to purchase Service Credit; and
2. A Military Service form that contains:
   a. Whether the Eligible Member is receiving a benefit or is eligible to receive a benefit, from the military.
   b. The branch of the Uniformed Services the Eligible Member was in;
   c. Whether the Eligible Member was on Active Duty or Active Reserve Duty;
   d. The start date and end date of the Eligible Member’s Military Service for which the Eligible Member is requesting to purchase Service Credit;
   e. Acknowledgement that the Eligible Member will submit to the ASRS:
      i. Proof of honorable separation for each type of Military Service listed on the form; and
      ii. The Eligible Member’s Military Service Record that supports all of the service listed on the form;
   f. Acknowledgement of the following statements of understanding:
      i. The Eligible Member understands that the service listed on this form does not include time that the Eligible Member either volunteered or was ordered into Active Duty service as part of a military call-up while employed by an Employer. This service is purchased under Military Call-up Service and requires a Military Call-up form to be completed by the Eligible Member’s Employer; and
      ii. The Eligible Member understands that any time the Eligible Member has listed on this form for Reserve or National Guard time reflects the months that the Eligible Member attended at least one drill or assembly for each month listed.
B. The amount the Eligible Member pays to purchase Service Credit for Military Service is determined as provided in R2-8-506.
C. The ASRS determines the amount of Service Credit an Eligible Member receives for Active Duty and Active Reserve Duty time by the time listed on the Military Service form, if the service listed is supported by the information contained in the Eligible Member’s Military Service Record.
D. If the ASRS has not received complete and correct documents pursuant to this section within 30 days of the request to purchase Service Credit, the ASRS shall cancel the Eligible Member’s request to purchase Service Credit.

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

A. An Eligible Member who meets the requirements under A.R.S. § 38-745(D) shall receive up to 60 months of Service Credit, not to exceed 5 years of Service Credit for Military Call-up Service under A.R.S. § 38-745(D) through (K). In order to determine the amount of contributions the Employer owes to purchase Service Credit for Military Call-up Service, the Eligible Member’s 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 Eligible Member’s full name;
2. The Eligible Member’s Social Security number;
3. The start date of Military Call-up Service;
4. The end date of Military Call-up Service;
5. The date the Eligible Member returned to work for the Employer;
6. The salary for each pay period in each fiscal year while the Eligible Member was on military call-up, including any salary increases the Eligible Member would have received had the Eligible Member not left work due to military call-up;
7. The name of a contact individual for the Employer, and that individual’s business telephone number;
8. The contact individual’s dated signature;
9. If applicable, the dates that the Eligible Member was hospitalized and released from the hospital as a result of participating in a military call-up;
10. If applicable, the date the Eligible Member became disabled during or as a result of participating in a military call-up;
11. If applicable, the date of the Eligible Member’s death during or as a result of participating in a military call-up; and
12. Acknowledgement of the following statements of understanding:
   a. All the dates and payroll information for the Military Call-up Service are correct;
   b. The Eligible Member:
      i. Was honorably separated from Active Duty and returned to the same Employer within 90 days of either discharge from Active Duty or release from service-related hospitalization; or
      ii. Was disabled and unable to return to work; or
      iii. Died during or as a result of Active Duty.
   c. The Employer must pay both the employee and Employer contributions in a lump sum upon the Eligible Member returning to employment, receipt of a declaration of disability, or receipt of a death certificate. These contributions are based on the salary the Eligible Member would have earned if the Eligible Member had not volunteered or been ordered into Active Duty;
   d. The Eligible Member may receive a maximum of 60 months of Service Credit for Military Call-up Service pursuant to A.R.S. § 38-745; and
   e. The contact individual has the legal power to bind the Employer in transactions with the ASRS.

B. An Employer shall make the request to purchase Service Credit for Military Call-up Service within 30 days after the earlier of the dates listed in A.R.S. § 38-745(E).

C. The ASRS calculates the amount the Employer pays to purchase Military Call-up Service pursuant to A.R.S. § 38-745(G) by multiplying the Eligible Member’s salary per pay period at the time Active Duty commences, by the contribution rate in effect for the period of Active Duty. Included in the calculation are any salary increases the Eligible Member would have received if the Eligible Member had not left work to participate in a military call-up.

D. The ASRS shall send the Employer a statement of cost for purchase of the Service Credit for Military Call-up Service based on the calculation in subsection (C). Within 90 days from the date on the ASRS statement of cost, the Employer shall pay to the ASRS the amount on the statement. If the Employer fails to make full payment within 90 days, interest shall accrue on the unpaid balance at the Assumed Actuarial Investment Earnings Rate in effect on the date of the statement of cost as specified in R2-8-118(A). The ASRS may collect the unpaid balance plus interest pursuant to A.R.S. § 38-735(C).

E. If an Employer remits retirement or long-term disability contributions on behalf of an Eligible Member while the Eligible Member is on military call-up, the Employer shall reverse the contributions after the ASRS receives the information in subsection (A).

F. If an Employer remits retirement contributions on behalf of an Eligible Member while the Eligible Member is on military call-up, and the Eligible Member does not return to the Employer after separation from active Military Service, the ASRS shall apply the retirement contributions to the Eligible Member’s credited service.

Historical Note

R2-8-511. Required Documentation and Calculations for Other Public Service Credit

A. An Eligible Member who requests to purchase Service Credit for Other Public Service under A.R.S. § 38-743 shall provide to the ASRS a completed Other Public Service form, signed and dated by the Eligible Member, that includes the following:

1. The name and mailing address of the Other Public Service employer;
2. The position the Eligible Member held while working for the Other Public Service employer;
3. A statement of whether the Eligible Member participated in the Other Public Service employer’s retirement plan;
4. The actual months and years the Eligible Member was employed with the Other Public Service employer;
5. The Eligible Member’s credited service.

B. An Employer shall make the request to purchase Service Credit for Other Public Service within 30 days after the earlier of the dates listed in A.R.S. § 38-745(E).

C. The ASRS calculates the amount the Employer pays to purchase Service Credit for Other Public Service pursuant to A.R.S. § 38-745(G) by multiplying the Eligible Member’s salary per pay period at the time Active Duty commences, by the contribution rate in effect for the period of Active Duty. Included in the calculation are any salary increases the Eligible Member would have received if the Eligible Member had not left work to participate in a military call-up.

D. The ASRS shall send the Employer a statement of cost for purchase of the Service Credit for Other Public Service based on the calculation in subsection (C). Within 90 days from the date on the ASRS statement of cost, the Employer shall pay to the ASRS the amount on the statement. If the Employer fails to make full payment within 90 days, interest shall accrue on the unpaid balance at the Assumed Actuarial Investment Earnings Rate in effect on the date of the statement of cost as specified in R2-8-118(A). The ASRS may collect the unpaid balance plus interest pursuant to A.R.S. § 38-735(C).

E. If an Employer remits retirement or long-term disability contributions on behalf of an Eligible Member while the Eligible Member is on a military call-up, and the Eligible Member does not return to the Employer after separation from active Military Service, the ASRS shall apply the retirement contributions to the Eligible Member’s credited service.

Historical Note
CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

7. Acknowledgement that if an audit determines that the Eligible Member is eligible for a benefit from the Other Public Service employer’s retirement plan, the Eligible 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 purchase listed 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 Eligible Member shall pay to purchase Service Credit for Other Public Service is determined as provided in R2-8-506.

C. Notwithstanding R2-8-512, the ASRS shall not accept after-tax monies for the purchase of Service Credit for Other Public Service with a territory, commonwealth, overseas possession or insular area pursuant to A.R.S. § 38-743.

Historical Note

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

A. An Eligible Member may purchase Service Credit by personal check in the Eligible Member’s name, cashier’s check, or money order remitted by the Eligible Member.

B. By the due date specified by the method of payment the Eligible Member elected, the Eligible Member shall ensure that the ASRS receives a check, cashier’s check, or money order made payable to the ASRS in the amount to purchase the requested Service Credit.

Historical Note

R2-8-513. Purchasing Service Credit by Irrevocable PDA

A. An Eligible Member may purchase Service Credit by Irrevocable PDA.

B. If the Eligible Member elects to pay for Service Credit by Irrevocable PDA, the Eligible Member shall elect the terms of the Irrevocable PDA and submit the Irrevocable PDA to the ASRS and the Employer with the following:

1. Acknowledgements:
   a. This Irrevocable PDA is binding and irrevocable;
   b. This Irrevocable PDA shall remain in effect until the earlier of:
      i. The authorized payroll deductions are completed; or
      ii. The Eligible Member terminates employment.
   c. The ASRS cannot terminate the Irrevocable PDA due to financial hardship;
   d. The amount of Irrevocable PDA payments the Eligible Member makes is subject to federal laws;
   e. The cost to purchase Service Credit by Irrevocable PDA includes an administrative interest charge at the Assumed Actuarial Investment Earnings Rate in effect at the time of the authorization as specified in R2-8-118(A);
   f. Payments specified in this Irrevocable PDA are in addition to the regular contributions required pursuant to A.R.S. §§ 38-736 and 38-797.05; and
   g. The ASRS shall apply credited service to the Eligible Member’s account upon receipt of payments authorized by the Eligible Member under this Irrevocable PDA; and
   h. The ASRS shall not transfer, refund, or disburse the administrative interest that the ASRS charges pursuant to subsection (B)(1)(c); and

2. Statements of Understanding:
   a. It is the Eligible Member’s responsibility to ensure the Eligible Member’s Employer properly deducts payments and submits contributions as provided by the terms of the Irrevocable PDA;
   b. Payments specified by the terms of this Irrevocable PDA shall be made directly to the ASRS from the Eligible Member’s Employer and the Eligible Member does not have the option of receiving such payments directly from the Employer;
   c. The Eligible Member’s Employer shall make payments pursuant to this Irrevocable PDA after other mandatory deductions are made;
   d. The Eligible Member’s Employer cannot accept an election to change this Irrevocable PDA;
   e. The Eligible Member has up to 14 days to request the ASRS calculate the remaining balance of this Irrevocable PDA after the earlier of:
      i. Terminating employment;
      ii. Terminating LTD without returning to work with an Employer; or
      iii. The effective ASRS retirement date;
   f. The Eligible Member must complete a purchase of the remaining balance on this Irrevocable PDA by the due date specified on the PDA Pay-off Invoice;
   g. It is the Eligible Member’s responsibility to notify the ASRS of any changes in the Eligible Member’s employment that may affect the status of this Irrevocable PDA;
   h. If the Eligible Member terminates employment and returns to work with an Employer within 120 days of terminating employment, this Irrevocable PDA must continue with the new Employer pursuant to R2-8-513.01; and
   i. If the Eligible member terminates employment and does not return to work with an Employer within 120 days of terminating employment, the ASRS shall terminate this Irrevocable PDA pursuant to R2-8-513.01.

C. By submitting the Irrevocable PDA to the ASRS, the Irrevocable PDA is deemed to be signed by the Eligible Member.

D. At the time the Eligible Member elects the Irrevocable PDA, the Eligible Member may elect to use Termination Pay towards the balance of the Irrevocable PDA if the Eligible Member terminates employment. If the Eligible Member elects to use Termination Pay, the Eligible Member shall submit the Irrevocable PDA to the ASRS with the following information:

1. A statement that the Eligible Member:
   a. Understands and agrees that the Eligible 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 Pay exceeds the balance owed on the Irrevocable PDA, the overage will be returned to the Employer to be distributed to the Eligible Member;
c. Understands that the election to use Termination Pay is binding and irrevocable;

d. The Eligible Member’s Termination Pay must be received and processed before the ASRS will accept any other form of payment;

e. The Eligible Member’s Employer is required to make payment directly to the ASRS after mandatory deductions are made, and the Eligible Member does not have the option of receiving the funds directly from the Employer;

f. It is the Eligible Member’s responsibility to ensure that the Eligible Member’s Employer properly deducts Termination Pay;

g. The amount of Termination Pay the Eligible Member elects is irrevocable pursuant to § 414(h)(2) of the IRC;

h. If the Eligible Member terminates employment and immediately retires, the Eligible Member’s retirement processing may be delayed; and

2. Whether the Eligible Member is electing either all Termination Pay or a specified amount of Termination Pay to be applied to the balance of the Irrevocable PDA.

E. The ASRS shall:

1. Charge interest on the unpaid balance at the Assumed Actuarial Investment Earnings Rate in effect at the time the Eligible Member submitted the request to purchase service as specified in R2-8-118(A);

2. Limit the payroll deduction time period to a maximum of 520 payments; and

3. Require a minimum payment of $10.00 per payroll period, or payment in an amount to purchase at least .001 years of Service Credit per payroll period, whichever is greater.

F. The Employer shall implement the payroll deduction on the first pay period after receiving the Irrevocable PDA.

G. If a deduction is not made under an Irrevocable PDA within six months after the Eligible Member submits the request to purchase service as specified in R2-8-118(A);

2. Limit the payroll deduction time period to a maximum of 520 payments; and

3. Require a minimum payment of $10.00 per payroll period, or payment in an amount to purchase at least .001 years of Service Credit per payroll period, whichever is greater.

H. A period of leave of absence, LTD, or military call-up shall not cancel the Irrevocable PDA. The Employer shall resume deductions immediately upon the Eligible Member’s return to that Employer. The period during which the Eligible Member is on leave of absence, on LTD, or leave work because of a military call-up is not included in the payment time limitation under subsection (D)(2). If the Eligible Member does not return to active working status, whether due to termination of employment or retirement, the Eligible Member may elect to purchase the balance of unpaid service under the Irrevocable PDA at the time of termination or retirement as specified in this Section.

I. Deductions made pursuant to an Irrevocable PDA continue until the:

1. Irrevocable PDA is completed;

2. Eligible Member retires, whether or not the Eligible Member continues employment as allowed in A.R.S. §§ 38-766.01 and 38-764(1);

3. Eligible Member terminates all ASRS employment without transferring employment; or

4. Date of the Eligible Member’s death.

J. If an Eligible Member retires or terminates employment from all Employers without transferring employment as stated in R2-8-513.01 before all deductions are made as authorized by the Irrevocable PDA, the ASRS shall cancel the Eligible Member’s Irrevocable PDA unless the Eligible Member notifies the ASRS of the Eligible Member’s intent to purchase the remaining amount within 14 days after the earlier of either termination or retirement.

K. When the Eligible Member notifies the ASRS of retirement or termination from all ASRS employment and requests to pay off the Irrevocable PDA, the ASRS shall send the Eligible Member a PDA Pay-off Invoice through the Eligible Member’s secure ASRS account. The ASRS shall calculate the amount owed by the Eligible Member.

L. By the date payment election is due, the Eligible Member shall ensure that the ASRS receives the information specified in R2-8-502(C).

M. The Eligible Member may purchase the remaining Service Credit by one or more of the following methods by the due date specified on the PDA Pay-off Invoice:

1. By any method specified in R2-8-512;

2. By making a request to the ASRS for a rollover or transfer under R2-8-514 and completing the rollover or transfer by the due date specified on the PDA Pay-off Invoice; or

3. By Termination Pay under R2-8-519, if the Eligible Member authorized this option at the time the Eligible Member signed the Irrevocable PDA.

Historical Note


R2-8-513.01. Irrevocable PDA and Transfer of Employment to a Different Employer

A. If an Eligible Member Transfers Employment, the Eligible Member’s new Employer shall continue to make deductions pursuant to an Irrevocable PDA.

B. If an Eligible Member terminates employment without having accepted an offer to work with an Employer, the ASRS shall terminate an Irrevocable PDA.

C. Notwithstanding subsection (B), if a retirement contribution is due from a new Employer within 120 days from the Eligible Member’s termination date with the previous Employer, the ASRS shall determine that the Eligible Member Transferred Employment, unless the Eligible Member notified the ASRS of the termination of employment.

D. If an Eligible Member who has elected Termination Pay pursuant to R2-8-513(D) Transfers Employment, the ASRS shall not accept any Termination Pay that the ASRS receives from the Eligible Member’s previous Employer.

Historical Note


R2-8-513.02. Termination Date

For the purpose of an Irrevocable PDA, the date an Eligible Member is considered terminated from an Employer is:

1. For an Eligible Member terminating employment, the Eligible Member’s last pay period end date with that Employer;

2. For an Eligible Member on military call-up who does not return to the same Employer.
a. 90 days from the date of separation from military call-up;

b. 90 days from the date released from the hospital, if injured while on military call-up; or

c. The date the Eligible Member has been hospitalized for two years for injuries sustained as a result of participating in a military call-up.

3. For an Eligible Member on leave of absence without pay who does not return to the same Employer, the date the Employer required the Eligible Member to return to work;

4. For an Eligible Member who is unable to work because of a disability, the later of:
   a. The date the Eligible Member’s request for long-term disability benefits are denied;
   b. The date the Eligible Member no longer has leave with pay available; or
   c. For an Eligible Member on long-term disability who does not return to the same 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).
Amended by final rulemaking at 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

R2-8-514. Purchasing Service Credit by Direct Rollover or Trustee-to-Trustee Transfer
A. An Eligible Member may purchase Service Credit by Direct Rollover or Trustee-to-Trustee Transfer pursuant to this Article.
B. By the due date specified by the method of payment the Eligible Member elected, the Eligible Member shall ensure that the ASRS receives the payment for the service purchase and a completed Direct Rollover/Transfer Certification to Purchase Service Credit form.
C. An Eligible Member who chooses to purchase Service Credit shall provide the following to the ASRS:
   1. The name of the financial institution or plan;
   2. Whether the Eligible Member is choosing to rollover/transfer the entire balance of their account and if not, the amount of the rollover/transfer;
   3. Acknowledgment of the following information:
      a. After-tax funds are only acceptable from 401(a) and 403(b) plans and must be listed separately from the portion that is pre-tax on the payment as after-tax amounts. This information must be provided to the ASRS with the payment.
      b. The only fund types that the ASRS accepts are:
         i. 401(a);
         ii. 401(k) pre-tax only;
         iii. 403(b);
         iv. Governmental 457 pre-tax only;
         v. 403(a) pre-tax only;
         vi. 408 Traditional IRA pre-tax only;
         vii. 408(k) SEP IRA pre-tax only;
         viii. 408(p) Simple IRA pre-tax only and only if the Eligible Member participated for at least 2 years in this plan;
      c. The ASRS shall not accept the following fund types:
         i. Roth funds;
         ii. Funds already distributed to the Eligible Member from a retirement plan listed in subsection (3)(b);
         iii. Inherited IRA;
         iv. Coverdale Education Savings Account funds;
         v. Hardship distributions;
         vi. Funds not includable in gross income;
         vii. Funds required under § 401(a)(9) of the IRC because the Eligible Member have attained age 70½;
         viii. One of a series of substantially equal periodic payments made at least annually for the Eligible Member’s life;
         ix. One of a series of substantially equal periodic payments made for 10 years or more;
         x. After-tax contributions from any plan other than a 401(a) or 403(b) qualified plan;
      d. The funds must be sent as a Direct Rollover from a plan listed in subsection (3)(b) and issued to the ASRS for the benefit of the Eligible Member. If the payment is issued to anyone other than the ASRS, including the Eligible Member, then within 60 days of the plan issuing the payment, the Eligible Member must place the payment into a plan specified in subsection (3)(b) to be reissued directly to the ASRS.
      e. It is the Eligible Member’s responsibility to contact the administrator of the plan from which the Direct Rollover will be made and have it initiated. The Eligible Member must also ensure all rollovers are completed by the due date. If the ASRS does not receive payment by the due date, the invoice will expire and the payment will be returned to the Eligible Member.
      f. If the ASRS accepts a rollover and later determines that it was not eligible, the ASRS will distribute the invalid payment directly to the Eligible Member. Any taxes, penalties, and interest that the IRS, any taxing authority, or financial institution may assess against the Eligible Member due to an invalid payment are solely the Eligible Member’s responsibility.
      g. The plan from which the Eligible Member is rolling over funds must be solely in the Eligible Member’s name. The Eligible Member may be a spousal beneficiary of a deceased person or an alternate payee on the plan from which the Eligible Member is rolling over funds.
D. An Eligible Member who chooses to purchase Service Credit pursuant to this section shall submit a Direct Rollover/Transfer Certification to Purchase Service Credit form that includes:
   1. The Eligible Member’s full name;
   2. The last 4 digits of the Eligible Member’s Social Security number;
   3. The Eligible Member’s signature certifying that the Eligible 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;
   4. The Authorized Representative’s name and title;
   5. The Authorized Representative’s telephone number; and
   6. Certification by the Authorized Representative’s dated signature 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 IRC;

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 IRC; and

d. The funds will be sent to the ASRS as a direct plan rollover, IRA rollover, or a Trustee-to-Trustee Transfer.

E. The Eligible Member shall contact the Plan Administrator to have the funds distributed and transferred to the ASRS. Unless the ASRS receives a check for the correct amount from the plan and all documents required by this Article by the due date specified by the method of payment the Eligible Member elected, the ASRS shall cancel the request to purchase Service Credit.

F. The Eligible 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.

G. If the payment from the eligible plan exceeds the amount specified on the SP Invoice, the ASRS shall return the entire payment to the Eligible Member.

Historical Note

R2-8-518. Repealed

Historical Note

R2-8-519. Purchasing Service Credit by Termination Pay

A. To purchase Service Credit using Termination Pay, an Eligible Member shall elect to use Termination Pay by the date payment election is due.

B. An Eligible Member who elects to use Termination Pay pursuant to this section, shall provide the ASRS with the Eligible Member’s anticipated termination date which cannot be more than six months from the date the ASRS issues the SP Invoice and must be at least three Full Calendar Months after the date the Eligible Member elects and submits Termination Pay as a method of payment.

C. An Eligible Member who elects to use Termination Pay pursuant to this section, shall provide the ASRS with a Termination Pay Authorization for the Purchase of Service Credit form with the following information:

1. The name of the Employer that will be submitting the Termination Pay to the ASRS;

2. Whether the Eligible Member elects to use all Termination Pay or a specific amount of Termination Pay;

3. Signature of the Eligible Member, certifying that the Eligible Member understands that:

a. The Eligible Member is required to continue working at least three Full Calendar Months after the date the Eligible 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 Eligible Member terminates employment more than six months after the date on the SP Invoice, the Eligible Member may purchase the Service Credit at a newly calculated rate and possibly at a higher cost;

c. The terms elected in the Termination Pay Authorization for the Purchase of Service Credit form are binding and irrevocable;

d. The Eligible Member’s Employer is required to make payment directly to the ASRS after mandatory deductions are made, and the Eligible Member does not have the option of receiving the funds directly from the Employer;

e. The Eligible Member’s Termination Pay must be received and processed before the ASRS will accept any other form of payment;

f. It is the Eligible Member’s responsibility to ensure that the Eligible Member’s Employer properly deducts Termination Pay, as provided in the Termination Pay Authorization for the Purchase of Service Credit form; and

g. The amount of Termination Pay the Eligible Member elects is irrevocable pursuant to § 414(h)(2) of the IRC;

h. If the Termination Pay exceeds the balance due on the SP Invoice, the ASRS will return the difference to the Eligible Member’s Employer to be distributed to the Eligible Member;
If an Eligible Member Transfers Employment, the ASRS shall:

i. If the Eligible Member terminates employment and immediately retires, the Eligible Member’s retirement processing may be delayed; and

j. The ASRS will send a notification to the Eligible Member’s Employer two weeks prior to the Eligible Member’s termination date, as indicated on the Termination Pay Authorization form, to notify the Employer that the Eligible Member’s Termination Pay must be sent directly to the ASRS.

D. The ASRS shall not apply Termination Pay to an SP Invoice covered by an Irrevocable PDA in effect at the time of termination, unless the Eligible Member elected the Termination Pay pursuant to R2-8-513(D) at the time the member authorized the Irrevocable PDA.

E. If an Eligible Member elects to use Termination Pay to purchase Service Credit, the ASRS shall not apply any other form of payment to the Service Credit purchase until the ASRS receives the Termination Pay.

F. Notwithstanding any other section, if an Eligible Member dies prior to terminating employment, the ASRS shall not accept Termination Pay.

G. If an Eligible Member Transfers Employment, the ASRS shall not accept Termination Pay from the Eligible Member’s previous Employer.

**Historical Note**


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

**A.** If an Eligible Member terminates employment without transferring employment as specified in R2-8-513.01 while purchasing Service Credit by an Irrevocable PDA and requests return of retirement contributions pursuant to A.R.S. § 38-740, the ASRS shall return any principal payments made for the purchase of Service Credit including interest earned on those principal payments at the interest rate specified in R2-8-118(A), column 3.

**B.** If an Eligible Member dies while purchasing Service Credit, the ASRS shall credit the Eligible Member’s account with:

1. The Service Credit for which the ASRS received payment pursuant to a PDA before the Eligible Member’s death;
2. The principal payments made by the Eligible Member; and
3. Interest earned on payment through the date of distribution at the Assumed Actuarial Investment Earnings Rate specified in R2-8-118(A).

**C.** If an Eligible Member dies while purchasing Service Credit, the ASRS shall not permit the survivor or an estate to purchase the remaining balance.

**D.** The ASRS shall not transfer, disburse, or refund the administrative interest the ASRS charged as part of an Irrevocable PDA as specified in R2-8-513.

**E.** The ASRS shall not credit a member’s account with the administrative interest the ASRS charged as part of an Irrevocable PDA as specified in R2-8-513.

**Historical Note**


### 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 to the member’s account and return ineligible payments, if any.

**B.** 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). Amended by final rulemaking at 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

### 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. § 41-1023.
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). Section 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 persons who would be affected; and
3. 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;
   c. The signature of the person submitting the petition; and
   d. The date the person signs the petition.
B. 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 § 218 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 Request Form, Social Security Earnings Report, employment contract, payroll record, timesheet, or other Employer-provided form that includes:
   a. Whether the employee was covered under the Employer’s 218 Agreement prior to July 24, 2014,
   b. The number of hours the member worked for the Employer per pay period, and
   c. The amount and type of compensation earned by the member within each pay period.
3. “Eligible service” means employment with an 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 was Engaged to Work for an Employer.
4. “Engaged to Work” means the same as in R2-8-1001.

Historical Note

R2-8-702. General Information
A. The Employer shall pay the Employer’s portion of the contributions ASRS determines is owed under R2-8-706 whether or not the member pays the member’s portion of the contributions.
B. The person who initiates the claim that contributions were not withheld for Eligible Service has the burden to prove a contribution error was made.
C. The ASRS shall not waive payment of contributions or interest owed under this Article.
D. If a member is not able to establish eligibility for purchasing service credit pursuant to this Article, the member may be eligible to purchase service pursuant to 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). Amended by final rulemaking at 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

R2-8-703. Employer’s Discovery of Error
If an Employer determines that any amount of contributions have not been withheld for a member for a period of Eligible Service, the Employer shall notify the ASRS by submitting through the Employer’s secure ASRS account a Verification of Contributions Not Withheld form with the following information:
1. The member’s full name;
2. The member’s Social Security number;
3. The range of dates that any contribution was not withheld;
4. The member’s position title during the date range listed in subsection (3);
5. The amount and type of compensation the member was entitled to receive, and the number of hours the member worked for the Employer per pay period for each fiscal year;
6. The member’s hire date;
7. Whether the member was Engaged to Work for the Employer;
8. Whether the position was covered under the Employer’s 218 Agreement for periods prior to July 24, 2014; and
9. The dated signature of the Employer’s authorized agent certifying:
   a. All the dates and salary information is correct;
   b. The person submitting this form has the legal power to enter into binding transactions with the ASRS;
   c. Acknowledgement the Employer will receive an invoice for the contributions owed for Eligible Service only, as well as the accumulated interest on the contributions that were not withheld for both the member and Employer contributions; and
   d. Acknowledgement the member will receive an invoice for their contributions owed.

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 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

R2-8-704. Member’s Discovery of Error
A. If a member believes that an Employer has not withheld contributions for the member for a period of Eligible Service, the member shall:
   1. Notify the member’s Employer that the Employer has not withheld contributions correctly by contacting the Employer directly; or
   2. Submit to the ASRS a Contributions Not Withheld Request form through the member’s secure ASRS account with the following:
      a. The name of the Employer that should have remitted contributions;
      b. The range of dates that any contribution was not withheld;
      c. The member’s position title during the date range listed in subsection (b);
      d. Whether the member was Engaged to Work for the Employer; and
      e. Dated signature of the member certifying the member understands:
i. The ASRS will be providing the member’s Social Security number to the Employer for verification; and
ii. If the member’s Employer cannot verify this request, it is the member’s responsibility to provide Documentation of Eligible Service.

B. If the information provided by the eligible member pursuant to subsection (A) is correct, the Employer shall validate the information and submit the information to the ASRS through the Employer’s secure ASRS account. If the information provided by the eligible member pursuant to subsection (A) is incorrect, the Employer shall correct the information and submit the information to the ASRS through the Employer’s secure ASRS account, along with the information identified in R2-8-703.

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.

**Historical Note**

**R2-8-705. ASRS’ Discovery of Error**
If the ASRS determines, as specified in A.R.S. § 38-738(B)(7), that all contributions have not been withheld for a period of Eligible Service, the ASRS shall notify the Employer in writing of Eligible Service, the ASRS shall notify the Employer in writing.

**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 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

**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 the requirements to be an active member 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, 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 each, the Employer and the member, an invoice with the following:
   1. The amount of Eligible Service for which contributions were not withheld,
   2. The dollar amount of the contributions to be paid to the ASRS by the Employer,
   3. The interest on the Employer contributions and member contributions to be paid to the ASRS by the Employer pursuant to A.R.S. § 38-738,
   4. The amount of the delinquent interest late charge to be paid to the ASRS by the Employer pursuant to A.R.S. § 38-735, and
   5. The dollar amount of contributions to be paid to the ASRS by the member.

**Historical Note**

**R2-8-707. Submission of Payment**
A. Within 90 days from the date on the statement identified in R2-8-706(E), the Employer shall pay to the ASRS the amount due to be paid by the Employer. An 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 Employer’s amount due within 90 days after the ASRS notifies the Employer of the amount due, the full amount due will accrue interest as provided in A.R.S. § 38-738. The ASRS may collect the unpaid balance plus interest pursuant to A.R.S. § 38-735(C).
B. The member shall make payment to the ASRS pursuant to A.R.S. § 38-738 by the due date specified on the member’s invoice identified in R2-8-706(E).
C. If the ASRS does not receive full payment of the member’s amount due by the due date specified on the member’s invoice identified in R2-8-706(E), the full amount due will accrue interest, as provided in A.R.S. § 38-738.
D. A member does not receive service credit or credit for salary until both the Employer and member portions of the contributions and all interest has been paid pursuant to A.R.S. § 38-738.

**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 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

**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. Repealed**
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.

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.

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.

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.

R2-8-805. Collection of Overpayments from Retirement Benefit
A. Notwithstanding A.R.S. § 38-768, the ASRS may reduce a person’s benefit pursuant to this Section.
B. Upon retirement, the ASRS shall reduce the amount of a member’s retirement 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 (C).

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 (C)(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.

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

R2-8-806. Collection of Overpayments from Survivor Benefit
A. Notwithstanding A.R.S. § 38-768, the ASRS may reduce a person’s beneficiary pursuant to this Section.
B. If a member, survivor, or alternate payee does not repay the amount of an overpayment pursuant to this Article, the ASRS shall reduce the necessary person’s amount of benefits pursuant to subsection (C).
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.
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.

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

R2-8-807. Collection of Overpayments from LTD Benefit
Upon disability of the member, the ASRS shall reduce the amount of the disabled member’s LTD benefit by the amount of any overpayment received from the ASRS and has not reimbursed pursuant to this Section to not less than $50.00.

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

R2-8-808. Collection of Overpayments by the Attorney General
If a member does not reimburse the ASRS for an overpayment pursuant to R2-8-802, the ASRS may submit the overpayment amount for collection by the Arizona Attorney General’s Office.

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

R2-8-809. Collection of Overpayments by the Arizona Department of Revenue
If a member does not reimburse the ASRS for an overpayment pursuant to R2-8-802, the ASRS may submit the overpayment amount for collection by the Arizona Department of Revenue.

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

R2-8-810. Collection of Overpayments by Garnishment or Levy
Pursuant to A.R.S. § 38-723, the ASRS may collect the amount of any overpayment that has not been reimbursed or collected pursuant to this article by garnishing wages and/or placing a levy on the appropriate person’s bank account.

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

ARTICLE 9. EXPIRED

R2-8-901. Expired

Historical Note
New Section made by final rulemaking at 23 A.A.R. 2754, effective January 1, 2018 (Supp. 17-3). Section expired under A.R.S. § 41-1056(j) at 24 A.A.R. 1872, effective June 12, 2018 (Supp. 18-2).

R2-8-902. Expired

Historical Note
New Section made by final rulemaking at 23 A.A.R. 2754, effective January 1, 2018 (Supp. 17-3).
CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

R2-8-903. Expired

Historical Note
New Section made by final rulemaking at 23 A.A.R. 2754, effective January 1, 2018 (Supp. 17-3). Section expired under A.R.S. § 41-1056(J) at 24 A.A.R. 1872, effective June 12, 2018 (Supp. 18-2).

R2-8-904. Expired

Historical Note
New Section made by final rulemaking at 23 A.A.R. 2754, effective January 1, 2018 (Supp. 17-3). Section expired under A.R.S. § 41-1056(J) at 24 A.A.R. 1872, effective June 12, 2018 (Supp. 18-2).

R2-8-905. Expired

Historical Note
New Section made by final rulemaking at 23 A.A.R. 2754, effective January 1, 2018 (Supp. 17-3). Section expired under A.R.S. § 41-1056(J) at 24 A.A.R. 1872, effective June 12, 2018 (Supp. 18-2).

ARTICLE 10. MEMBERSHIP

R2-8-1001. Definitions
The following definitions apply to this Article unless otherwise specified:

1. “218 Agreement” means the same as in R2-8-701.
2. “218 Resolution” means written authorization for a potential Employer to provide Social Security and Medicare or Medicare-only coverage to employees under the provisions of § 218 of the Social Security Act.
3. “Acceptable Documentation” means the same as in R2-8-115.
4. “Designated Employer Administrator” means an individual designated by the Employer and who has authorized access to the Employer’s secure ASRS account in order to fulfill the Employer’s responsibilities.
5. “Engaged To Work” means the earlier of:
   a. The date the employee begins rendering services for the Employer and the Employer intends the employee to work for at least 20 hours a week for at least 20 weeks in a fiscal year or;
   b. The week an employee renders services to an Employer for at least 20 hours a week for at least 20 weeks in a fiscal year.
7. “State Social Security Administrator” means the ASRS staff designated by the Board to approve 218 Agreements.
8. “Week” means 12:00 a.m. on Sunday through 11:59 p.m. on the following Saturday.

Historical Note
New Section made by final rulemaking at 24 A.A.R. 3407, effective February 4, 2019 (Supp. 18-4).

R2-8-1002. Employee Membership

A. For purposes of active member eligibility, an employee of an Employer becomes a member of the ASRS pursuant to A.R.S. § 38-711(23) when the employee is Engaged To Work for the Employer.
B. If the Employer does not provide an accurate date for which an employee was Engaged To Work pursuant to subsection (A), the ASRS shall determine that an employee’s membership effective date will be the member’s hire date, if provided by the Employer and within 30 days of the first pay period end date after the hire date, for which the Employer was required to submit contributions.
C. If the Employer does not provide a hire date pursuant to subsection (B), the effective date is the first pay period end date of contributions received for that member.
D. Unless a member terminates employment or retires from the ASRS, for purposes of determining active member eligibility, a member will continue to be an active member for the remainder of a fiscal year in which the employee met the requirements to be an active member in the ASRS with that Employer pursuant to A.R.S. § 38-711.
E. Within 30 days of employment, an employee who is eligible for ASRS membership pursuant to A.R.S. § 38-711(23) shall create a secure ASRS account and submit to the ASRS through the employee’s secure ASRS account the following information:
   1. The Employee’s full name;
   2. The Employee’s Social Security number;
   3. The Employee’s date of birth;
   4. The Employee’s gender;
   5. The Employee’s marital status;
   6. The Employee’s primary phone number;
   7. The Employee’s personal email address;
   8. The Employee’s current mailing address; and
   9. The Employee’s designated beneficiary.
F. Within 30 days of a change in the member’s name, the member shall submit to the ASRS through the member’s secure ASRS account a Change of Name form that contains:
   1. The member’s full name that is on file with the ASRS;
   2. The member’s Social Security number;
   3. The member’s current mailing address;
   4. The member’s date of birth;
   5. The member’s personal email address;
   6. The member’s primary phone number;
   7. The member’s gender;
   8. The member’s marital status;
   9. The member’s retired, active, inactive, or LTD status with the ASRS;
   10. The member’s new full name;
   11. The type of legal document establishing the member’s new name;
   12. A copy of the legal document establishing the member’s new name; and
   13. The member’s dated signature.
G. Within 30 days of a change in the member’s contact information, the member shall notify the ASRS of the change.
H. If an employee of an Employer meets the requirements of A.R.S. § 38-727(A)(8), the employee may elect to not participate in the ASRS.
I. Within 30 days after employment, an Employer whose employee is 65 years of age or older as of the date of employment and who has elected not to participate in the ASRS pursuant to subsection (H), shall submit to the ASRS through the Employer’s secure ASRS account a 65+ Membership Waiver form that contains:
   1. The employee’s full name;
   2. The employee’s Social Security number;
   3. The employee’s current mailing address;
   4. The employee’s date of birth;
   5. The employee’s dated signature acknowledging the following statements:
   a. The employee is electing to waive any rights to ASRS membership and the employee will not be eli-
In order to participate as an Employer in the ASRS, a charter school in Arizona is considered a political subdivision that is eligible to participate in the ASRS if the charter school is sponsored by:

1. A state university;
2. A community college district;
3. A group of community college districts;
4. The state board of education; or
5. The state board for charter schools.

In order to participate as an Employer in the ASRS, a charter school shall notify the ASRS in writing of the charter school’s intent to join the ASRS and provide:

1. A copy of the current and active Charter Contract, including any amendments, which is approved by the entity sponsoring the charter school pursuant to subsection (A);
2. Documentation showing the name and location of all schools authorized by the Charter Contract identified in subsection (B)(1); and
3. Documentation showing the charter school board’s approval to pursue ASRS membership and complete ASRS requirements for membership.

Upon receipt of the information contained in subsection (B), the ASRS shall determine if the charter school is eligible to participate in the ASRS. If the charter school is not eligible to participate in the ASRS, the ASRS shall send the charter school a notice of ineligibility. If the charter school is eligible to participate, the ASRS shall provide the charter school a Potential New Employer Letter.

In order to participate as an Employer in the ASRS, an eligible charter school shall submit to the ASRS the following original documents by the due date listed on the Potential New Employer Letter:

1. The current retirement plan or a statement signed by the designated authorized agent for the charter school acknowledging there is no current retirement plan.
2. Two ASRS Agreements showing:
   a. The legal name and current mailing address of the charter school as sponsored pursuant to subsection (A);
   b. What amount of prior service the charter school shall purchase for employees pursuant to R2-8-1006;
   c. The approximate number of employees that will become members upon the effective date of the ASRS Agreement;
   d. The name, title, email address, and telephone number of the designated authorized agent for the charter school;
   e. The designated authorized agent is authorized and directed to conduct all negotiations, conclude all arrangements, and sign all documents necessary to administer the supplemental ASRS retirement plan pursuant to A.R.S. Title 38, Chapter 5, Articles 2 and 2.1; and
   f. The ASRS Agreement is binding and irrevocable;
   g. The effective date of the ASRS Agreement;
   h. The charter school agrees to be bound by the provisions of A.R.S. Title 38, Chapter 5, Article 2 and Article 2.1 unless otherwise indicated by law; and
   i. The dated and notarized signature of the designated authorized agent for the charter school.

Two ASRS Resolutions showing:

1. Two ASRS Agreements showing:
   a. The legal name and current mailing address of the charter school as sponsored pursuant to subsection (A);
   b. The charter school is adopting a supplemental ASRS retirement plan pursuant to A.R.S. § 38-729;
   c. The charter school agrees to be bound by the provisions of A.R.S. Title 38, Chapter 5, Article 2 and Article 2.1 unless otherwise indicated by law;
   d. The designated authorized agent for the charter school;
   e. The designated authorized agent is authorized and directed to conduct all negotiations, conclude all arrangements, and sign all documents necessary to administer the supplemental ASRS retirement plan pursuant to A.R.S. Title 38, Chapter 5, Articles 2 and 2.1; and
   f. The dated and notarized signature of the designated authorized agent.

Two 218 Agreements either electing or declining coverage. If the charter school is electing coverage pursuant to a 218 Agreement, the 218 Agreement must be completed and approved by the Social Security Administration prior to joining the ASRS.

Two 218 Resolutions, if the charter school is electing coverage pursuant to subsection (D)(4). The 218 Resolutions must be completed and approved by the Social Security Administration prior to joining the ASRS.

Upon receipt of Acceptable Documentation identified in subsection (D), the ASRS may approve the charter school’s request for membership pursuant to A.R.S. § 38-729. If the request to join the ASRS is approved, the state Social Security Administrator shall sign the 218 Agreements and the ASRS Director shall sign the ASRS Agreements before the ASRS shall send one of each of the original documents identified in subsection (D) to the charter school.

Any charter school that is established under the charter contract of a participating charter school shall participate in the ASRS.

A political subdivision or political subdivision entity, other than a charter school, may be eligible to participate in the ASRS pursuant to A.R.S. §§ 38-711 and 38-729 if it notifies the ASRS in writing of the political subdivision’s or political subdivision entity’s intent to join the ASRS and provides to the ASRS:
C. In order to participate as an Employer in the ASRS, an eligible political subdivision or political subdivision entity shall submit to the ASRS the following original documents by the due date listed on the Potential New Employer Letter:

1. The current retirement plan or a statement signed by the designated authorized agent for the political subdivision or political subdivision entity acknowledging there is no current retirement plan.
2. Two ASRS Agreements showing:
   a. The legal name and current mailing address of the political subdivision or political subdivision entity;
   b. What amount of prior service the political subdivision or political subdivision entity shall purchase for employees pursuant to R2-8-1006;
   c. The approximate number of employees that will become members upon the effective date of the ASRS Agreement;
   d. The name, title, email address, and telephone number of the designated authorized agent for the political subdivision or political subdivision entity;
   e. The designated authorized agent is authorized and directed to conduct all negotiations, conclude all arrangements, and sign all documents necessary to administer the supplemental ASRS retirement plan pursuant to A.R.S. Title 38, Chapter 5, Articles 2 and 2.1; and
   f. The ASRS Agreement is binding and irrevocable;
   g. The effective date of the ASRS Agreement;
   h. The political subdivision or political subdivision entity agrees to be bound by the provisions of A.R.S. Title 38, Chapter 5, Article 2 and Article 2.1 unless otherwise indicated by law; and
   i. The dated signature of the designated authorized agent for the political subdivision or political subdivision entity.
3. Two ASRS Resolutions showing:
   a. The legal name of the political subdivision or political subdivision entity;
   b. The political subdivision or political subdivision entity is adopting a supplemental ASRS retirement plan pursuant to A.R.S. § 38-729;
   c. The political subdivision or political subdivision entity agrees to be bound by the provisions of A.R.S. Title 38, Chapter 5, Article 2 and Article 2.1 unless otherwise indicated by law;
   d. The designated authorized agent for the political subdivision or political subdivision entity;
   e. The designated authorized agent is authorized and directed to conduct all negotiations, conclude all arrangements, and sign all documents necessary to administer the supplemental ASRS retirement plan pursuant to A.R.S. Title 38, Chapter 5, Articles 2 and 2.1; and
   f. The dated and notarized signature of the designated authorized agent.
4. Two 218 Agreements either electing or declining coverage.
   a. If the political subdivision or political subdivision entity is electing coverage pursuant to a 218 Agreement, the 218 Agreement must be completed and approved by the Social Security Administration prior to joining the ASRS.
5. Two 218 Resolutions, if the political subdivision or political subdivision entity is electing coverage pursuant to subsection (C)(4). The 218 Resolutions must be completed and approved by the Social Security Administration prior to joining the ASRS.

D. Upon receipt of Acceptable Documentation identified in subsection (B), the ASRS may approve the political subdivision’s or political subdivision entity’s request for membership pursuant to A.R.S. § 38-729. If the request to join the ASRS is approved, the state Social Security administrator shall sign the 218 Agreements and the ASRS Director shall sign the ASRS Agreements before the ASRS shall send one of each of the original documents identified in subsection (B) to the political subdivision or political subdivision entity.

Historical Note
New Section made by final rulemaking at 24 A.A.R. 3407, effective February 4, 2019 (Supp. 18-4).

R2-8-1005. Employer Reporting
A. An Employer shall submit contribution information and contribution payments pursuant to A.R.S. § 38-735, through the Employer’s secure ASRS account.
B. Within 14 days of receiving the information contained in subsection R2-8-1002(E)(1) through (E)(3), the Employer shall:
   1. Verify the information the employee provided;
   2. Confirm the employee meets membership requirements pursuant to A.R.S. § 38-711; and
   3. Submit the verified information to the ASRS through the Employer’s secure ASRS account.
C. For an Employer whose employee elects to participate in an Optional Retirement Plan in lieu of the ASRS pursuant to A.R.S. §15-1628, within 30 days of electing to participate in an Optional Retirement Plan, the Employer shall submit to the ASRS through the Employer’s secure ASRS account the:
   1. Employee's full name;
   2. Employee’s Social Security number;
   3. Date of the employee’s employment; and
   4. Date of the employee’s Optional Retirement Plan election.
D. For an Employer who has submitted information pursuant to subsection (C), within 30 days of that employee terminating employment with that Employer, the Employer shall notify the ASRS through the Employer’s secure ASRS account of the employee’s termination date.
E. Within 14 days before the effective date of joining the ASRS, an Employer shall submit an initial online authorization and designation form in writing to the ASRS with the following information:
   1. The Employer’s name;
   2. The following information for the person authorized by the Employer to approve the Employer’s Designated Employer Administrator:
a. The person’s full name;
b. The person’s title;
c. The person’s phone number;
d. The person’s email address;
e. The person’s dated signature affirming that person has the authority to approve the Employer’s Designated Employer Administrator;

3. The full name of the individual the Employer is designating as the Employer’s Designated Employer Administrator;

4. The title of the individual the Employer is designating as the Employer’s Designated Employer Administrator;

5. The phone number of the individual the Employer is designating as the Employer’s Designated Employer Administrator;

6. The email address of the individual the Employer is designating as the Employer’s Designated Employer Administrator;

7. The dated signature of the individual the Employer is designating as the Employer’s Designated Employer Administrator.

F. An Employer’s Designated Employer Administrator shall establish a new Employer’s Designated Employer Administrator as needed through the Employer’s secure ASRS account.

G. Within 30 days of an Employer no longer having an Employer’s Designated Employer Administrator, the Employer shall submit in writing an initial online authorization and designation form pursuant to subsection (E).

H. Within 30 days of change in the Employer’s address, the Employer shall notify the ASRS of the change through the Employer’s secure ASRS account.

I. Within 10 days of any change in the name or ownership of the Employer, the Employer shall provide written notice of the change to the ASRS through the Employer’s secure ASRS account by providing the Employer’s previous account information and the changes to that information.

J. Within 30 days of any change in the character of an Employer’s organizational structure, the Employer shall send to the ASRS through the Employer’s secure ASRS account, written notice of the previous organizational structure and the effective changes to the Employer’s organizational structure.

K. Within 30 days of Leasing An Employee From A Third Party, an Employer shall submit the following information:

1. The employee’s full name;
2. The number of hours per week the employee works for the Employer;
3. The title of the employee’s position;
4. A copy of the agreement showing the Employer Leasing An Employee From A Third Party; and
5. Whether the employee is retired from the ASRS.

L. The full name of the individual the Employer is designating as the Employer’s Designated Employer Administrator;

M. The title of the individual the Employer is designating as the Employer’s Designated Employer Administrator;

N. The phone number of the individual the Employer is designating as the Employer’s Designated Employer Administrator;

O. The email address of the individual the Employer is designating as the Employer’s Designated Employer Administrator;

P. The dated signature of the individual the Employer is designating as the Employer’s Designated Employer Administrator.

F. An Employer’s Designated Employer Administrator shall establish a new Employer’s Designated Employer Administrator as needed through the Employer’s secure ASRS account.

G. Within 30 days of an Employer no longer having an Employer’s Designated Employer Administrator, the Employer shall submit in writing an initial online authorization and designation form pursuant to subsection (E).

H. Within 30 days of change in the Employer’s address, the Employer shall notify the ASRS of the change through the Employer’s secure ASRS account.

I. Within 10 days of any change in the name or ownership of the Employer, the Employer shall provide written notice of the change to the ASRS through the Employer’s secure ASRS account by providing the Employer’s previous account information and the changes to that information.

J. Within 30 days of any change in the character of an Employer’s organizational structure, the Employer shall send to the ASRS through the Employer’s secure ASRS account, written notice of the previous organizational structure and the effective changes to the Employer’s organizational structure.

K. Within 30 days of Leasing An Employee From A Third Party, an Employer shall submit the following information:

1. The employee’s full name;
2. The number of hours per week the employee works for the Employer;
3. The title of the employee’s position;
4. A copy of the agreement showing the Employer Leasing An Employee From A Third Party; and
5. Whether the employee is retired from the ASRS.

L. The full name of the individual the Employer is designating as the Employer’s Designated Employer Administrator;

M. The title of the individual the Employer is designating as the Employer’s Designated Employer Administrator;

N. The phone number of the individual the Employer is designating as the Employer’s Designated Employer Administrator;

O. The email address of the individual the Employer is designating as the Employer’s Designated Employer Administrator;

P. The dated signature of the individual the Employer is designating as the Employer’s Designated Employer Administrator.

F. An Employer’s Designated Employer Administrator shall establish a new Employer’s Designated Employer Administrator as needed through the Employer’s secure ASRS account.

G. Within 30 days of an Employer no longer having an Employer’s Designated Employer Administrator, the Employer shall submit in writing an initial online authorization and designation form pursuant to subsection (E).

H. Within 30 days of change in the Employer’s address, the Employer shall notify the ASRS of the change through the Employer’s secure ASRS account.

I. Within 10 days of any change in the name or ownership of the Employer, the Employer shall provide written notice of the change to the ASRS through the Employer’s secure ASRS account by providing the Employer’s previous account information and the changes to that information.

J. Within 30 days of any change in the character of an Employer’s organizational structure, the Employer shall send to the ASRS through the Employer’s secure ASRS account, written notice of the previous organizational structure and the effective changes to the Employer’s organizational structure.

K. Within 30 days of Leasing An Employee From A Third Party, an Employer shall submit the following information:

1. The employee’s full name;
2. The number of hours per week the employee works for the Employer;
3. The title of the employee’s position;
4. A copy of the agreement showing the Employer Leasing An Employee From A Third Party; and
5. Whether the employee is retired from the ASRS.

Historical Note
New Section made by final rulemaking at 24 A.A.R. 3407, effective February 4, 2019 (Supp. 18-4).

ARTICLE 11. TRANSFER OF SERVICE CREDIT

R2-8-1101. Definitions
The following definitions apply to this Article unless otherwise specified:

1. “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;
   b. Member’s age as of the date the Member submits to the ASRS a request to transfer service credit pursuant to this Article; and
   c. Member’s most recent annual compensation.
2. “Current years of credited service” means:
   a. For Transfer In Service, the amount of credited service a member has earned or purchased, and the amount of service credit for which an Irrevocable PDA 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; and
   b. For transferring service credit to the Other Retirement Plan, the amount of credited service a member has earned or purchased, but does not include service credit for which the member has not yet paid.

Historical Note
New Section made by final rulemaking at 24 A.A.R. 3407, effective February 4, 2019 (Supp. 18-4).
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3. “Irrevocable PDA” means the same as in R2-8-501.
4. “Funded Actuarial Present Value” means the Actuarial Present Value reduced to the extent funded on market value basis as of the most recent actuarial evaluation of the ASRS.
5. “Member’s accumulated contribution account balance” means the sum of all the member’s retirement contributions and any principal payments made for:
   a. The purchase of service credit;
   b. Contributions not withheld; and
   c. Previous transfers of service credit.
6. “Other retirement plan” means the state retirement plans specified in A.R.S. § 38-921, other than the ASRS, or a retirement plan of a charter city as specified in A.R.S. § 38-730.
7. “Other Retirement Plan’s cost” means the amount determined by the ASRS pursuant to R2-8-1102(D).
8. “Other public service” means the same as in R2-8-501.
9. “Transfer in service” means credited service with the Other Retirement Plan that a member is eligible to transfer to the ASRS pursuant to A.R.S. §§ 38-730 and 38-921.

Historical Note
New Section made by final rulemaking at 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

R2-8-1102. Required Documentation and Calculations for Transfer In Service Credit

A. A member who is eligible to Transfer In Service credit, may request to transfer service credit by providing a Transfer In form to the ASRS with the following:
   1. The name of the Other Retirement Plan;
   2. The date the member either terminated employment with an employer of the Other Retirement Plan or ceased to participate in the Other Retirement Plan;
   3. The date the member began employment with the employer through which the member was participating in the Other Retirement Plan;
   4. The number of years the member participated in the Other Retirement Plan;
   5. Acknowledgement the member agrees 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; and
      b. The Transfer In Service credit transaction is subject to audit and if any errors are discovered, the ASRS shall adjust a member’s account, or if the member is already retired, adjustments to the member’s account may affect the member’s retirement benefit.

B. Upon receipt of the information specified in subsection (A), the ASRS shall submit the information to the Other Retirement Plan and request:
   1. The Other Retirement Plan’s Funded Actuarial Present Value pursuant to A.R.S. §§ 38-730 and 38-922;
   2. The Member’s Accumulated Contribution Account Balance in the Other Retirement Plan;
   3. The amount of service credit the member has accumulated in the Other Retirement Plan; and
   4. The start date and end date for the member’s participation in the Other Retirement Plan.

C. Upon receipt of the information specified in subsection (B), the ASRS shall calculate the Actuarial Present Value as specified in R2-8-506 necessary to transfer full service credit to the ASRS.

D. The ASRS shall calculate the Other Retirement Plan’s Cost as follows:
   1. If the ASRS Actuarial Present Value is greater than the Other Retirement Plan’s Funded Actuarial Present Value, the Other Retirement Plan’s Cost is the greater of:
      a. The Other Retirement Plan’s Funded Actuarial Present Value;
      b. The Member’s Accumulated Contribution Account Balance in the Other Retirement Plan;
   2. If the ASRS Actuarial Present Value is less than or equal to the Other Retirement Plan’s Funded Actuarial Present Value, the Other Retirement Plan’s Cost is the greater of:
      a. The ASRS Actuarial Present Value;
      b. The Member’s Accumulated Contribution Account Balance in the Other Retirement Plan.

E. The ASRS shall compare the Other Retirement Plan’s Cost to the ASRS Actuarial Present Value calculated pursuant to subsection (C) and:
   1. If the Other Retirement Plan’s Cost is less than the ASRS Actuarial Present Value, then the member may elect to transfer service credit to the ASRS and:
      a. Pay the difference between the Other Retirement Plan’s Cost and the ASRS Actuarial Present Value;
      b. Accept a proportionately reduced amount of service credit;
   2. If the Other Retirement Plan’s Cost is greater than or equal to the ASRS Actuarial Present Value, then the member may elect to transfer service credit pursuant to subsection (F).

F. Upon completion of the comparison specified in subsections (D) and (E), the ASRS shall send the member a transfer in invoice notifying the member of the member’s options to complete the transfer of service credit through the member’s secure ASRS account.

G. The member may elect to complete a transfer of service credit pursuant to this section by submitting the member’s election by the election due date specified on the transfer in invoice.

H. Upon receipt of the member’s election to complete a transfer of service credit, the ASRS shall send the transfer in invoice to the Other Retirement Plan and the Other Retirement Plan shall make payment to the ASRS by submitting a check made payable to the ASRS for the Other Retirement Plan’s Cost specified on the transfer in invoice by the payment due date specified on the transfer in invoice.

I. If a member elects to pay the total difference between the ASRS Actuarial Present Value and the Other Retirement Plan’s Cost pursuant to R2-8-1102(E), the member shall elect the method of payment by the payment due date specified on the transfer in invoice.

J. A member may elect to pay the total difference between the ASRS Actuarial Present Value and the Other Retirement Plan’s Cost pursuant to R2-8-1102(E) by any one or more methods specified in R2-8-512, R2-8-513, R2-8-514, or R2-8-519.

K. For a member who elects to accept a proportionately reduced amount of service pursuant to subsection (E)(1)(b), the ASRS shall calculate the proportionately reduced amount of service credit based on the member’s service credits in the Other Retirement Plan multiplied by the ratio of the Other Retirement Plan’s Cost to the ASRS Actuarial Present Value.

L. The member shall submit payment to transfer service credit pursuant to this section by the payment due date specified on the transfer in invoice.
M. If the member does not submit payment for the total difference in the calculations pursuant to R2-8-1102(E) by the payment due date specified on the transfer in invoice, the member may be eligible to purchase the remaining service credit as Other Public Service, and the member is not eligible to purchase the remaining service credit based on the cost specified in the transfer in invoice.

Historical Note
New Section made by final rulemaking at 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

R2-8-1103. Transferring Service to Other Retirement Plans
A. Upon receipt of a request to transfer a member’s service credit from the ASRS to the Other Retirement Plan, the ASRS shall calculate:
   1. The ASRS Funded Actuarial Present Value pursuant to A.R.S. §§ 38-730 and 38-922; and
   2. The Member’s Accumulated Contribution Account Balance in the ASRS.
B. Upon completing the calculations specified in subsection (A), the ASRS shall submit the calculations and member information to the Other Retirement Plan with a due date for the Other Retirement Plan to submit a fund request to the ASRS pursuant to subsection (C).
C. If a member elects to transfer service credit to the Other Retirement Plan, the member shall ensure that the Other Retirement Plan submits a fund request on the Other Retirement Plan’s letterhead by the due date specified in subsection (B) to the ASRS with the following information:
   1. The member’s full name;
   2. The last four digits of the member’s Social Security number;
   3. The name of the Other Retirement Plan; and
   4. The Actuarial Present Value necessary to transfer full service credit to the Other Retirement Plan.
D. Upon receipt of the information specified in subsection (C), the ASRS shall compare the calculations specified in subsection (A) to the Other Retirement Plan’s Actuarial Present Value specified in subsection (C) and transfer funds as follows:
   1. If the Other Retirement Plan’s Actuarial Present Value specified in subsection (C) is greater than the ASRS Funded Actuarial Present Value specified in subsection (A), then the ASRS shall transfer the greater of:
      a. The ASRS Funded Actuarial Present Value specified in subsection (A); or
      b. The Member’s Accumulated Contribution Account Balance in the ASRS.
   2. If the Other Retirement Plan’s Actuarial Present Value specified in subsection (C) is less than or equal to the ASRS Funded Actuarial Present Value, then the ASRS shall transfer the greater of:
      a. The Other Retirement Plan’s Actuarial Present Value specified in subsection (C); or
      b. The Member’s Accumulated Contribution Account Balance in the ASRS.
E. Transferring service credit to the Other Retirement Plan pursuant to this section constitutes a withdrawal from ASRS membership and results in a forfeiture of all other benefits under ASRS.
F. Notwithstanding subsection (E), pursuant to A.R.S. § 38-750, a transferred employee who continues an Irrevocable PDA after transferring service credit to the Other Retirement Plan may be eligible to:
   1. Transfer service credit associated with the remaining balance of the Irrevocable PDA for which the transferred employee paid for the purchase of service credit plus interest at the Assumed Actuarial Investment Earnings Rate pursuant to A.R.S. § 38-922, not including any administrative interest charge the transferred employee paid pursuant to an Irrevocable PDA; or
   2. Receive a return of contributions plus interest as specified in R2-8-118(A), column 3, pursuant to A.R.S. § 38-740.

Historical Note
New Section made by final rulemaking at 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).