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 Therefore, all superseded material should be retained in a separate binder and archived for future reference.

The table of contents on page one contains links to the referenced page numbers in this Chapter. Refer to the notes at the end of a Section to learn about the history of a rule as it was published in the Arizona Administrative Register.

This Chapter contains rules that were filed to be codified in the Arizona Administrative Code between the dates of January 1 through March 31, 2022.

Questions about these rules? Contact:
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Address: 3300 N. Central Ave., Suite 1400
          Phoenix, AZ 85012-0250
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The release of this Chapter in Supp. 22-1 replaces Supp. 21-1, 1-53 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 Therefore, all superseded material should be retained in a separate binder and archived for future reference.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), Administrative Rules Division, accepts state agency rule notice and other legal 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 2022 is cited as Supp. 22-1. Supplements are traditionally released three to four weeks after the end of the quarter because filings are accepted until the last day of the quarter.

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. This is why the Office lists only updated codified Sections on the previous page.

RULE HISTORY

Refer to the HISTORICAL NOTE at the end of each Section for the effective date of a rule. The note also includes the Register volume and page number in which the notice was published (A.A.R.) and beginning in supplement 21-4, the date the notice was published in the Register.

AUTHENTICATION OF PDF CODE CHAPTERS

The Office began to authenticate Chapters of the 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, www.azsos.gov 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.

PERSONAL USE/COMMERCIAL USE

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

Rhonda Paschal, rules managing editor, assisted with the editing of this Chapter.
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CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

ARTICLE 1. RETIREMENT SYSTEM

R2-8-101. Repealed

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

R2-8-102. Repealed

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

R2-8-103. Repealed

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

R2-8-104. Definitions
A. The definitions in A.R.S. § 38-711 apply to this Chapter.
B. Unless otherwise specified, in this Chapter:

1. “Actuarial assumption” means an estimate of an uncertain future event that affects pension liabilities, or assets, or both.
2. “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 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 pursuant to 2 A.A.C. 8, Article 5 by a member to be placed in the member’s account; and
   c. Amounts credited by transfer under 2 A.A.C. 8, Article 11.
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) or another person designated as a beneficiary by law.
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.
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). Amended by final expedited rulemaking at 27 A.A.R. 479, with an immediate effective of March 5, 2021 (Supp. 21-1).

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 effective April 12, 1984 (Supp. 84-2). 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).

R2-8-106. Reserved

R2-8-107. Reserved

R2-8-108. Reserved

R2-8-109. Reserved

R2-8-110. Reserved

R2-8-111. Reserved

R2-8-112. Reserved

R2-8-113. Emergency Expired
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).

R2-8-114. Emergency Expired

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

R2-8-115. Return of Contributions Upon Termination of Membership by Separation from All ASRS Employment by Other Than Retirement or Death

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).
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. “LTD” Means the same as in R2-8-301.
6. “On File” means ASRS has received the information.
7. “Process date” means the calendar day the ASRS generates contribution withdrawal documents to be sent to a member.
8. “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 member’s contributions, including amounts received for the purchase 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 contributions.

C. Upon request to withdraw by the member, the ASRS shall provide:
1. An Application for Withdrawal of Contributions and Termination of Membership form to the member, and
2. An Ending Payroll Verification - Withdrawal of Contribution and Termination of Membership form to the employer, if ASRS has received contributions for the member within the six months immediately preceding the date the member submitted the request to ASRS.

D. The member shall complete and return to the ASRS the Application 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 or U.S. Tax Identification number;
3. The member’s current mailing address, if not On File with ASRS;
4. The member’s birth date, if not On File with ASRS;
5. Notarized signature of the member certifying that the member:
   a. Is no longer employed by any Employer;
   b. Is neither under contract nor has any verbal or written agreement for future employment with an Employer;
   c. Is not currently in a leave of absence status with an Employer;
   d. Understands that each of the member’s former Employers will complete an ending payroll verification form if ASRS has received contributions for the member within the six months immediately preceding the date the member submitted the request to ASRS;
   e. Understands that the member’s most recent Employer will complete an ending payroll verification form for the member if the member has reached the member’s required beginning date pursuant to A.R.S. § 38-775;
   f. Has read and understands the Special Tax Notice Regarding Plan Payments the member received with the application and the member elects to waive the member’s 30-day waiting period to consider a rollover or a cash distribution;
   g. Understands that the member is forfeiting all future retirement rights and privileges of membership with ASRS;
   h. Understands that LTD benefits will be canceled if the member elects to withdraw contributions while receiving or electing to receive long-term disability benefits;
   i. 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 responsibility to verify that the receiving employer plan will accept the rollover and, if applicable, agree to separately account for the pre-tax and post-tax amounts rolled over and the related subsequent earnings on the amounts;
   j. 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
   k. Understands that if the member elects a rollover to another employer plan or individual retirement account, any portion of the distribution not designated for roll over will be paid directly to the member and any taxable amounts will be subject to applicable state and federal tax withholding;
   l. Understands that the member is not considered terminated and cannot withdraw the member’s ASRS contribution if the member was called to active military service and is not currently performing services for an Employer;
   m. Understands that any person who knowingly makes any false statement with an intent to defraud the ASRS is guilty of a Class 6 felony in accordance with A.R.S. § 38-793.

6. Specify that:
   a. The entire amount of the distribution be paid directly to the member,
   b. The entire amount of the distribution be rolled over to an eligible retirement plan,
   c. An identified amount of the distribution be rolled over to an eligible retirement plan and the remaining amount be paid directly to the member; and

7. If the member selects all or a portion of the withdrawal be rolled over to an eligible retirement plan, specify:
   a. The type of eligible retirement plan; and
   b. The name and mailing address of the eligible retirement plan.

E. If ASRS has received contributions for the member within six months immediately preceding the date the member submitted
Chapter 8. State Retirement System Board

For purposes of this Section, the following definitions apply:

A. "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.
B. "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).
C. "Compensation" has the same meaning as A.R.S. § 38-711(7) and does not include ACR amounts.
D. "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.

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.

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.

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.

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).

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
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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.
3. 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.
4. 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 the change in the actual hours or intent of each retired member’s employment that results in:
   a. 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
   b. 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.
5. The Working After Retirement form shall contain the following information:
   a. The retired member’s Social Security number or U.S. Tax Identification number;
   b. The retired member’s full name;
   c. The date the member retired;
   d. The retired member’s full name;
   e. Whether the retired member terminated employment, and if so, the date the retired member terminated employment;
   f. The first date of Commencing Employment upon the retired member’s return to work;
   g. 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.
   h. The Working After Retirement form to the Employer and submit any additional Working After Retirement forms to the Employer as required.
7. Acknowledgement by the retired member that the retired member has read the Return to Work information on the ASRS website and intends to submit the Working After Retirement form to the Employer and submit any additional Working After Retirement forms to the Employer as required.

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 R2-8-117 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). Amended by final expedited rulemaking at 27 A.A.R. 479, with an immediate effective of March 5, 2021 (Supp. 21-1).

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>Effective Date of Interest Rate Change</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>
</tr>
<tr>
<td>7-1-1959</td>
<td>3.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>7-1-1966</td>
<td>3.75%</td>
<td>3.75%</td>
</tr>
<tr>
<td>7-1-1969</td>
<td>4.25%</td>
<td>4.25%</td>
</tr>
<tr>
<td>7-1-1971</td>
<td>4.75%</td>
<td>4.75%</td>
</tr>
<tr>
<td>7-1-1975</td>
<td>5.50%</td>
<td>5.50%</td>
</tr>
<tr>
<td>7-1-1976</td>
<td>6.00%</td>
<td>5.50%</td>
</tr>
<tr>
<td>7-1-1981</td>
<td>7.00%</td>
<td>5.50%</td>
</tr>
<tr>
<td>7-1-1982</td>
<td>7.00%</td>
<td>7.00%</td>
</tr>
<tr>
<td>7-1-1984</td>
<td>8.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td>7-1-2005</td>
<td>8.00%</td>
<td>4.00%</td>
</tr>
<tr>
<td>7-1-2013</td>
<td>8.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>7-1-2018</td>
<td>7.50%</td>
<td>2.00%</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 2 A.A.C. 8, Article 11; 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 member’s 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 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). Amended by final rulemaking at 24 A.A.R. 1861, effective June 11, 2018 (Supp. 18-2). Amended by final expeditious rulemaking at 27 A.A.R. 479, with an effective March 5, 2021 (Supp. 21-1).

**R2-8-119. Expired**

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

**R2-8-120. Repealed**

**Historical Note**

**R2-8-121. Employer Payments for Ineligible Contributions; Unfunded Liability Invoice**

**A.** Upon calculating an unfunded liability amount under A.R.S. § 38-748, the ASRS shall send an Unfunded Liability Invoice to the Employer through the Employer’s secure ASRS account.

**B.** An Employer that owes an unfunded liability amount to the ASRS pursuant to A.R.S. § 38-748, shall remit full payment of the unfunded liability amount within 90 days of being notified of the unfunded liability pursuant to subsection (A).

**C.** Pursuant to A.R.S. § 38-735(C), if the ASRS does not receive full payment from the Employer of the unfunded liability amount within 90 days of being notified of the unfunded liability amount, the unpaid portion of the unfunded liability amount shall accrue interest at the assumed actuarial investment earnings rate listed in R2-8-118(A).

**D.** The ASRS may collect any unfunded liability and interest amount pursuant to A.R.S. §§ 38-723 and 38-735(C).
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a. Minus a 10-year phase-in of the excess for years in which actual investment return exceeds expected investment return; and

b. Plus a 10-year phase-in of the shortfall for years in which actual investment return falls short of expected investment return.

Historical Note

Table 1. Expired

Historical Note

Table 2. Expired

Historical Note
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 amend-
Table 4A. Repealed

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

Table 4B. Repealed

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

Table 4C. Repealed

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

Table 5. Expired

Historical Note
Emergency adoption effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Table 5 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. 97-1). Emergency expired. Table 5 repealed, new Table 5 adopted by regular rulemaking action effective September 12, 1997 (Supp. 97-3). Table 5 repealed; new Table 5 adopted by regular rulemaking action effective September 12, 1997 (Supp. 97-3). Table 5 repealed; new Table 5 renumbered from Table 6 and amended by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed; new Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2). Former Table 5 renumbered to Table 6; new Table 5 made by final rulemaking at 10 A.A.R. 4012, effective November 13, 2004 (Supp. 04-3). Table repealed 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 6 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).

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

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

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

D. Within 90 days of the date on the Request for Documentation, the Employer shall respond to the Request for Documentation by:
1. Submitting documentation through the Employer’s secure ASRS account that shows the member’s increase in Compensation was the result of a Promotion; or
A. For the purposes of this Section, the following definitions R2-8-126. Retirement Application

R2-8-126. Retirement Application

2. Acknowledging in writing that the increase in the member’s salary was not the result of a Promotion.

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

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

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

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

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

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

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

L. Pursuant to A.R.S. § 38-735(C), if the ASRS does not receive full payment from the Employer of the unfunded liability amount by the due date specified in the Termination Incentive Program Liability Invoice, the unpaid portion of the unfunded liability amount shall accrue interest at the assumed actuarial 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. Retirement Application

A. For the purposes of this Section, the following definitions apply, unless stated otherwise:

1. “Acceptable documentation” means any written request containing all the accurate, required information, dates, and signatures necessary to process the request.

2. “Acceptable form” means any ASRS form request containing all the accurate, required information, dates, and signatures necessary to process the form request.

3. “Applicable retirement date” means the later of:

   a. The date a member retires from the ASRS for the first time; or

   b. The date a member re-retires from the ASRS after returning to active membership.

4. “Conservator” means the same as in A.R.S. § 14-7651.

5. “DRO” means the same as in R2-8-115.


7. “Legal documentation” means:

   a. One document issued from a United States government entity; or

   b. Two documents issued from one or more federal, state, local, sovereign, medical, or religious institution.

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

9. “Irrevocable PDA” means the same as in R2-8-501.

10. “On File” means the same as in R2-8-115.

11. “Original retirement date” means the later of:

   a. The date a member retires from the ASRS for the first time; or

   b. The date a member re-retires from the ASRS after returning to active membership for 60 consecutive months or more according to A.R.S. § 38-766(C).


13. “Spouse” means the individual to whom a member is married under Arizona law.

14. “Straight life annuity” means the same as monthly life annuity according to A.R.S. § 38-757.

B. A member may retire from the ASRS by submitting a Retirement Application to the ASRS that contains the following information:

1. The member’s full name;

2. The member’s Social Security number or U.S. Tax Identification number;

3. The member’s marital status, if not On File with ASRS;

4. The member’s current mailing address; if not On File with ASRS;

5. The member’s date of birth if not On File with ASRS;

6. A retirement date according to A.R.S. § 38-764(A); and

7. The retirement option the member is electing.

8. If the member is electing to roll over a lump sum distribution amount to another retirement account, then:

   a. The type of account and account number, if applicable, to which the member is electing to roll over the lump sum distribution;

   b. The name and address of the financial institution of the account to which the member is electing to roll over the lump sum distribution;

9. The following information for each primary beneficiary, unless the member is receiving a mandatory lump sum distribution under subsection (M):

   a. The beneficiary’s full name;

   b. The beneficiary’s Social Security number, if the beneficiary is a U.S. citizen;

   c. The beneficiary’s date of birth;

   d. The beneficiary’s relationship to the member; and

   e. The percent of benefit the beneficiary may receive upon death of the member, if the member is designating more than one beneficiary.

10. Whether the member is electing the Optional Health Insurance Premium Benefit;

11. The following spousal consent information, if the member is married and is electing a retirement option other than a Joint and Survivor Retirement Benefit Option with at least 50% of the retirement benefit designated to the member’s spouse:

   a. Whether the member’s spouse consents to the member making a beneficiary election that provides the
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12. Whether the member is electing to receive a partial lump sum distribution according to A.R.S. § 38-760 and if so:
   a. How many months of annuity, up to 36 months, the member is electing to receive as a partial lump sum;
   b. Whether the member is electing to directly receive the partial lump sum distribution reduced by applicable tax withholding amounts;
   c. Whether the member is electing to roll over all or a portion of the partial lump sum distribution amount to one other retirement account; and
   d. Whether the member is electing to use the partial lump sum distribution to purchase service credit with ASRS based on a service purchase request dated before January 6, 2013;

13. Acknowledgement of the following statements of understanding:
   a. The member is aware of the member’s LTD stop-payment date and any disability benefits the member is receiving shall cease upon the retirement date the member elects according to subsection (B)(6);
   b. The member understands that if an overpayment exists, ASRS shall collect the remaining overpayment amount according to 2 A.A.C. 8, Article 8 and all repayment plans previously established with ASRS LTD claims administrator shall cease;
   c. The member understands that if the member is submitting written notice of a changed retirement date, benefit option, or partial lump sum increment selection, ASRS shall distribute the member’s benefit as of the later of:
      i. The date ASRS receives the most recent Acceptable Documentation; or
      ii. The retirement date contained in the most recent Acceptable Documentation.
   d. The member has received the Special Tax Notice Regarding Plan Payments;
   e. The member has received the Return to Work information and will comply with the laws and rules governing the member’s return to work;
   f. The member authorizes ASRS and the banking institution identified in subsection (W) to debit the member’s account for the purposes of correcting errors and returning any payments inadvertently made after the member’s death;
   g. The member understands that the member may have a one-time option to rescind a Joint and Survivor Retirement Benefit Option or a Period Certain and Life Annuity Retirement Benefit Option according to R2-8-130;
   h. The member understands that any person who knowingly makes any false statement with the intent to defraud ASRS is guilty of a Class 6 felony in accordance with A.R.S. § 38-793; and
   i. The member acknowledges that the member has complied with A.R.S. §§ 38-755 and 38-776 regarding spousal consent; and
   j. The member’s notarized signature.

C. If a Retirement Application is completed through the member’s secure ASRS account, the member’s notarized signature is not required under subsection (B)(14).

D. If the retirement date the member elects according to subsection (B)(6) is not allowed, the ASRS shall change the retirement date to the earliest eligible date according to A.R.S. 38-764(A), unless the member is not eligible to retire.

E. A member who elects to roll over all or a portion of the partial lump sum distribution amount according to subsection (B)(12)(c), shall submit the following written information to the ASRS:
   1. The type of account and account number to which the member is electing to roll over;
   2. The name and address of the financial institution of the account to which the member is electing to roll over; and
   3. If the member is electing to roll over a portion of the partial lump sum distribution, then the amount the member is electing to roll over.

F. If the member elects to roll over all or a portion of their lump sum or partial lump sum distribution, the ASRS shall only roll over the distribution to one retirement account.

G. Any portion of the partial lump sum distribution that is not rolled over to another retirement account according to subsection (B) shall be distributed directly to the member.

H. If the member elects to use the partial lump sum distribution to purchase service credit according to subsection (B)(12)(d) the member shall submit the following written information to the ASRS:
   1. The number of the service purchase invoice;
   2. Whether the member is electing to apply the partial lump sum distribution to all eligible service on that invoice;
   3. If the member is not electing to apply the partial lump sum distribution to all eligible service on that invoice, then:
      a. The amount of the partial lump sum distribution to be applied to that invoice; or
      b. The number of years on that invoice the member is electing to purchase with the partial lump sum distribution;
   4. If the member is electing to make a payment on that service purchase invoice with after-tax payments, a rollover, or termination pay according to A.R.S. § 38-747;
   5. Whether the member is electing to authorize the ASRS to increase the number of months of annuity, not to exceed 36 months, to purchase the eligible service on that service purchase invoice, if the member elected an insufficient number of months of annuity to receive as a partial lump sum according to subsection (G) to complete the service purchase invoice;
   6. If the member does not have eligible service to purchase on that invoice, whether the member is electing to cancel the member’s election to receive a partial lump sum distribution.

I. A member who elects to receive a partial lump sum distribution shall receive an actuarially reduced annuity retirement benefit according to A.R.S. § 38-760.

J. ASRS shall disburse any partial lump sum amount that is not applied to a service purchase invoice according to subsection (G) directly to the member after withholding applicable taxes.

K. After submitting a Retirement Application according to subsection (B), a member may make changes to the member’s Retirement Application by submitting written notice to the ASRS of the specific changes according to A.R.S. § 38-764(H).

L. If ASRS has received contributions for the member within the three years immediately preceding the member’s retirement
date, the ASRS shall send a New Retirement Ending Payroll Verification form to the Employer. If ASRS has received contributions for the member within the six months immediately preceding the member’s retirement date and the member shall receive a one-time lump sum payment according to subsection (P), the ASRS shall send a New Retirement Ending Payroll Verification form to the Employer.

M. If the member has reached the age for minimum required distribution according to A.R.S. § 38-775(H)(4), the ASRS shall send a New Retirement Ending Payroll Verification form to the member’s most recent Employer.

N. The Employer shall submit the completed New Retirement Ending Payroll Verification form to ASRS with the following information:

1. The member’s Termination date or last day of ASRS membership with that Employer, if applicable;
2. The member’s total salary paid during their last fiscal year;
3. The member’s compensation for the last pay period;
4. The name and title of the authorized Employer representative;
5. Certification by the authorized Employer representative that:
   a. Any person who knowingly makes any false statement or who falsifies any record of the retirement plan with an intent to defraud the plan, is guilty of a Class 6 felony according to A.R.S. § 38-793; and
   b. The authorized Employer representative certifies that they are the Employer user named on the New Retirement Ending Payroll Verification form and their title and contact information is current and correct.

O. The ASRS shall cancel a member’s Retirement Application if ASRS does not receive all forms and information required under this Section within six months immediately after the member’s retirement date.

P. As authorized under A.R.S. § 38-764(F), if a member’s Straight Life Annuity, after any applicable early retirement reduction factor, is less than a monthly amount of $100, the ASRS shall not pay the annuity. Instead, the ASRS shall make a one-time mandatory lump sum payment in the amount determined by using appropriate actuarial assumptions.

Q. For purposes of calculating a member’s retirement benefit according to A.R.S. §§ 38-758 and 38-759, ASRS shall calculate age to the nearest day as of the member’s retirement date.

R. Based on the retirement option the member elects according to A.R.S. § 38-768, the ASRS shall calculate a member’s actuarially reduced benefits, based on the attained age of the member, and if necessary, the attained age of the contingent annuitant as of the date of the member’s retirement as follows:

1. For a partial lump sum retirement benefit option, ASRS shall calculate age to the nearest day as of the member’s retirement date;
2. For a Joint and Survivor Retirement Benefit Option, ASRS shall calculate age to the nearest day as of the member’s retirement date; and
3. For a mandatory lump sum payment according to subsection (O) or a Period Certain and Life Annuity Retirement Benefit Option, ASRS shall calculate age to the nearest full month in addition to calculating age according to subsection (P) as necessary.

S. If the ASRS is unable to verify the age of the member or a contingent annuitant, the member or contingent annuitant shall provide Legal Documentation showing the member’s or contingent annuitant’s age.

T. If a member does not retire by the date minimum distribution payments are required according to A.R.S. §§ 38-759 and 38-775, the required minimum distribution payments will accrue interest at the Assumed Actuarial Investment Earnings Rate specified in R2-8-118(A) and in effect on the date the required minimum distribution payments should have begun.

U. The ASRS shall distribute any required minimum distribution payments with interest according to subsection (T) with the member’s first finalized benefits payment.

V. If a member submits a retirement application after the member’s minimum required distribution date, the ASRS shall determine that the member’s Applicable Retirement Date is the date the required minimum distribution payments should have begun.

W. Notwithstanding any other Section, an inactive member who does not have contributions related to compensation is not eligible for retirement.

X. The ASRS shall issue a debit benefit card, if the annuitant does not provide the following direct deposit information through the annuitant’s secure ASRS account or by a notarized Direct Deposit form:

1. The member’s full name;
2. The member’s bank account routing number;
3. The member’s bank account number; and
4. The type of the account.

Y. The ASRS shall disburse benefits payments according to subsection (R), only retroactive to the later date specified in A.R.S. § 38-759(B).

Z. ASRS shall not issue additional estimate checks to a member whose retirement is canceled.

Historical Note
Adopted effective September 12, 1977 (Supp. 77-5).

R2-8-127. Re-Retirement Application
A. The definitions in R2-8-126 apply to this Section.
B. If a member has previously retired from ASRS, the member may re-retain from ASRS by submitting a Re-Retirement Application to the ASRS that contains:

1. The information identified in R2-8-126(B)(1) through (B)(8);
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2. The retirement option the member is electing, if the member suspended the member's annuity from the member's previous retirement from ASRS and returned to work for 60 consecutive months or more according to A.R.S. § 38-766(C); The member elected the member's annuity from the member's previous retirement from ASRS and returned to work for 60 consecutive months or more according to A.R.S. § 38-766(C); The information identified in R2-8-126(B)(11); Whether the member is electing the Optional Health Insurance Premium Benefit, if the member suspended the member's annuity from the member's previous retirement from ASRS and returned to work for 60 consecutive months or more according to A.R.S. § 38-766(C); The information identified in R2-8-126(B)(13), if the member suspended the member's annuity from the member's previous retirement from ASRS and returned to work for 60 consecutive months or more according to A.R.S. § 38-766(C); Acknowledgement of the following statements of understanding:

a. The member's signature confirms the member's intent to re-retain and applies to all the sections included in the Re-Retirement Application.
b. The member understands that as a re-retainee, the member must keep the same retirement option and beneficiary the member elected when the member previously retired from ASRS, unless the member returned to active membership for 60 consecutive months or more according to A.R.S. § 38-766(C);
c. The member may change the member's beneficiary after re-retiring and changing the beneficiary may change the member's monthly annuity;
d. The member has complied with A.R.S. §§ 38-755 and 38-766 regarding spousal consent;
e. The member certifies that the member has read and understands the instructions and Special Tax Notice Regarding Plan Payments;
f. The member authorizes ASRS and the banking institution the member listed for direct deposit to debit the member's account for the purpose of correcting errors and returning any payments inadvertently paid after the member's death;
g. The member understands that any person who knowingly makes any false statement with the intent to defraud ASRS is guilty of a Class 6 felony in accordance with A.R.S. § 38-793; and
h. The member understands that if an overpayment exists, the ASRS shall collect the remaining overpayment amount according to 2 A.A.C. 8, Article 8 and all repayment plans previously established with the ASRS LTD claims administrator shall cease.

7. The member's notarized signature.

C. If the retirement date the member elects according to R2-8-126(B)(6) is not allowed, the ASRS shall change the retirement date to the earliest eligible date according to A.R.S. § 38-764(A), unless the member is not eligible to retire.

Historical Note
New Section made by final rulemaking at 26 A.A.R. 2036, effective November 8, 2020 (Supp. 20-3).

R2-8-128. Joint and Survivor Retirement Benefit Options

A. The definitions in R2-8-126 apply to this Section.
B. A member who is ten years and one day, or more, older than the member's non-spouse contingent annuitant is not eligible to elect a 100% Joint and Survivor Retirement Benefit Option.
C. A member who is 24 years and one day, or more, older than the member's non-spouse contingent annuitant is not eligible to elect a 66 2/3% Joint and Survivor Retirement Benefit Option.
D. For members whose Original Retirement Date is on or after March 6, 2016, notwithstanding subsection (B), 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 Retirement Benefit 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 an original or certified copy of a DRO to ASRS which requires the ex-spouse to remain as the contingent annuitant on the member’s account.
E. For members whose Original Retirement Date is on or after March 6, 2016, notwithstanding subsection (C), 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 Retirement Benefit 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 an original or certified copy of a DRO to ASRS which requires the ex-spouse to remain as the contingent annuitant on the member’s account.
F. Notwithstanding any other Section, for purposes of determining whether a member is eligible to participate in a Joint and Survivor Retirement Benefit 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. For purposes of this Section, a contingent annuitant must be a living person.

Historical Note
New Section made by final rulemaking at 26 A.A.R. 2036, effective November 8, 2020 (Supp. 20-3).

R2-8-129. Period Certain and Life Annuity Retirement Options

A. The definitions in R2-8-126 apply to this Section.
B. An individual who is 104 years of age or older at the time of retirement is not eligible to elect a Period Certain and Life Annuity Retirement Benefit Option.
C. An individual who is 93 years of age or older at the time of retirement is not eligible to elect a Period Certain and Life Annuity Retirement Benefit Option 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 a Period Certain and Life Annuity Retirement Benefit Option with ten years certain or 15 years certain.
E. The ASRS shall calculate the period certain term as beginning on the first day of the first full calendar month following the member’s Applicable Retirement Date.
F. Notwithstanding subsection (E), the ASRS shall calculate the period certain term as beginning on the member’s Applicable Retirement Date if the member’s Applicable Retirement Date is the first day of the month.

Historical Note
New Section made by final rulemaking at 26 A.A.R. 2036, effective November 8, 2020 (Supp. 20-3).

R2-8-130. Rescind or Revert Retirement Election; Change of Contingent Annuitant

A. The definitions in R2-8-126 apply to this Section.
B. According to A.R.S. § 38-760(B)(2), for a member whose Original Retirement Date is after August 9, 2001, upon the expiration of a member’s period certain term the ASRS shall rescind the member’s election and the ASRS shall provide the member a Straight Life Annuity retirement benefit subject to
any retirement reductions applicable at the member’s Original Retirement Date.

C. According to A.R.S. § 38-760(B)(2), a member whose Original Retirement Date is after August 9, 2001 and before July 1, 2008 and who elected a Period Certain and Life Annuity Retirement Benefit Option, may rescind the election and elect to receive a Straight Life Annuity retirement benefit prior to the expiration of the member’s period certain term.

D. According to A.R.S. § 38-760(B)(1), a member whose Original Retirement Date is before July 1, 2008 and who elected a Joint and Survivor Retirement Benefit Option may rescind the election and elect to receive a Straight Life Annuity retirement benefit prior to the member’s death.

E. A member whose Original Retirement Date is on or after July 1, 2008 and who elected a Period Certain and Life Annuity Retirement Benefit Option may exercise a one-time election to rescind the election and elect to receive a Straight Life Annuity retirement benefit prior to the member’s period certain term if the member provides proof to ASRS of the death of the primary beneficiary or an original or certified copy of a DRO showing that the primary beneficiary has ceased to be a primary beneficiary.

F. A member whose Original Retirement Date is on or after July 1, 2008 and who elected a Joint and Survivor Retirement Benefit Option may exercise a one-time election to rescind the election and elect to receive a Straight Life Annuity retirement benefit prior to the death of the member if the member provides proof to ASRS of the death of the contingent annuitant or an original or certified copy of a DRO showing that the contingent annuitant has ceased to be a contingent annuitant.

G. A member who elected to rescind a Period Certain and Life Annuity Retirement Benefit Option according to subsection (C) may elect to revert to the Period Certain and Life Annuity Retirement Benefit Option by submitting an Application to Rescind, Revert or Change Contingent Annuitant as specified in subsection (M).

H. A member who elected to rescind a Joint and Survivor Retirement Benefit Option according to subsection (D) may elect to revert to the Joint and Survivor Retirement Benefit Option by submitting an Application to Rescind, Revert or Change Contingent Annuitant as specified in subsection (M).

I. A member may only revert to the same Period Certain and Life Annuity Retirement Benefit Option the member rescinded according to subsection (C) prior to the expiration of the period certain term the member elected at the member’s most recent retirement.

J. A member who rescinds their election according to subsections (E) or (F) is not eligible to revert to a Period Certain and Life Annuity Retirement Benefit Option or a Joint and Survivor Retirement Benefit Option.

K. Notwithstanding any other provision, the time period of a Period Certain and Life Annuity Retirement Benefit Option shall be continuous from the member’s retirement date until the term expires regardless of whether the member rescinds or reverts to another retirement option.

L. A member who wants to rescind or revert a retirement election according to subsections (C) through (H) shall ensure ASRS receives an Application to Rescind, Revert or Change Contingent Annuitant at least one day prior to the member’s death.

M. In order to rescind, revert, or change a contingent annuitant, the member shall submit an Application to Rescind, Revert or Change Contingent Annuitant with the following information:

1. The member’s full name;
2. The member’s Social Security number or U.S. Tax Identification number;
3. The member’s marital status, if not On File with ASRS;
4. Whether the member is electing to rescind, revert, or change a contingent annuitant;
5. The member’s notarized signature acknowledging the following statements of understanding:
   a. For rescinding a retirement election:
      i. By this action, and the member’s signature, the member is aware that the member’s designated beneficiary or contingent annuitant will not continue with monthly benefits after the member’s death;
      ii. The member is aware that a certified copy of the member’s designated beneficiary’s or contingent annuitant’s death certificate or an original or certified copy of a DRO is required if the member retired or re-retired on or after July 1, 2008;
   iii. At the time of the member’s death, if the ASRS has not disbursed the total employee contributions on the member’s account, plus interest at the Assumed Actuarial Investment Earnings Rate specified in R2-8-118(A) through the month prior to the member’s retirement date, the balance will be payable in a lump sum to the beneficiary named on the member’s most recent Acceptable Form.
   b. For changing a contingent annuitant or beneficiary:
      i. For a Joint and Survivor Retirement Benefit Option, by this action, and the member’s signature, the contingent annuitant named on the member’s most recent Acceptable Form will receive the previously elected percentage amount of the member’s monthly benefit for their lifetime following the member’s death;
      ii. For a Joint and Survivor Retirement Benefit Option, the member is aware that a copy of the contingent annuitant’s Legal Documentation is required and the member’s benefit will be recalculated based on the member’s age and the age of the member’s new contingent annuitant as of the effective date of the member’s request according to this Section;
   iii. For a Joint and Survivor Retirement Benefit Option, the member is in compliance with the age difference limitations in R2-8-128; and
   iv. For a Period Certain and Life Annuity Retirement Benefit Option, by this action, and the member’s signature, the beneficiary named on the member’s most recent Acceptable Form will receive the remaining term of monthly payments.
   c. For reverting to a previously elected retirement benefit option according to A.R.S. § 38-760:
      i. For a Joint and Survivor Retirement Benefit Option, by this action, and the member’s signature, the contingent annuitant named the member’s most recent Acceptable Form will receive the previously elected percentage amount of the member’s monthly benefit for their lifetime following the member’s death;
      ii. For a Joint and Survivor Retirement Benefit Option, the member is aware that a copy of Legal Documentation showing the contingent annuitant’s date of birth is required and the member’s benefit will be recalculated based on the member’s age and the age of the member’s...
The ASRS shall cancel a member’s Application to Rescind, Revert or Change Contingent Annuant.

According to A.R.S. § 38-760(B)(2), a member whose Original Retirement Date is on or after July 1, 2008 and who elects a Period Certain and Life Annuity Retirement Benefit Option, by this action, and the member’s signature, the beneficiary named on the member’s most recent Acceptable Form will receive the remaining term of monthly payments.

6. If the member is electing to change a contingent annuitant, the following information for the new contingent annuitant:
   a. Full name;
   b. Social Security number, if the contingent annuitant is a U.S. citizen;
   c. Date of birth; and
   d. Legal relationship to the member.

7. If the member is married, whether the member’s spouse consents to the following with the spouse’s notarized signature:
   a. The member making a beneficiary designation that provides the member’s spouse with less than 50% of the member’s account balance;
   b. The member electing a retirement option other than a Joint and Survivor Retirement Benefit Option; or
   c. The member changing or ending the spouse’s contingent annuitant status.

8. Whether the spouse’s consent is not required because:
   a. The spouse predeceased the member and if so, provide a copy of the spouse’s death certificate; or
   b. The member is divorced and if so, provide an original or certified copy of a DRO.

N. If the ASRS is unable to verify the age of the member or a contingent annuitant, the member or contingent annuitant shall provide Legal Documentation showing the member’s or contingent annuitant’s age.

O. The effective date of the member’s request according to this Section is the date on which ASRS receives the Application to Rescind, Revert or Change Contingent Annuitant.

P. According to A.R.S. § 38-760(B)(2), a member whose Original Retirement Date is on or after July 1, 2008 and who elects a Period Certain and Life Annuity Retirement Benefit Option, may rescind the election according to subsection (E) and elect to receive a Straight Life Annuity prior to the expiration of the member’s period certain term if one or more of the member’s primary beneficiaries dies or ceases to be a beneficiary according to the terms of an original or certified copy of a DRO.

Q. The ASRS shall cancel a member’s Application to Rescind, Revert, or Change Contingent Annuitant if ASRS does not receive all forms and information required under this Section within six months immediately after the ASRS receives the application.

Historical Note
New Section made by final rulemaking at 26 A.A.R. 2036, effective November 8, 2020 (Supp. 20-3).

R2-8-131. Designating a Beneficiary; Spousal Consent to Beneficiary Designation

A. The definitions in R2-8-126 apply to this Section.

B. In order to designate a beneficiary, a member shall submit an Acceptable Form containing the following information:
   1. The Member’s full name and one or more of the following information:
      a. The Member’s Social Security number or U.S. Tax Identification number; or
      b. The Member’s address; or
      c. The Member’s date of birth;
   2. The following information for the beneficiary:
      a. The full name of the person or entity the member is designating as beneficiary;
      b. Whether the beneficiary is being designated as primary or secondary beneficiary;
      c. The percentage of the benefit the member is allocating to the beneficiary; and
   3. The member’s notarized signature.

C. If a change in a designated beneficiary is completed through the member’s secure ASRS account, the member’s notarized signature is not required under subsection (B)(3).

D. If a member submits an Acceptable Form designating a beneficiary without indicating the percentage of the benefit the member is allocating to the beneficiary, the ASRS shall determine that each beneficiary is designated to receive an equal amount of the benefit.

E. 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% 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;
   2. Who retires shall choose a Joint and Survivor Retirement Benefit Option and name the member’s current spouse as contingent annuitant unless:
      a. Naming or maintaining the current spouse as contingent annuitant violates another law, existing contract, or court order; or
      b. The spouse consents to an alternate contingent annuitant; or
      c. The spouse consents to an alternate annuity option under A.R.S. §§ 38-757 or 38-760.

F. 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 (E).

G. Subsection (E) does not apply to a member who is receiving a mandatory lump sum distribution according to A.R.S. § 38-764.

H. Subsection (E) does not apply to a member who submits a Spousal Consent Exception form that contains the member’s notarized signature to the ASRS affirming under penalty of perjury that the member’s spouse’s consent is not required because of one of the reasons specified in A.R.S. § 38-776(C).

I. In order to change a beneficiary designation, a member shall submit the information contained in subsection (B) and:
   1. A married member who changes a beneficiary designation on or after July 1, 2013, shall ensure the new beneficiary designation is consistent with subsection (E); or
   2. A married member who retired before July 1, 2013, and who wishes to change the contingent annuitant or beneficiary, shall ensure that the new designation is consistent with subsection (E).

J. A married member who re-retires according to A.R.S. § 38-766:
   1. Within less than 60 consecutive months of active membership from the member’s previous retirement date, is not eligible to elect a different annuity option or different beneficiary than the member elected at the time of the previous retirement; or
2. At least 60 consecutive months of active membership after the member’s previous retirement date, may elect a different annuity option and different beneficiary than the member elected at the time of the previous retirement, and the election shall comply with subsection (E).

K. If a married member submits a retirement application that fails to comply with subsection (E), the member shall submit a new retirement application or written notice of new retirement elections that comply with subsection (E) within six months of the member’s Original Retirement Date. The member’s new Original Retirement Date is the date ASRS receives the new application or written notice unless the member elects a later date according to A.R.S. § 38-764.

L. If a married member made a beneficiary designation on or after July 1, 2013 that is not consistent with the requirements specified in subsection (E), the ASRS shall, at the time of the member’s death:
1. Notify both the spouse and designated beneficiary and:
   a. Provide the spouse with an opportunity to waive the right under subsection (E); and
   b. Provide the designated beneficiary with an opportunity to provide documentation that revokes the spouse’s right under subsection (E); and
2. Designate 50% of the member’s retirement benefit to the spouse if neither the spouse nor designated beneficiary respond to notification according to subsection (L)(1) within 30 days after notification.

M. If a married member designated a beneficiary before July 1, 2013 that does not comply with subsection (E), upon the death of the member, the member’s spouse may submit written notice to the ASRS prior to disbursement of the member’s account with the following information:
1. The member’s full name;
2. The member’s Social Security number or U.S. Tax Identification number;
3. The spouse’s full name;
4. The spouse’s dated signature indicating the spouse is revoking all previous Spousal Consent forms.

N. If a spouse submits written notice according to subsection (M), the ASRS shall designate the spouse as beneficiary of a percentage of the member’s account according to A.R.S. §§2518, within nine months after the member’s death, the beneficiary may notify ASRS of the beneficiary’s intent to appeal the spouse’s right to a survivor benefit.

O. The ASRS shall determine a spouse’s percentage of the member’s account according to subsection (L) based on the amount of service credit the member acquired during the marriage divided by the total amount of service credit the member acquired, multiplied by 50%.

P. If a beneficiary is notified of a spouse’s assertion according to subsection (N), then before ASRS disburse a survivor benefit, the beneficiary may notify ASRS of the beneficiary’s intent to appeal the spouse’s right to a survivor benefit.

Q. Within 30 days, a beneficiary who has notified ASRS of the beneficiary’s intent to appeal a survivor benefit disbursement according to subsection (P), shall submit an appeal to ASRS according to 2 A.A.C. 8, Article 4.

R. An original or certified copy of a DRO may supersede the requirements in subsection (B).

S. To consent to an alternative retirement benefit option or beneficiary designation, a member’s spouse shall complete and have notarized a Spousal Consent form containing the following information:
1. Member’s full name;
2. Member’s Social Security number or U.S. Tax Identification number;
3. Whether the member’s spouse is consenting to one or more of the following:
   a. The member making a beneficiary designation that provides the spouse with less than 50% of the member’s account balance;
   b. The member electing a retirement option other than a Joint and Survivor Retirement Benefit Option;
   c. The member naming a contingent annuitant other than the spouse; and
   d. The spouse’s notarized signature.

T. A member’s spouse may revoke the spouse’s consent to an alternative retirement benefit option or beneficiary designation by sending written notice to ASRS with the following information:
1. The member’s full name
2. The member’s Social Security number or U.S. Tax Identification number
3. The spouse’s full name
4. The spouse’s dated signature indicating the spouse is revoking all previous Spousal Consent forms.

U. A spouse who is revoking a Spousal Consent form shall ensure the written notice is received no later than the earlier of one day before the member dies or ASRS disburse a retirement benefit to the member.

Historical Note
New Section made by final rulemaking at 26 A.A.R. 2036, effective November 8, 2020 (Supp. 20-3).
A.
The ASRS shall not distribute a survivor benefit until a claimant notifies the ASRS of a member’s death by telephone or submission of a death certificate, unless the member elected a Joint and Survivor Benefit Option upon retirement.

B.
Upon notification of the death of a member, the ASRS shall distribute the survivor benefit according to the most recent, acceptable Form that is On File with the ASRS that was received at least one day prior to the date of the member’s death, unless otherwise provided by law.

D.
The designated beneficiary or other person specified in A.R.S. § 38-762(E) shall provide the following:
1. An original certified death certificate or a certified copy of a court order that establishes the member’s death;
2. If the claimant is not a designated beneficiary, but is a person specified in A.R.S. § 38-762(E), a copy of a document issued from a federal, state, local, sovereign, or medical institution showing the claimant’s relationship to the deceased member;
3. A certified copy of the court order of appointment as administrator, if applicable; and
4. 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 or U.S. Tax Identification number,
   c. The benefit the designated beneficiary or other person specified in A.R.S. § 38-762(E) is electing;
   d. If the designated beneficiary or other person specified in A.R.S. § 38-762(E) is electing to roll over a benefit, the following information:
      i. The claimant’s full name;
      ii. The name of the institution to which the claimant is electing to roll over;
      iii. The address of the institution to which the claimant is electing to roll over;
      iv. The full name of the authorized representative of the institution to which the claimant is electing to roll over;
      v. The signature of the authorized representative of the institution to which the claimant is electing to roll over;
   e. If the beneficiary is electing to have any of the survivor benefits directly deposited into a bank account, the following information:
      i. Whether the bank account is a checking or savings account;
      ii. The name of the banking institution to which the benefit is being sent;
      iii. The routing number;
      iv. The account number; and
   f. The following information for the designated beneficiary or other person specified in A.R.S. § 38-762(E):
      i. Full name;
      ii. Mailing address, if not On File with ASRS;
      iii. Date of birth, if applicable;
   g. The following statements of understanding:
      i. The designated beneficiary or other person specified in A.R.S. § 38-762(E) has read and understands the Special Tax Notice Regarding Plan Payments they received with this application;
      ii. The designated beneficiary or other person specified in A.R.S. § 38-762(E) authorizes the ASRS to make payments as indicated above and agree on behalf of themselves and their heirs that such payments shall be a complete discharge of the claim and shall constitute a release of the ASRS from any further obligation on account of the benefit;
      iii. The designated beneficiary or other person specified in A.R.S. § 38-762(E) authorizes the ASRS and the Banking Institution listed above to debit their account for the purposes of correcting errors and returning any payments inadvertently made after their death;
      iv. Under penalties of perjury, the designated beneficiary or other person specified in A.R.S. § 38-762(E) certifies that:
         1) The Social Security number or U.S. Tax Identification number shown on this application is correct;
         2) They are not subject to backup withholding because:
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(a) They are exempt from backup withholding, or

(b) They have not been notified by the Internal Revenue Service that they are subject to backup withholding as a result of a failure to report all interest or dividends, or

(c) The Internal Revenue Service has notified them that they are no longer subject to backup withholding; and

(3) They are a legal resident of the United States, unless they are an estate or trust.

v. The designated beneficiary or other person specified in A.R.S. § 38-762(E) understands their right to a 30-day notice period to consider a rollover or a cash distribution and they elect to waive the notice period by their election for payment on this application;

vi. The designated beneficiary or other person specified in A.R.S. § 38-762(E) understands if they elect to roll over all or any portion of their distribution to another eligible retirement plan, it is their responsibility to verify that the receiving plan will accept the rollover and, if applicable, agree to separately account for the taxable and nontaxable amounts rolled over and the related subsequent earnings on such amounts;

vii. The designated beneficiary or other person specified in A.R.S. § 38-762(E) understands if they elect to roll over all or any portion of their distribution to an IRA plan, it is their responsibility to verify that the receiving IRA institution will accept the rollover and, if applicable, it is their responsibility to separately account for taxable and nontaxable amounts;

viii. The designated beneficiary or other person specified in A.R.S. § 38-762(E) understands if they elect to roll over all or any portion of their distribution to another eligible retirement plan, any portion of the distribution not designated for a rollover or a cash distribution and they elect to waive the notice period by their election for payment on this application;

(ix) The designated beneficiary or other person specified in A.R.S. § 38-762(E) understands if they elect to roll over all or any portion of their distribution to an IRA plan, it is their responsibility to verify that the receiving IRA institution will accept the rollover and, if applicable, it is their responsibility to separately account for taxable and nontaxable amounts;

x. The designated beneficiary or other person specified in A.R.S. § 38-762(E) understands if they elect to roll over all or any portion of their distribution to another eligible retirement plan, if not On File with ASRS;

xi. The designated beneficiary or other person specified in A.R.S. § 38-762(E) understands if they elect to roll over all or any portion of their distribution to an IRA plan, any portion of the distribution not designated for a rollover or a cash distribution and they elect to waive the notice period by their election for payment on this application;

5. For a member who elected a Joint and Survivor Retirement Benefit Option, a contingent annuitant shall submit a Joint and Survivor Certification form containing:

a. The following information for the member:

i. Full name;

ii. Social Security number or U.S. Tax Identification number;

iii. Date of death; and

b. The following information for the beneficiary:

i. Full name;

2. The claimant’s name;

3. The claimant’s Social Security number or U.S. Tax Identification number;

4. The member’s name;

5. The member’s Social Security number or U.S. Tax Identification number;

6. The date of the member’s death;

7. The state and county where the member died;

8. The following statements of understanding:

i. The contingent annuitant has read and understands the Special Tax Notice Regarding Plan Payments they received with the Joint and Survivor Certification form;

ii. The contingent annuitant authorizes the ASRS to make payments as indicated above and agree on behalf of themselves and their heirs that such payments shall be a complete discharge of the claim and shall constitute a release of the ASRS from any further obligation on account of the benefit; and

iii. The contingent annuitant authorizes the ASRS and the Banking Institution listed above to debit their account for the purposes of correcting errors and returning any payments inadvertently made after their death.

d. The contingent annuitant’s notarized signature.

E. Notwithstanding R2-8-132(H), if the beneficiary or contingent annuitant is a minor as of the date of the member’s death, the beneficiary or contingent annuitant may submit a written request with the information contained in R2-8-132(G)(1) through (4) within nine months after the minor attains 18 years of age.

F. For a member who deceases prior to the member’s retirement date, if there is no designation of beneficiary or if the designated beneficiary predeceases the member, the ASRS shall pay a survivor benefit as specified in A.R.S. § 38-762(E).

G. The ASRS shall begin disbursing a survivor benefit to a contingent annuitant according to A.R.S. § 38-760(B)(1) upon notification and verification of the member’s death by a third party.

H. The ASRS shall suspend a survivor benefit for a contingent annuitant unless the contingent annuitant provides the information in subsection (D) within two months of the ASRS disbursing a survivor benefit.

I. If the member is domiciled in Arizona, according to A.R.S. § 14-3971, and there is no designated beneficiary, the ASRS shall distribute the balance of a member’s account to a claimant if the claimant submits an Affidavit for Collection of Personal Property to ASRS with the following:

1. The claimant’s name;

2. The claimant’s Social Security number or U.S. Tax Identification number;

3. The claimant’s mailing address;

4. The member’s name;

5. The member’s Social Security number or U.S. Tax Identification number;

6. The date of the member’s death;

7. The state and county where the member died;

8. The following statements indicating:
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a. According to A.R.S. § 14-3971(B)(2)(a), no application or petition for the appointment of a personal representative is pending or has been granted in any jurisdiction and the value of the member’s entire estate, less liens and encumbrances, does not exceed the amount in A.R.S. § 14-3971 as valued as of the date of the member’s death;

b. According to A.R.S. § 14-3971(B)(2)(b), the personal representative has been discharged, or more than a year has elapsed since a closing statement has been filed and the value of the member’s entire estate, less liens and encumbrances, does not exceed the amount in A.R.S. § 14-3971 as valued as of the date the ASRS receives the Affidavit for Collection of Personal Property;

c. The claimant is the successor of the member and is entitled to the member’s personal property because:
   i. The claimant is named in the member’s will; or
   ii. The member did not have a will and the claimant is entitled to the member’s personal property by right of intestate succession according to A.R.S. § 14-2103;

d. If the claimant is entitled to the member’s personal property according to subsection (I)(8)(c)(i), then a copy of the member’s will;

e. If the claimant is entitled to the member’s personal property according to subsection (I)(8)(c)(ii), then the relationship between the member and the claimant and whether there are other surviving heirs;

f. If there are other surviving heirs, then the name and relationship of each surviving heir;

g. A statement indicating the claimant is making the Affidavit for Collection of Personal Property according to A.R.S. § 14-3971 for the purpose of making a claim to the member’s ASRS account; and

h. The claimant’s notarized signature.

J. If the member is not domiciled in Arizona and there is no designated beneficiary, the ASRS shall disburse the balance of a member’s account to a claimant if the claimant submits legal documentation to claim the member’s ASRS account that complies with the statutory requirements of the state in which the member was domiciled at the time of the member’s death.

K. Notwithstanding any other provision, if the amount of the survivor benefit as valued at the date of disbursement is less than $10,000 per annum, the ASRS shall not distribute a survivor benefit to a minor beneficiary unless the minor beneficiary’s legal guardian submits the following written information:
   1. The member’s full name;
   2. The member’s Social Security number or U.S. Tax Identification number;
   3. The minor beneficiary’s full name;
   4. The minor beneficiary’s Social Security number or U.S. Tax Identification number;
   5. The full name of the minor beneficiary’s legal guardian;
   6. The minor beneficiary’s legal guardian’s address, if not On File with ASRS; and
   7. The minor beneficiary’s legal guardian’s signature certifying the minor beneficiary’s legal guardian has care and custody of the minor beneficiary.

L. Notwithstanding any other provision, if the amount of the survivor benefit as valued at the date of disbursement is $10,000 or more per annum, the ASRS shall not distribute a survivor benefit to a minor beneficiary unless the minor beneficiary’s conservator submits proof of court-appointed fiduciary responsibility for the minor beneficiary.

M. The ASRS shall remit payment to the minor beneficiary according to subsection (K) by sending the minor beneficiary’s conservator a check, if the document providing proof of the court-appointed fiduciary responsibility requires payment to be made to a restricted or secure account.

N. If a person claims that a beneficiary or claimant is not entitled to a survivor benefit, then before ASRS disburses a survivor benefit, the person may notify ASRS of the person’s intent to appeal the beneficiary’s or claimant’s right to a survivor benefit.

O. Within 30 days, a person who has notified ASRS of the person’s intent to appeal a survivor benefit disbursement according to subsection (N), shall submit an appeal to ASRS according to 2 A.A.C. 8, Article 4.

P. If the ASRS receives documentation from, or confirmed by, a law enforcement agency, that a beneficiary or claimant may be guilty of the felonious and intentional killing of the member, the ASRS shall not distribute any benefits to the beneficiary or claimant that may be guilty of the felonious and intentional killing of the member until the matter has been adjudicated.

Q. If the member’s estate has an appointed personal representative, the member’s estate shall submit a court document identifying the personal representative for the member’s estate before ASRS may distribute a survivor benefit.

R. If the member’s estate is closed, the person claiming a right to the member’s ASRS account shall provide a court document proving the estate is closed.

S. If the survivor receives a monthly annuity and does not provide the direct deposit information according to subsection (D)(4)(c) or (D)(5)(b)(vi), ASRS shall issue a debit benefit card.

Historical Note

New Section made by final rulemaking at 26 A.A.R. 2036, effective November 8, 2020 (Supp. 20-3).

Table 1. Repealed

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

Table 2. Repealed

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

Table 3. Repealed

Table 3 repealed, new Table 3 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026,
Table 4. Repealed

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

Table 5. Repealed

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

Table 6. Repealed

Historical Note
Adopted effective September 12, 1977 (Supp. 77-5).
6 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).
7 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).
8 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).
9 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,
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Historical Note

Exhibit C. Repealed

Historical Note

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 D, Table 6. Repealed

Historical Note

Exhibit E, Table 1. Repealed

Historical Note

Exhibit E, Table 2. Repealed

Historical Note

Exhibit E, Table 3. Repealed

Historical Note

Exhibit E, Table 4. Repealed

Historical Note
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Historical Note

Exhibit H. Repealed

Historical Note

Exhibit I. Repealed

Historical Note

Exhibit J. Repealed

Historical Note

Exhibit K. Repealed

Historical Note

Exhibit L, Table 1. Repealed

Historical Note

Exhibit L, Table 6. Repealed

Historical Note

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

Exhibit M, Table 5. Repealed

Historical Note

Exhibit M, Table 6. Repealed

Historical Note

ARTICLE 2. HEALTH INSURANCE PREMIUM BENEFIT

R2-8-201. Definitions
The following definitions apply to this Article unless otherwise specified:

1. “Coverage” means a medical and/or dental insurance plan for a retired member, Disabled member, or beneficiary of 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. “On file” means the same as in R2-8-115.

8. “Original retirement date” means the same as in R2-8-126.

9. “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. “Period-certain” means the annuity option described in A.R.S. § 38-760(B)(2).

11. “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.


Historical Note

R2-8-202. Premium Benefit Eligibility and Benefit Determination
A. A retired member or Disabled member who has five or more years of service and who elects to maintain Coverage is eligible for a Premium Benefit as follows:

1. A retired member or Disabled member who elects to maintain Coverage for the retired member or Disabled member only, is eligible for a Single Calculation of the Premium Benefit as described in R2-8-204(A);

2. A retired member or Disabled member who elects to maintain Coverage for the retired member or Disabled member and a dependent who is not a retired member or Disabled member is eligible for a Family Calculation of the Premium Benefit as described in R2-8-204(B);

3. A retired member or Disabled member who elects to maintain Coverage for the retired member or Disabled member and a dependent who is a retired member or Disabled member is eligible for the greater of:
   a. Two Single Calculations of the Premium Benefit described in R2-8-204(A); or
   b. One Family Calculation of the Premium Benefit described in R2-8-204(B).

4. A retired member or Disabled member who is enrolled as a dependent on a 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 with an Employer and elects to maintain Coverage is eligible to receive a Premium Benefit if the member has an Original Retirement Date prior to August 2, 2012.

C. Pursuant to A.R.S. § 38-783(E), a Disabled member who elects to maintain Coverage is eligible to receive a Premium Benefit if the Disabled member became Disabled prior to August 2, 2012.

D. A member who receives a lump sum distribution from the ASRS upon retirement is eligible to receive a Premium Benefit pursuant to this Article.

E. Notwithstanding any other Section, a retired member who has an Original Retirement Date on or after August 2, 2012, or a Disabled member who became Disabled on or after August 2, 2012 is eligible to receive a Premium Benefit pursuant to this Article, only if Coverage is not Subsidized.

Historical Note

R2-8-203. Payment of Premium Benefit
A. Every month, the ASRS shall provide a Premium Benefit to the Employer on behalf of a retired member, Disabled member, or Contingent Annuitant who maintains Coverage and is eligible to receive a Premium Benefit pursuant to R2-8-202.

B. Notwithstanding subsection (A), if a retired member who is eligible to receive a Premium Benefit pursuant to R2-8-202 elects to maintain Coverage with the Arizona Department of Administration or the ASRS, the ASRS shall reduce the retired member’s pension amount by the amount of the retired member’s Net Premium for Coverage pursuant to this Article, unless the Net Premium exceeds the pension amount.

C. Notwithstanding subsection (A), if a retired member who is eligible to receive a Premium Benefit pursuant to R2-8-202 elects to maintain Coverage with the ASRS and the Net Premium exceeds the retired member’s pension amount, the retired member shall be responsible for remitting the Net Premium to the retired member’s insurance company and the ASRS shall:
   1. Not reduce the retired member’s pension amount; and
   2. Remit payment of the Premium Benefit to the retired member’s insurance company.

D. Notwithstanding subsection (A), if a retired member who is eligible to receive a Premium Benefit pursuant to R2-8-202 elects to maintain Coverage with the Arizona Department of Administration and the Net Premium exceeds the retired member’s pension amount, the retired member shall be responsible
for remitting the Net Premium to the Arizona Department of Administration and the ASRS shall:

1. Not reduce the retired member’s pension amount; and
2. Remit payment of the Premium Benefit to the Arizona Department of Administration.

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

F. If a Disabled member who is eligible to receive a Premium Benefit pursuant to R2-8-202 maintains Coverage with 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 provide the lesser of the following for any one retired member or Disabled member:

1. The actual cost of the Coverage premium; or
2. The greatest Premium Benefit calculation for which the retired member or Disabled member is eligible pursuant to R2-8-202.

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

HISTORICAL NOTE

R2-8-205. Premium Benefit Calculation

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 or U.S. Tax Identification 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 date of birth;
4. The Coverage in which the retired member, Disabled member, or Contingent Annuitant is enrolling;
5. The type of change that is being made to the Coverage;
6. The following information for each dependent enrolled in, or to be enrolled in, Coverage:
   a. First and last name;
   b. Social Security number or U.S. Tax Identification number;
   c. Date of birth; and
d. Medicare number, if applicable.
7. The old and new premium amounts for Coverage;
8. The effective date of the change, deletion, and/or enrollment;
9. The Employer’s name and telephone number;
10. A certification by the Employer representative’s dated signature that the information is current and correct.

HISTORICAL NOTE

R2-8-204. Premium Benefit Calculation

A. A Single Calculation for a Premium Benefit is based on the retired member’s or Disabled member’s Coverage election, years of service, and Medicare or non-Medicare status.

B. A Family Calculation for a Premium Benefit is based on the retired member’s or Disabled member’s Coverage election, years of service, and Medicare or Non-Medicare status, and the Medicare or Non-Medicare status of any dependents for which the retired member or Disabled member has obtained Coverage.

C. A Contingent Annuitant who is eligible to receive an Optional Premium Benefit pursuant to R2-8-207 shall receive an Optional Premium Benefit amount based on:

1. The retired member’s years of service and optional retirement benefit election pursuant to A.R.S. § 38-760; and
2. The Contingent Annuitant’s Coverage and Medicare or non-Medicare status.

D. Notwithstanding R2-8-203(H), if a Contingent Annuitant is a retired member, the Contingent Annuitant may be entitled to receive more than one Premium Benefit.

HISTORICAL NOTE

R2-8-206. Six-Month Reimbursement Program

A. For a retired member or Disabled member who is eligible for a Premium Benefit pursuant to R2-8-202(A)(4) or (B), the ASRS shall remit the Premium Benefit to the retired member or Disabled member pursuant to subsection (B).
B. Pursuant to subsection (A), the ASRS shall remit the Premium Benefit to the retired member or Disabled member every six months, payable in July and January. For purposes of this Section, the Premium Benefit shall be the aggregate amounts of the Premium Benefit the retired member or Disabled member is entitled to receive during the previous six months.

C. In order to receive a Premium Benefit payment pursuant to subsection (B), a retired member or Disabled member shall submit to the ASRS the Reimbursement of Medical and/or Dental Cost (Six-Month Reimbursement Program) form after the last day of the last month for which the retired member or Disabled member is seeking reimbursement.

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

1. The retired member’s or Disabled member’s Social Security number or U.S. Tax Identification 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’s Employer;
7. The following Coverage information for the Coverage policy holder:
   a. First and last names;
   b. Social Security number or U.S. Tax Identification number;
   c. Date of birth;
   d. Effective date of Coverage;
8. The following information for each dependent enrolled in, or to be enrolled in, Coverage:
   a. First and last name;
   b. Social Security number or U.S. Tax Identification 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:

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 or U.S. Tax Identification number;
2. Whether the retired member is electing, declining, or terminating the Optional Premium Benefit;
3. 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 or U.S. Tax Identification number;
   b. The full name;
   c. The date of birth, if not On File; and
4. 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 be either participating or eligible to participate in my retiree health care plan at the time of my death;
   d. I must provide 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 Original Retirement Date.

F. A Contingent Annuitant the retired member designates to receive the Optional Premium Benefit upon the retired member’s death is eligible to receive a Premium Benefit if:
1. The retired member designates the Contingent Annuitant as the primary beneficiary on the member’s retirement account;

2. The Contingent Annuitant is enrolled in a Coverage plan at the time of the member’s death or the Contingent Annuitant enrolls in a Coverage plan within six months of the retired member’s death pursuant to A.R.S. § 38-782(A); and

3. The Contingent Annuitant is eligible to receive at least one monthly payment.

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

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

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

**ARTICLE 3. LONG-TERM DISABILITY**

**R2-8-301. Definitions**

The following definitions apply to this Article unless otherwise specified:

1. “Attending Physician” means a provider:
   a. Who is a qualified medical provider or other legally qualified practitioner of a healing art that the claims administrator recognizes or is required by law to recognize;
   b. Whose medical training and clinical experience are qualified to treat the member’s disabling condition;
   c. Whose diagnosis and treatment is consistent with the diagnosis of the disabling condition, according to guidelines established by medical, research, and rehabilitative organizations;
   d. Who is licensed to practice in the jurisdiction where care is being given;
   e. Who is practicing within the scope of the license; and
   f. Who is not related to the member by blood or marriage.

2. “Direct Care” means the member is actively receiving treatment from a provider for the member’s disability at least once per calendar year.

3. “Estimated Social Security disability income amount” means the same as in R2-8-801(2).

4. “LTD” means the Long-Term Disability program described in A.R.S. § 38-797 et seq.

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).

6. “LTD contribution” means the amount of funds the member remits to the ASRS from the member’s compensation as payment for the LTD program.

**Historical Note**


**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.

C. Pursuant to A.R.S. § 38-797.07(11), in order to submit an application for an LTD benefit, a member must provide objective medical evidence from an Attending Physician.

D. Pursuant to A.R.S. § 38-797.07(7)(b)(i), in order to continue receiving an LTD benefit, the disabled member must be under the Direct Care of a doctor.

**Historical Note**


**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. For a member whose monthly compensation is $0 as of the date of disability, the ASRS shall pay a monthly benefit of $50 unless the benefit is reduced pursuant to R2-8-807 or required to be reduced pursuant to A.R.S. § 38-797.07(A)(2).

C. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A).

D. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

E. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

F. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

G. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

H. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

I. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

J. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

K. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

L. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

M. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

N. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

O. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

P. The ASRS shall reduce a member’s LTD benefit in accordance with A.R.S. § 38-797.07(A)(2).

**Historical Note**


**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. Notwithstanding subsection (A), the ASRS contracted LTD claims administrator may begin providing an LTD benefit to an eligible disabled member sooner than six months if the disability is related to the member’s disability that occurred within six months immediately preceding the disability.

C. 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).
Amended by final rulemaking at 25 A.A.R. 2471, effective November 3, 2019 (Supp. 19-3).

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.
4. “Health Plan” means an arrangement under which ASRS engages a Health Plan Vendor for coverage for members and their eligible dependents for routine, preventive, and emergency health-care procedures, pharmaceuticals, dental, vision, or other services and benefits funded through an insurance policy in which the Health Plan Vendor processes and pays claims as an insurer, or a self-funded arrangement in which the Health Plan Vendor processes and pays claims using ASRS funds.
5. “Health Plan Vendor” means an entity that enters into a contract with ASRS to provide an insured Health Plan or to administer, process, and pay claims for a Health Plan self-insured by ASRS.

Historical Note
Amended by final rulemaking at 23 A.A.R. 2749, effective November 13, 2017 (Supp. 17-3). Amended by final rulemaking at 28 A.A.R. 225 (January 21, 2022), with an immediate effective date of January 5, 2022 (Supp. 22-1).

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

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

D. Within 30 days of the date the ASRS receives a letter of appeal pursuant to subsection (C), the ASRS director or such director’s designee shall send a response letter by certified mail to the person requesting the appeal that includes:

1. The agency action the ASRS is taking in response to the letter of appeal; and
2. Notice of Appealable Agency Action, as required pursuant to A.R.S. § 41-1092.03 informing the person requesting the appeal, that the person has a right to appeal the agency action by submitting a Request for Hearing pursuant to subsections (E) and (F).

E. For an appealable agency action, a person who is not satisfied with an agency action pursuant to subsection (D) may file a Request for a Hearing, in writing, with the ASRS. The date the Request is filed is established by the ASRS date stamp on the face of the first page of the Request. The Request shall include the following:

1. The name and mailing address of the member, employer, or other person filing the Request;
2. The name and mailing address of the attorney for the person filing the Request, if applicable;
3. A concise statement of the reasons for the appeal.

F. The person requesting a hearing shall file the Request for a Hearing with the ASRS within 30 days after receiving a response letter including a Notice of 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.

I. The Board has delegated to each Health Plan Vendor the authority to:

1. Interpret and apply the terms of the Health Plan Vendor’s particular Health Plan;
2. Determine whether a particular benefit is included in the Health Plan and, if included, the amount of payment to be made under the Health Plan; and
3. Perform a full and fair review of any decision by the Health Plan Vendor regarding benefits included in or payments to be made under the Health Plan if the decision is appealed in accordance with the Health Plan Vendor’s specified procedures.

J. An individual who is enrolled in a Health Plan made available by ASRS and who wishes to appeal a decision by the Health Plan Vendor shall follow the appeal procedures specified in the applicable Health Plan description.

Historical Note
New Section made by final rulemaking at 11 A.A.R. 444, effective January 4, 2005 (Supp. 05-1). Amended by final expedited rulemaking at 27 A.A.R. 479, with an immediate effective of March 5, 2021 (Supp. 21-1).

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 meeting, shall be reviewed by the Board at that meeting. At the 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 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). Amended by final expedited rulemaking at 27 A.A.R. 479, with an immediate effective of January 5, 2022 (Supp. 22-1).
CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

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 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.
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 with any branch of the United States Uniformed Services.
16. “Military service” means Active Duty or Active Reserve Duty.
17. “Military service record” means a United States Uniformed Service, other than Active Reserve Duty.
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...
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;
2. Mailing address;
3. Date of birth;
4. Marital status;
5. Gender;
6. Primary email address;
7. Primary phone number; and
8. Which category of Service Credit the Eligible Member is requesting to purchase.

B. An Eligible Member who requests to purchase Service Credit pursuant to subsection (A) shall acknowledge the following statements of understanding:

1. Any person who knowingly makes any false statement or who falsifies or permits to be falsified any record of the retirement plan with an intent to defraud the plan is guilty of a class 6 felony per A.R.S. § 38-793; and
2. This transaction is subject to audit. If any errors or misrepresentations are discovered as a result of an audit, the Eligible Member’s total credited service with the ASRS will be adjusted as necessary and if the Eligible Member is retired, the Eligible Member’s retirement benefit will also be adjusted. Any overpayment or overpayments will be refunded. However, if a payment made with a rollover or pre-tax dollars is returned to the Eligible Member, there may be tax consequences as a result of this refund.

C. Upon receipt of the documentation required by this Article from the Eligible Member and if the Eligible Member’s request to purchase Service Credit meets the requirements of this Article, the ASRS shall provide the following to the Eligible Member:

1. An SP Invoice stating the cost to purchase the amount of Service Credit the member is eligible to purchase;
2. Instructions for electing method of payment; and
3. The date payment election is due.

D. An Eligible Member who requests to purchase Service Credit pursuant to this Section shall elect one or more methods of payment and submit the election to the ASRS by the date payment election is due.

E. An Eligible Member who elects to purchase Service Credit using after-tax payments shall acknowledge the following information:

1. After-tax payments must be from the Eligible Member and remitted to the ASRS by the Eligible Member;
2. After-tax payments cannot be used to purchase political subdivision employment with a United States territory, commonwealth, overseas possession, or insular area; and
3. If the Eligible Member joined the ASRS on or after July 1, 1999, §§ 415(b) and 415(c) of the IRC limit the after-tax money the Eligible Member can use to purchase Service Credit.

Historical Note


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

A. To purchase Service Credit at the amount provided in an SP Invoice, an Eligible Member shall purchase the Service Credit by check or money order, or request an Irrevocable PDA, Direct Rollover, Trustee-to-Trustee Transfer, or Termination 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).
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.

C. 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.

D. Upon submitting the information specified in subsection (B), the Employer shall acknowledge the following statements of understanding:

1. The Employer has verified all the dates for the approved leave of absence period are correct; and

2. The contact individual has the legal power to bind the Employer in transactions with the ASRS.

E. The amount the Eligible Member shall pay to purchase Service Credit for an approved leave of absence is determined as provided in R2-8-506.

Historical Note


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.

Historical Note

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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. The start date and end date of the Eligible Member’s employment with the Other Public Service employer;
4. The actual months and years the Eligible Member was employed with the Other Public Service employer;
5. A statement of whether the Eligible Member participated in the Other Public Service employer’s retirement plan;
6. If the Eligible Member participated in the Other Public Service employer’s retirement plan, the name of the retirement plan, identifying whichever one of the following applies:
   a. The approximate date the Eligible Member took a return of retirement contributions;
   b. The plan is non-contributory and the Eligible Member is not eligible for benefits from the plan; or
   c. That, if not using all of the retirement contributions as a rollover, the Eligible Member will request a return of retirement contributions and forfeit all rights to any benefits from the plan and provide the ASRS with documentation that the Eligible Member has forfeited all rights to benefits from the plan no later than the due date specified on the SP Invoice; and
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.
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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;
   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)(e); 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. Understand 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 balance 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;
K. When the Eligible Member notifies the ASRS of retirement or
dates the request to 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 trans-
fer 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
New Section made by final rulemaking at 11 A.A.R.
2640, effective June 30, 2005 (Supp. 05-2). Amended by
final rulemaking at 12 A.A.R. 4667, effective December
5, 2006 (Supp. 06-4). Amended by final rulemaking at 18
Amended by final rulemaking at 25 A.A.R. 303, effective
March 18, 2019 (Supp. 19-1).

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 pursu-
ant 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
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).

R2-8-513.02. Termination Date
For the purpose of an Irrevocable PDA, the date an Eligible Mem-
ber 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 par-
ticipating 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. Trustee-to-Trustee Transfer

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. Acknowledgement 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 (C)(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 70 1/2;
      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 (C)(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 (C)(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 understood 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, 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...
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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

R2-8-515. Repealed

Historical Note

R2-8-516. Expired

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

R2-8-517. Expired

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

R2-8-518. Repealed

Historical Note

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

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;

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

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

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

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

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

R2-8-603. Petition for Rulemaking
A. A person submitting a petition to the ASRS to make or amend a rule under A.R.S. § 41-1033 shall include the following in the petition:
1. The name and current address of the person submitting the petition;
2. An identification of the rule to be made or amended;
3. The suggested language of the rule;
4. The reason why a new rule should be made or a current rule should be amended with supporting information, including:
   a. An identification of the persons who would be affected by the rule and how the persons would be affected; and
   b. If applicable, statistical data with references to attached exhibits;
5. The signature of the person submitting the petition; and
6. The date the person signs the petition.

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 substantiative 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 substantiative 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
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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
New Section made by final rulemaking at 12 A.A.R. 4793, effective December 5, 2006 (Supp. 06-4).
Amended by final rulemaking at 21 A.A.R. 2515, effective December 5, 2015 (Supp. 15-4).
Amended by final rulemaking at 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

R2-8-702. General Information
A. The Employer shall pay the Employer’s portion of the contributions the 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...
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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 member for a period of Eligible Service, the ASRS shall notify the Employer in writing and shall request the Employer submit through the Employer’s secure ASRS account a Verification of Contributions Not Withheld and shall request the Employer submit through the Employer’s secure ASRS account a Verification of Contributions Not Withheld and shall request the Employer submit through the Employer’s secure ASRS account a Verification of Contributions Not Withheld and shall request the Employer submit through the Employer’s secure ASRS account a Verification of Contributions Not Withheld and shall request the Employer submit through the Employer’s secure ASRS account a Verification of Contributions Not Withheld.

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

Historical Note
New Section made by final rulemaking at 12 A.A.R. 4793, effective December 5, 2006 (Supp. 06-4). Repealed by final rulemaking at 25 A.A.R. 303, effective March 18, 2019 (Supp. 19-1).

ARTICLE 8. RECOVERY OF OVERPAYMENTS

R2-8-801. Definitions

For purposes of this article, the following definitions apply, unless specified otherwise:

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

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

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

4. “LTD benefit” means the same as in R2-8-301
5. “Overpayment” means:
   a. Any funds the ASRS distributes in excess of the amount to which the recipient is legally entitled; and
   b. Any estimated social security disability income amount or revised social security disability income amount the ASRS is entitled to collect pursuant to A.R.S. § 38-765.

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

R2-8-802. Estimated Social Security Disability Income Amount and Revised Social Security Disability Income Amount
A. The ASRS contracted LTD claims administrator shall determine a member’s estimated Social Security disability income amount as follows:
1. Prior to the death, retirement, or forfeiture of a member, the estimated Social Security disability income amount shall be equal to the member’s full monthly LTD benefit reduced by $50 per month pursuant to A.R.S. § 38-797.07(A)(9); and
2. Upon the member’s death, retirement, or forfeiture, the estimated Social Security disability income amount shall be equal to the total amount of the member’s LTD benefit, reduced by $50 per month pursuant to A.R.S. § 38-797.07(A)(9).

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

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

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

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

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

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

R2-8-803. Reimbursement of Overpayments
A. Upon the ASRS discovering that it has made an overpayment to a member, survivor, or alternate payee, the ASRS shall send a letter to notify the necessary person that an overpayment was provided and the person shall reimburse the ASRS in the amount of the overpayment.
B. A person who reimburses the ASRS for an overpayment shall do so by remitting a check, made payable to the ASRS, by the due date specified in the letter providing notice of the overpayment.
C. If the ASRS is unable to collect the amount of an overpayment by reducing future payments to members, survivors, or alternate payees as provided in this Article, the ASRS shall allow the appropriate person to reimburse the ASRS for the amount of the overpayment by making payments over the course of as many months as the number of months in which an overpayment was made by the ASRS, not to exceed 36 months.
D. A person may request to reimburse the amount of the overpayment to the ASRS sooner than provided in this Article.

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

R2-8-804. Collection of Overpayments from Forfeiture
A. Unless a member cancels a forfeiture request by submitting written notice to the ASRS within 30 days of the request to forfeit, the ASRS shall reduce a member’s refund amount in order to offset the member’s overpayment amount pursuant to subsection (B).
B. The ASRS shall reduce the member’s refund amount by the amount of any overpayment and the ASRS shall:
   1. Pursue collection of any remaining overpayment amount pursuant to this Article; and
   2. Distribute the remaining refund amount to the member pursuant to R2-8-115.

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

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; and
   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 dis-
bursure 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 benefit 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 the member received from the ASRS and has not reimbursed pursuant to this Section.

Historical Note

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. COMPENSATION

R2-8-901. Definitions

“Services rendered” means the duties which a member performs for an Employer as required by the member’s employment with the Employer.

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). New Section made by final rulemaking at 27 A.A.R. 91, effective March 9, 2021 (Supp. 21-1).

R2-8-902. Remitting Contributions

Pursuant to A.R.S. §§ 38-736, 38-737, and 38-797.05, an Employer shall remit contributions to the ASRS through the Employer’s secure ASRS account for any payment the Employer provides to the member that is eligible to be included as compensation under this Section.

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). New Section made by final rulemaking at 27 A.A.R. 91, effective March 9, 2021 (Supp. 21-1).

R2-8-903. Accrual of Credited Service

A. A member shall accrue service credits pursuant A.R.S. § 38-739 for each month in which the Employer’s pay period ends
and for which contributions have been remitted to the ASRS, except for pay the member receives from the Employer for services rendered in a prior pay period for which contributions were remitted pursuant to R2-8-902.

B. Regardless of whether the member meets membership requirements with more than one Employer, a member may not earn more than one month of service credit in a calendar month and not more than one year of service credit during a fiscal year.

**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). New Section made by final rulemaking at 27 A.A.R. 91, effective March 9, 2021 (Supp. 21-1).

R2-8-904. Compensation from An Additional Employer

A. For purposes of remitting contributions pursuant to R2-8-902, compensation includes pay the member receives from an additional Employer if:
1. The member meets membership pursuant to A.R.S. § 38-711 with at least one Employer;
2. The member was employed with the additional Employer and did not meet membership with the additional Employer pursuant to A.R.S. § 38-711 between January 1, 2005 through December 31, 2009;
3. The member resumed or continued employment with the additional Employer and did not meet membership with the additional Employer prior to January 1, 2012; and
4. The member does not leave employment with an Employer or the additional Employer in an unpaid status for more than 30 consecutive days during the member’s service year.

B. For purposes of calculating average monthly compensation according to A.R.S. § 38-711, compensation includes the pay identified in subsection (A).

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

**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). New Section made by final rulemaking at 27 A.A.R. 91, effective March 9, 2021 (Supp. 21-1).

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). New Section made by final rulemaking at 27 A.A.R. 91, effective March 9, 2021 (Supp. 21-1).

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.
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 not to 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 not a member of the ASRS as of the date of employment; and
   b. The employee understands that this election is irrevocable for the remainder of the employee’s employment with that Employer and the time the employee works under this election is not eligible for purchase in the ASRS;
6. The Employer’s name;
7. The date employee’s employment began; and
8. The name and dated signature of the Employer’s representative.

J. A corrected and completed 65+ Membership Waiver form must be resubmitted to the ASRS pursuant to subsection (I) within 14 days of the date the ASRS notifies the employee that the 65+ Membership Waiver form is incorrect or incomplete.

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

R2-8-1003. Charter School Employer Membership

A. Pursuant to A.R.S. § 15-187(C), 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.

B. 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.

C. 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.

D. 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 signature of the designated authorized agent for the charter school.

3. Two ASRS Resolutions showing:
   a. The legal name 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; and
   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
C. In order to participate as an Employer in the ASRS, an eligible
political subdivision or political subdivision entity, other than a
charter school, must apply to the ASRS to become members by
signing and submitting the following original documents to the
ASRS pursuant to A.R.S. §§ 38-711 and 38-729 if it notifies
the ASRS in writing of its intent to participate and provides to
the ASRS:
1. A copy of the current legal authority establishing the
political subdivision or political subdivision entity;
2. Documentation showing the name and location of the
political subdivision or political subdivision entity; and
3. Documentation showing the political subdivision or politi-
cal subdivision entity has taken the necessary legal
action to be eligible to participate pursuant to A.R.S. §
38-729.
B. Upon receipt of the information contained in subsection (C),
the ASRS shall determine if the political subdivision or politi-
cal subdivision entity is eligible to participate in the ASRS. If
the political subdivision or political subdivision entity is not
eligible to participate in the ASRS, the ASRS shall send the
political subdivision or political subdivision entity a notice of
ineligibility. If the political subdivision or political subdivision
entity is eligible to participate, the ASRS shall provide the
political subdivision or political subdivision entity a Potential
Employer Letter.
C. In order to participate as an Employer in the ASRS, an eligible
political subdivision or political subdivision entity shall sub-
mit 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 subdivi-
dion 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 num-
ber of the designated authorized agent for the politi-
cal 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 subdivi-
dion entity.
3. Two ASRS Resolutions showing:
a. The legal name of the political subdivision or politi-
cal 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 cover-
age. 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 politi-
cal subdivision entity is electing coverage pursuant to
subsection (D)(4). The 218 Resolutions must be com-
pleted and approved by the Social Security Administra-
tion prior to joining the ASRS.
E. Upon receipt of Acceptable Documentation identified in sub-
section (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.
F. Any charter school that is established under the charter con-
tract of a participating charter school shall participate in the
ASRS.

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

R2-8-1004. Other Political Subdivision and Political Subdivi-
sion Entity Employer Membership
A. 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:
1. A copy of the current legal authority establishing the
political subdivision or political subdivision entity;
2. Documentation showing the name and location of the
political subdivision or political subdivision entity; and
3. Documentation showing the political subdivision or politi-
cal subdivision entity has taken the necessary legal
action to be eligible to participate pursuant to A.R.S. §
38-729.
B. Upon receipt of the information contained in subsection (C),
the ASRS shall determine if the political subdivision or politi-
cal subdivision entity is eligible to participate in the ASRS. If
the political subdivision or political subdivision entity is not
eligible to participate in the ASRS, the ASRS shall send the
political subdivision or political subdivision entity a notice of
ineligibility. If the political subdivision or political subdivision
entity is eligible to participate, the ASRS shall provide the
political subdivision or political subdivision entity a Potential
New Employer Letter.
C. In order to participate as an Employer in the ASRS, an eligible
political subdivision or political subdivision entity shall sub-
mit 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 subdivi-
dion 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 num-
ber of the designated authorized agent for the politi-
cal 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 subdivi-
dion entity.
3. Two ASRS Resolutions showing:
a. The legal name of the political subdivision or politi-
cal 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 cover-
age. 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 politi-
cal subdivision entity is electing coverage pursuant to
subsection (D)(4). The 218 Resolutions must be com-
pleted and approved by the Social Security Administra-
tion prior to joining the ASRS.
D. Upon receipt of Acceptable Documentation identified in sub-
section (B), the ASRS may approve the political subdivision’s
or political subdivision entity’s request for membership pursu-
ant 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.

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

R2-8-1006. Prior Service Purchase Cost for New Employers

A. Pursuant to A.R.S. § 38-729, upon the effective date of joining the ASRS, an Employer may elect to purchase service credit for a period of employment prior to the effective date of joining the ASRS for employees Engaged To Work for the Employer on the effective date of joining the ASRS who are members of the ASRS as of the effective date of joining the ASRS.

B. The ASRS may provide to a potential Employer an estimated cost to purchase service credit pursuant to this Section. In order for the ASRS to estimate the cost to purchase service credit pursuant to this Section, a potential Employer shall provide the following information to the ASRS for each employee of the potential Employer who is Engaged To Work for the potential Employer and for whom the potential Employer intends to purchase service credit pursuant to this Section:
   1. The employee’s full name;
   2. The employee’s date of birth;
   3. The employee’s Social Security number;
   4. The employee’s current salary; and
   5. The date the employee began employment with the potential Employer.

C. An Employer who elects to purchase service credit pursuant to this Section shall submit the following information for each member for which the Employer is purchasing service credit:
   1. Member’s full name;
   2. Member’s date of birth;
   3. Member’s Social Security number;
   4. Member’s date of employment;
   5. Documentation showing the Member is Engaged To Work for the Employer as of the effective date of joining the ASRS;
   6. Member’s current salary as of the effective date of joining the ASRS; and
   7. The number of years the Employer is electing to purchase for the member pursuant to this Section or the dollar amount the Employer is electing to pay to purchase service for the member pursuant to this Section.

D. The cost to purchase service credit pursuant to this Section shall be determined using an actuarial present value calculation.

E. An Employer who elects to purchase service credit pursuant to this Section shall submit payment for the full cost of the service purchase to the ASRS within 90 days of the date of notification by the ASRS.

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F. If an Employer who elects to purchase service credit pursuant to this Section does not submit payment for the full cost of the service purchase within 90 days of the date of notification, the Employer is not eligible to purchase service credit pursuant to this Section.

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.

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 service credit for which the member has not yet paid.

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, then the Other Retirement Plan’s Cost is the greater of:
   a. The Other Retirement Plan’s Funded Actuarial Present Value; or
   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, then the Other Retirement Plan’s Cost is the greater of:
   a. The ASRS Actuarial Present Value; or
   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; or
   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 the service to the ASRS 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
Upon completion of the calculations specified in subsection (A), 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. If a member elects to pay the total difference between the ASRS Funded 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. For a member who 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) by any one or more methods specified in R2-8-512, R2-8-513, R2-8-514, or R2-8-519. 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. The member may elect to complete a transfer of service credit 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. The member shall submit payment to transfer service credit 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. If a member elects to pay the total difference between the ASRS Funded 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. 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.