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INTRODUCTION

This handbook is produced by the Arizona State Retirement System as a guide for members of the Defined Benefit Plan who are preparing to retire and begin collecting their benefit.

As you approach retirement, the Arizona State Retirement System (ASRS) encourages you to take time to learn about the many benefits and options available to you.

We encourage you to take time to attend one of our routinely scheduled Getting Ready for Retirement meetings and Know Your Insurance meetings. Be sure to see information about these meetings later in this handbook.

When May I Retire?

The ASRS Defined Benefit Plan affords members several opportunities to meet retirement criteria. In general, the longer you work and contribute to the ASRS, the larger your retirement benefit will be.

You may take an “early retirement” with a reduced benefit, or you can increase your benefit by working past your normal retirement date. These concepts are explained below.

Note: *An ASRS Application for Retirement Benefit must be completed and received by the ASRS prior to the date you wish to retire.*

Normal Retirement Criteria

Normal retirement is the earliest you may retire with a full benefit, as calculated by the ASRS benefit formula. A normal retirement date occurs under the earliest of the following circumstances:

- At age 65.
- At age 62 with 10 or more years of credited service.
- At any combination of years of credited service and age, totaling 80 points.

Example: *If you have 20 years of credited service and you are 60 years of age, you will be eligible for a normal retirement benefit because you have 80 points (20 + 60 = 80).*

Important notice for members who begin membership on or after July 1, 2011: *A new law passed in the 49th Legislature, Second Regular Session (Laws 2010, Chapter 50) amends the benefit formula for members whose initial membership begins in the ASRS on or after July 1, 2011 to include the following: Modifies one of the Normal Retirement Date definitions from 80 to 85 points (age + years of service) for a member whose membership begins on or after July 1, 2011. It also modifies the Early Retirement decrements to conform to the 85 point normal retirement for a member whose membership begins on or after July 1, 2011.*

Early Retirement Criteria

If you are at least age 50 with five or more years of credited service, you may retire before you reach normal retirement. However, a reduction determined by your age and credited service is applied to your benefit, which stays at the reduced amount as long as you receive retirement benefits. The reduced amount is not increased, except for the addition of possible Permanent Benefit Increases or other supplements authorized by the state legislature. Please refer to the Appendix A of this handbook to review the sample “Early Retirement Benefit Percentage” chart.

Late Retirement

If you continue to work beyond your normal retirement date, otherwise known as late retirement, you accrue additional retirement benefits based on the appropriate multiplier applied to your average monthly salary for each additional year of work. If you are an inactive member, not making contributions, it is important that you begin receiving benefits by age 70½ in order to avoid any federal tax penalties.

One Year Prior to Retirement

One year prior to your planned retirement, we encourage you to educate yourself about the ASRS Defined Benefit Plan. As part of your learning process, we recommend you attend a Getting Ready for Retirement meeting.

Getting Ready for Retirement Meetings

Within one year of retirement, please call the ASRS Member Advisory Center to schedule your attendance at a meeting. Meetings fill up fast, so we suggest you call well prior to your retirement date for availability of seating.

At these meetings, each member will receive a personal benefit estimate. Your personal information is never discussed with other participants. Each member's individual information is presented in writing to him or her. However, the group format allows members to benefit from questions asked by others. Although these meetings are not required, many members find them to be very helpful. Please note that a guest is welcome to attend with you.

By attending a Getting Ready for Retirement meeting, you will learn:

- How to read your benefit estimate.
- The mechanics of completing the required paperwork.
- Annuity options, service purchase opportunities, post retirement work opportunities, and health insurance options that are available to you.

Know Your Insurance Meetings

This meeting has been created to provide information to members about the ASRS health insurance plans and benefits. You'll learn about health insurance options, meet providers, learn about the ASRS Premium Benefit, and how health insurance costs are determined.

For schedules and locations, visit the ASRS website and look for Member Education. For more information, and to register, contact us at one of the numbers listed below.

MEMBER ADVISORY CENTER	
Phoenix area	(602) 240-2000
Tucson area	(520) 239-3100
Outside of Phoenix/Tucson	(800) 621-3778
E-Mail	AskMac@azasrs.gov

Long Term Disability

If you are considering early retirement because of a disability, we recommend you first consider the ASRS Long Term Disability Income Plan (LTD). If you are eligible, the LTD benefit can be up to 66 2/3 percent of your monthly earnings. You will continue to accrue credited service during the disability period, depending on onset of the disability, to a possible maximum of 30 years or until you reach normal retirement criteria.

Typically, when a member takes an early retirement due to a disability, the retirement benefit is reduced. The member could receive a greater benefit from the LTD plan than if they applied for early retirement benefits.

LTD benefits are affected by individual circumstances. Please refer to the ASRS LTD Employee brochure, available on the ASRS website or from the ASRS, for a more complete overview of the program.

LTD Advantages

- In most cases, a member on LTD may continue to accrue credited service, increasing their retirement benefit.
- LTD benefit equals 66 2/3 percent of the member's current salary and may be higher than their retirement benefit.

LTD Disadvantages

- LTD benefits are offset by Social Security benefits (retirement and disability), Workers' Compensation and other statutorily-mandated offsets, thereby reducing the LTD payment to no less than \$50 per month.

Eligibility for Long Term Disability

All participants in the ASRS who are employed by a participating ASRS employer are eligible. Pre-existing conditions may be considered in a member's first 12 months of continuous active membership.

Participants already receiving retirement benefits from the ASRS Defined Benefit Plan or Defined Contribution System are not eligible.

Participant who withdraw their employee contributions and cease to be a member of the ASRS also are not eligible.

How to Apply

To apply for Long Term Disability, please contact your employer's personnel or benefits department and request the appropriate LTD application. For further details visit the ASRS website at www.azasrs.gov or contact the ASRS LTD administrator, Sedgwick CMS. Please see the "Important Contact Information" section of this handbook for the Sedgwick phone number.

HOW RETIREMENT BENEFITS ARE CALCULATED

Your retirement benefits are determined by the following formula.

TOTAL CREDITED SERVICE	The period of your employment during which you are a member making contributions to the ASRS, plus any service purchased and credited to your account.
X	Multiplied by
GRADED MULTIPLIER	A percentage set by statute. It is based on your total years of service at retirement.
X	Multiplied by
AVERAGE MONTHLY COMPENSATION	Determined by one of two calculation methods: the 36-month or 60-month calculation.

The following sections provide detailed information on the Total Credited Service, Graded Multiplier and the Average Monthly Compensation.

Total Credited Service

The Total Credited Service is the period of your employment during which you are a member making contributions to the ASRS, plus any service purchased and credited to your account.

The Graded Multiplier

The graded multiplier is a percentage set by Arizona State statute. It is the percentage of the average monthly compensation you will receive for each year of credited service you have accrued at retirement. This percentage is based on your total years of service at retirement. See the graded multiplier schedule below to determine which percentage applies to your retirement calculation.

Years of Service	Percentage
0.00 – 19.99	2.10%
20.00 – 24.99	2.15%
25.00 – 29.99	2.20%
30.00 – or more	2.30%

Average Monthly Compensation

Average Monthly Compensation is determined by one of two calculation methods: the 36-month or 60-month calculation.

36-Month Calculation

The 36-month calculation is required for members who began contributing to the ASRS on or after January 1, 1984. To determine your benefit using this formula, the ASRS averages your highest 36 consecutive months of salary within the last 120 months of service. This calculation excludes any termination payments you receive upon retirement.

60-Month Calculation

The 60-month calculation is an option for members who began contributing to the ASRS before January 1, 1984. To determine your benefit using this formula, the ASRS averages your highest 60 consecutive months of salary within the last 120 months of service. This calculation includes base salary, additional contracts, overtime and any other form of compensation, plus termination payments. Termination payments may include sick pay (except for state and county employees), vacation pay, compensation time pay, retirement incentive pay

(excluding payments made after termination), or any other payments paid at the time of retirement.

Note: *The average monthly compensation for members who began contributing before January 1, 1984 is automatically based on whichever calculation provides the greater benefit amount.*

Benefits as Community Property

Qualified Domestic Relations Orders from any recognized court may affect benefit calculations. If you are married, your retirement account with the ASRS is considered community property and may be subject to being split upon a divorce.

For information on the implications of any Qualified Domestic Relations Order, please contact the ASRS. It should be noted that in order for the ASRS to comply with any such court order, the ASRS must receive and approve the language of the document before any benefits can be divided and processed.

Benefit Estimate

A benefit estimate provides you with personalized information about your retirement benefits and lists an approximate monthly amount you can expect to receive under each available option based on the benefit formula.

To obtain your customized benefit estimate, log into the secure area of the ASRS website. Click on the My ASRS Login button located toward the bottom of our homepage at www.azasrs.gov. Once logged in, select Benefit Estimate and you can view your accumulated years of service, earliest normal retirement date, average annual salary and your estimated benefit at retirement. You can also select other factors to customize your benefit estimate.

Members who are within one year of retiring and planning to complete a retirement application can receive upon request a written benefit estimate from the ASRS Member Advisory Center. Also, members who preregister and attend a Getting Ready for Retirement meeting will receive a written benefit estimate with their materials at the meeting.

RETIREMENT ANNUITY OPTIONS

The ASRS pays a monthly benefit for the lifetime of the member. When you retire, you will be required to choose a retirement annuity option.

Options cannot be changed once a member begins receiving annuity checks, with the exception of Term Certain or Joint and Survivor options.

Note: *An amendment to Arizona State Statutes governing optional forms of retirement passed in 2006 took effect July 1, 2008. Under this law, members who retire on or after July 1, 2008 have a one-time opportunity to rescind the joint-and-survivor or period-certain annuity option and change to a straight-life annuity option if the originally-named contingent annuitant dies, ceases to be a contingent annuitant under terms of a divorce, or automatically at the end of the selected period-certain term.*

Members who retire on or before June 30, 2008 are not affected by this law, which is part of A.R.S. § 38-760.

Members contemplating retirement, and especially those in the process of applying for retirement benefits, are strongly urged to attend an ASRS Getting Ready for Retirement meeting.

The chart on the next page outlines the retirement annuity options available to you.

RETIREMENT ANNUITY OPTION	DEFINITION
Straight Life Annuity	Provides a monthly benefit for life. If your death occurs before all of your contributions plus interest have been paid, the remaining balance will be paid to your beneficiary.
Life Annuity 5-Year Certain	Provides a reduced monthly benefit for life. If your death occurs before receiving 60 monthly payments, the ASRS will pay the remaining payments to your beneficiary until all 60 have been made. Retiree must be age 103 or younger.
Life Annuity 10-Year Certain	Provides a reduced monthly benefit for life. If your death occurs before receiving 120 monthly payments, the ASRS will pay the remaining payments to your beneficiary until all 120 have been made. Retiree must be age 92 or younger.
Life Annuity 15-Year Certain	Provides a reduced monthly benefit for life. If your death occurs before receiving 180 monthly payments, the ASRS will pay the remaining payments to your beneficiary until all 180 have been made. Retiree must be age 84 or younger.
Joint and Survivor 100%	Provides a reduced monthly benefit for life. Upon your death, the ASRS will pay 100% of your monthly benefit to your beneficiary for the rest of their life. You may choose this option if your beneficiary is your spouse or a non-spouse who is not more than 10 years younger than you.
Joint and Survivor 66 2/3%	Provides a reduced monthly benefit for life. Upon your death, the ASRS will pay a benefit to your beneficiary for the rest of their life. The payment to your beneficiary will be equal to 66 2/3% of your monthly benefit. You may choose this option if your beneficiary is your spouse or a non-spouse who is not more than 24 years younger than you.
Joint and Survivor 50%	Provides a reduced monthly benefit for life. Upon your death, the ASRS will pay a benefit to your beneficiary for the rest of their life. The payment to your beneficiary will be equal to 50% of your monthly benefit. There are no age restrictions for the beneficiary.

Annuity Payment Options

The ASRS provides the following retirement annuity payment options:

Partial Lump Sum Distribution

This option allows you to take a portion of your retirement income in a lump sum payment. You may elect, at retirement, a partial lump sum payment for a limited number of months not to exceed 36 months of your calculated straight life annuity benefit.

Your annuity check will be actuarially adjusted to a reduced amount for the remainder of your lifetime. The dollar amount of your lump sum is not affected by the retirement option you choose. This payment is subject to federal and state tax unless the partial lump sum payment is rolled to another eligible plan.

If you retire prior to age 55 and elect a partial lump sum option but do not roll the distribution into another eligible plan, the distribution may be subject to a federal excise tax for early withdrawal from a retirement account.

Level Income Alternative

This provision is for members who retire prior to age 62, and who wish to receive a higher benefit in the early years of retirement in exchange for a reduced ASRS benefit when they become eligible for Social Security at age 62.

The Level Income Alternative provision is not a separate option for the disbursement of retirement benefits; it is an alternative that may be chosen with any of the seven retirement annuity options. You may rescind this option within six months from your date of retirement.

Under the Level Income Alternative provision, the ASRS pays you an amount in addition to your regular retirement benefit until age 62. The additional amount is equal to a portion of your estimated Social Security benefit, provided that your ASRS benefit is greater than your Social Security benefit.

Once you reach age 62, the ASRS will reduce your ASRS monthly benefit by an amount equal to your total estimated monthly Social Security benefit.

This reduction in your ASRS benefit begins at age 62, even if you are not receiving Social Security benefits. Your ASRS benefit stays at the reduced amount for the remainder of your lifetime.

To qualify for this option, your ASRS monthly benefit must be greater than your projected age 62 Social Security monthly benefit.

RETIREMENT PAPERWORK

When to Submit Paperwork

You should submit your completed retirement paperwork to the ASRS approximately 60 to 90 days prior to your planned retirement date. Your paperwork must be received by the effective date of your retirement and benefits cannot be processed without the ASRS receiving a properly completed application.

When choosing a retirement date, you may retire as early as one day following your termination date or anytime thereafter.

Please remember that the termination date and the retirement date cannot occur on the same day. Retirement will not be effective until the ASRS receives your completed application.

Retirement Forms

There are two required forms as well as several optional forms associated with filing your retirement paperwork. The required forms establish your retirement account with the ASRS and designate your beneficiary (or beneficiaries).

The optional forms will give you the opportunity to indicate any federal and state withholding tax preferences you may have, and/or elect to have your retirement check electronically deposited into your checking or savings account.

Required Forms

- Application for Retirement Benefit
- Ending Payroll Verification form

Application for Retirement Benefit

This four-page application must be received by the ASRS on or before your effective retirement date. If the application is not properly completed, distribution of your pension benefit may be delayed.

Beneficiary Section

You must complete the Beneficiary section of the retirement application. In all instances, the total of all primary beneficiaries listed must equal 100 percent and the total of all secondary beneficiaries must equal 100 percent.

If you elect any of the four Life Annuity options, the primary beneficiary is the person or persons who will receive a benefit if there is a benefit remaining to be paid. With any of the Life Annuity options, you may have more than one primary beneficiary. If you name more than one person, the total of your primary beneficiaries must equal 100 percent. You may also name a trust, estate or organization as your beneficiary, unless you select the Joint & Survivor option.

If you elect a Joint & Survivor option, the primary beneficiary will receive lifetime benefits upon your death. With a Joint & Survivor option, you may name only one person as a primary beneficiary.

Naming a secondary beneficiary is highly recommended in all cases. Should the primary beneficiary pre-decease you, the value of any remaining eligible contributions will be paid to the named secondary beneficiary. If you name more than one secondary beneficiary, the total must equal 100 percent.

Note: *Arizona state statutes require that:*

- *Members notify their current spouse at any time they designate a beneficiary, if the beneficiary designated is someone other than the current spouse; and,*
- *Retirees notify their current spouse at any time they make a change to their beneficiary or annuity option, if the current spouse is a beneficiary.*

Ending Payroll Verification Form

Your employer(s) must provide the ASRS specific information regarding your termination date and final pay received.

Submit the Ending Payroll Verification form to your employer no less than two weeks prior to your last day of work. The ASRS must receive one completed Ending Payroll Verification form for each employer you have worked for while contributing to the ASRS within the last three years. The member is responsible for timely submission of this required form to ASRS. Any payments due from the

ASRS may be delayed if this form is not received in a timely manner from your employer(s).

Optional Forms & Selections

- W-4P (Federal Tax Withholding form)
- A-4P (State Tax Withholding form)
- Direct Deposit form

Federal Tax Withholding Form W-4P

All, or a portion, of your pension benefit is considered taxable income by the Internal Revenue Service. Complete the “Withholding Certificate for Pension Annuity Payments” section of Form W-4P to instruct the ASRS how to withhold federal tax due from your pension benefit. Although not required, you may use the IRS-provided work sheets to determine the total number of personal allowances you may claim.

If you began contributing to the ASRS after July 1, 1986, and have not purchased service with after-tax money, your entire benefit will be taxable income.

The amount of money, if any, in your account that is not subject to taxation during retirement derives from contributions received prior to July 1, 1986, and/or any after-tax payments made to purchase service.

Arizona Tax Withholding Form A-4P

In 1989, the Arizona State Legislature passed a law mandating state taxation of a member’s retirement pension for 1989 and thereafter. Any member receiving a retirement pension is responsible for paying state taxes on the amount received. All members have a \$2,500 per year tax exclusion.

Note: *If you reside in a state other than Arizona while receiving an ASRS pension benefit, you are not responsible for Arizona state income taxes. If you move from Arizona to another state while receiving an ASRS benefit, you must complete Form A-4P to stop your Arizona State tax withholding. The ASRS will not withhold taxes for any state other than Arizona.*

Direct Deposit

The ASRS strongly urges retirees to have their monthly benefit paid by automated deposit directly to your financial institution account anywhere in the continental United States.

To have your benefit payment deposited into your account, complete the Direct Deposit section of the Retirement application. Your payment will be automatically deposited and a deposit summary will be available on the ASRS website once you sign up and create your personal ASRS homepage.

Partial Lump Sum Retirement Distribution

If you choose this option, you need to complete this section of the Retirement application. Start by indicating the number of months requested and complete the Member Information section.

Tax Implications

Internal Revenue Service Safe Harbor Rule

The Safe Harbor/Simplified Tax Method calculates a specific amount of nontaxable income. This calculation is based on the option chosen and the age of the retiree and/or survivor at the time of retirement. The IRS designed a table that determines the number of months used to exclude from taxation the member's contributions made before July 1, 1986, and/or any service purchased with after-tax monies. This calculation can be used to estimate the amount of a retiree's nontaxable income before actual retirement.

Safe Harbor/Simplified Rule Formula: Total contributions made before July 1, 1986, plus any service purchase with after-tax dollars, divided by the number of months of return, equals the amount of the retiree's pension that is not taxable. Please refer to IRS Safe Harbor Method table.

IRS SAFE HARBOR METHOD

Age at Retirement	Life Annuity Options Months of Return	Member's Age + Survivor's Age at Retirement (Ages Combined for Total Years)	Joint & Survivor Options Months of Return
Age 55 & Under	360 Months (30 Years)	110 Years or Under	410 Months (34.16 Years)
Age 56-60	310 Months (25.84 Years)	111-120 Years	360 Months (30.00 Years)
Age 61 - 65	260 months (21-67 Years)	121 – 130 Years	310 Months (25.84 Years)
Age 66-70	210 Months (17.5 Years)	131-140 Years	260 Months (21.67 Years)
Age 71 & Over	160 Months (13.34 Years)	141 Years or Older	210 Months (17.5 Years)

Income Tax Record 1099-R

Each year you will receive a 1099-R, which is mailed by January 31. This statement will list information regarding your retirement benefits received, such as the total gross amount of your benefit from the previous calendar year, the total amount of taxable income, the total amount of federal taxes withheld, the taxable exclusion amount (as described in the Safe Harbor table), and the total amount of state taxes withheld.

The IRS does not allow the ASRS to list other deductions, such as health insurance.

General Tax Rules

- The ASRS cannot solely withhold a fixed federal amount.
- The ASRS cannot withhold a fixed state amount.

- If you claim a number of allowances (including zero allowances) and select a marital status, you may request an additional fixed amount for federal withholding.
- You may elect to not have federal taxes withheld.
- Arizona State tax withholding is voluntary.
- If you do not submit the federal tax withholding form, the ASRS must withhold federal taxes on periodic payments as if you were married claiming three withholding allowances.
- Your withholding selections do not affect your year-end tax liability.

Your First Check

The ASRS will process an initial estimated benefit check for most retirees within 10 days of your retirement date. This estimated payment is made in order to minimize the timeframe between your retirement and the termination of receiving regular paychecks and the start of your retirement benefits.

The initial check that will be mailed, or sent by direct deposit if the member chooses, represents an estimate of the retiree's final net monthly benefit. It can take up to 60 days to fully process a retirement application with a final benefit calculation. That's because the ASRS often receives contributions on behalf of the new retiree from their employer after their effective retirement date.

Retirees may receive up to three estimate checks prior to an application being completed, processed and audited. A final benefit is calculated after all contributions are received, all applicable service purchase credits are made, and health insurance premiums are determined, as well as other benefit options retirees may choose.

PURCHASING SERVICE

The Service Purchase benefit allows active members of the ASRS, and members who are receiving benefits under the ASRS Long Term Disability Income Plan to buy credited service time under specific qualified categories. The benefit to this will be an increase in your overall credited service, which impacts when you reach retirement requirements, and may increase your monthly lifelong benefit. The request for service purchase must be initiated prior to termination of employment. You can initiate the process online, as well as take advantage of the Service Purchase calculator on the ASRS website to get an estimate of the cost to you.

Note: *Beginning July 1, 2010, a member must have five years of credited service before initiating a Service Purchase request, except for previously forfeited service.*

The various credited service purchase options are listed below.

Reinstatement of Previously Forfeited ASRS Credited Service

You may reinstate previously forfeited ASRS credited service by paying an amount equal to the gross amount of the refund (including the amount of any taxes withheld) plus interest to the date of request. You may request this purchase at any time prior to termination of employment and may reinstate all or any portion of the forfeited service.

Because interest accrues on the contributions, the longer you wait the greater the cost. The ASRS interest rate is set at the ASRS earnings rate, which is currently eight percent.

Other Service Purchase Options

Under specified service purchase categories, the cost to purchase the service is calculated using the Actuarial Present Value.

Actuarial Present Value defines the current value of a member's future retirement benefit, compared to the value of the benefit with the additional service years included in the calculation. The member pays the difference between these two values, thereby fully funding their future benefit.

Actuarial Present Value accurately captures the cost of service purchase because it relies on individual calculations, factoring in a member's years of service, age, current annual compensation and amount of service credit being purchased. The service purchase categories that use the Actuarial Present Value calculation are listed below.

Leave of Absence

If you have taken an approved, unpaid leave of absence from an ASRS employer, you may purchase this time for retirement credited service purposes only under the following guidelines:

- You may purchase a maximum of one year service credit for each approved, unpaid leave of absence.
- You must not have received a refund of your contributions from the ASRS.
- You must have returned to work with the same employer, unless:
 - The position was no longer available; or
 - You were disabled and could not return to work.
- The employer certifies that your leave of absence was in the best interest of the employer.

Military Service (Active, Reserves or National Guard)

You may buy ASRS credited service for any amount of active military duty, active reserve duty, or National Guard duty if you were honorably discharged. You must provide a copy of your military service record (DD-214), or its equivalent, to document your service.

Other Public Service

You may buy service credit for any amount of time worked while contributing to another public retirement plan. You must not be receiving, or be eligible to receive, a benefit from any other retirement plan based on this same service. If you have current service in another retirement plan, that service must be forfeited and those funds used as a rollover toward the purchase of the ASRS service credit.

Other Public Service Non-Participatory

You may purchase time worked for another public employer even if you were not contributing to a public retirement plan. This would include waiting periods for eligibility to participate in a public retirement plan or work which did not meet eligibility requirements for a public retirement plan.

You may not purchase service that overlaps with service credit already received during that time.

Payment Methods

There are three payment methods you may use to purchase service credits. You may select any of these or any combination of them.

Lump Sum Payment

The full or partial cost of the purchase may be made with after-tax payments. To purchase service through more than one after-tax payment, all after-tax payments must be submitted before your invoice letter has expired. (See “How to Request Service Purchase” on page 28.)

Note: For members who joined the ASRS on or after July 1, 1999, after-tax payments are subject to the annual limits on contributions to the ASRS contained in 415(b) and (c) of the Internal Revenue Code of 1986. Subject to the criteria of the law, individual limits may vary.

Termination Pay

Termination pay is payments you receive upon terminating employment, such as sick leave or vacation payouts.

Rollovers

A rollover is a transfer of monies from an eligible retirement plan or IRA to the ASRS. To be accepted by the ASRS, a rollover must meet specific criteria. Contact the ASRS if you would like more information about this payment method.

Pre-Tax Payroll Deductions

Credited service may be purchased through a Payroll Deduction Agreement.

Payroll deductions have IRS approval for pre-tax qualification and will reduce your taxable income. Payroll Deduction Agreements established from a service purchase request submitted on or after July 1, 2004 will include interest. The interest rate is the same as the ASRS earnings rate, currently eight percent.

How to Request Service Purchase

If eligible, you may request the purchase of previous service under any of the above categories by calling the ASRS. You may also complete a service purchase request on our website, www.azasrs.gov.

Once your request is submitted, you will receive an acknowledgment from the ASRS. You will be requested to submit any required documents within 90 days. You will then receive a service purchase invoice with instructions on how to indicate your preferred method of payment.

Note: *Members are limited to a single active service purchase request at one time for each of the categories of purchase (other public service, military service, forfeited service and leave of absence service). This change, which became effective January 4, 2005, ensures that the correct number of years of service is factored into the Actuarial Present Value formula at the time of purchase.*

It is important that members who apply to purchase service meet the stated deadlines for submission of forms to avoid delays and cost recalculations.

HEALTH INSURANCE

Qualifying for Health Insurance

Any ASRS member who is receiving a pension or disability payment from the ASRS is eligible for ASRS Retiree Health Insurance coverage and the Health Insurance Premium Benefit Program. To qualify for this benefit, you must be participating in an ASRS employer's health insurance program, or in the ASRS Retiree Health Insurance program.

Enrollment

If you wish to enroll in the ASRS Retiree Health Insurance program upon retirement, you must enroll in the plan within 31 days of the desired effective date of your retirement. The ASRS has an annual Open Enrollment period (this usually occurs during the fall, for coverage to begin the following January) which allows you to enroll in ASRS retiree health insurance if you are not participating in an employer's health insurance program.

Please refer to the annual Retiree Group Insurance Enrollment Guide, available by request or on the ASRS website, for additional details of the ASRS retiree health insurance benefits.

Premium Benefit Program

As part of your benefits of membership, the ASRS provides a health insurance premium benefit to supplement the cost of retiree health insurance. Retirees with five or more years of credited service who have health insurance through the ASRS or their former employer are eligible for a monthly premium benefit, which is paid to the health insurer or your former employer.

Premium Benefit payments are made in accordance with the following guidelines:

- The ASRS sends a monthly payment for each eligible member to the administrator of the respective employer's health insurance program.
- The payment is applied to the member's insurance premium, and the member is responsible for paying any remaining balance.

Members participating in the Arizona Department of Administration or ASRS health insurance programs will have the remaining balance deducted from their monthly retirement pension check, except in the following cases:

- If the member is participating in a long term disability plan, or
- If the member’s monthly benefit is less than the health insurance premium.

Note: *In the above cases, members are required to make direct payment to the administrator or insurance company of their health insurance program. Members planning to stay with their former ASRS employer’s insurance program should contact their personnel/benefits office insurance liaison.*

Maximum Monthly Health Insurance Premium Benefit

The following charts reflect maximum monthly benefit amounts available for eligible members and their dependents.

Monthly Retiree Premium Benefit	WITHOUT MEDICARE		WITH MEDICARE Part A & B		COMBINATIONS	
	Retiree Only	Retiree & Dependents	Retiree Only	Retiree & Dependents	Retiree & Dependents, one with Medicare, the other(s) without	Retiree & Dependent, both with Medicare, other Dependents without
YEARS OF SERVICE						
5.0-5.9	\$75	\$130	\$50	\$85	\$107.50	\$107.50
6.0-6.9	\$90	\$156	\$60	\$102	\$129	\$129
7.0-7.9	\$105	\$182	\$70	\$119	\$150.50	\$150.50
8.0-8.9	\$120	\$208	\$80	\$136	\$172	\$172
9.0-9.9	\$135	\$234	\$90	\$153	\$193.50	\$193.50
10.0 and up	\$150	\$260	\$100	\$170	\$215	\$215

Optional Premium Benefit Program

As an additional benefit to retirees, the ASRS provides a monthly Health Insurance Premium Benefit to help offset the cost of health insurance. The Optional Premium Benefit provides a reduced Health Insurance Premium Benefit at retirement, and allows the benefit to continue to your eligible beneficiary upon your death.

A Joint and Survivor or Period Certain pension option must be elected at the time of retirement. Upon your death, your beneficiary would be entitled to all or a portion of the reduced monthly Health Insurance Premium Benefit.

To be eligible, your retirement date must be on or after January 1, 2004 and your beneficiary must be participating in, or eligible to participate in, the retiree's health insurance program at the time of the retiree's death. You have a one-time opportunity to elect this benefit upon retirement. There are provisions to cancel this benefit, should you choose.

INFORMATION FOR RETIRED MEMBERS

Permanent Benefit Increase

The Permanent Benefit Increase provides for an addition to a retiree's monthly benefit after retirement. Funds for the PBI are generated by excess earnings in the retirement fund as determined by the ASRS actuary and may be distributed each July to retired members when excess earnings are identified.

The money for this benefit is not tied to the federal Cost of Living Index and is not guaranteed to be available every year. However, once a Permanent Benefit Increase is provided, it can never be taken away or reduced.

To receive the PBI, you must be retired by July 31 of the previous year.

Enhanced PBI

The Enhanced PBI is for retirees who have a minimum of 10 years of credited service at the time of retirement, and have been retired from the ASRS Defined Benefit Plan for five or more years.

This enhancement provides additional benefit increases based on the total number of years since your original retirement date. (If you suspend your retirement, return to work and to active membership for any period, that time will not qualify as time retired.) Funds for this benefit are generated from assumed earnings on the original funds set aside for the general PBI. The concept for the Enhanced PBI is to provide an additional benefit to retirees based on years since retirement, thus helping offset the cumulative effects of inflation experienced since retirement.

RETURNING TO WORK AFTER RETIREMENT

Arizona State statutes and federal age-discrimination laws require the ASRS to treat rehired retirees under the same membership rules as any new employee. Your status as a retired member returning to work with an ASRS employer shall be determined according to the same criteria applied to any employee of that employer.

Members who retire and apply for their ASRS retirement benefit cannot return to work for the same employer, or any other ASRS participating employer, under any type of pre-arranged agreement. That is, under federal IRS law, a retiree must have a “true termination” and break in service before being allowed to return to work without a suspension of retirement benefits.

The following outlines the ASRS conditions and rules that allow retired members to return to work after retirement.

Member Who Retires at Normal Retirement

If you retired at age 65, or at age 62 with at least 10 years of service, or with 80 points:

- You may return to work the day after retirement and work less than 20 hours a week for any length of time and remain eligible to continue receiving pension benefits.
- You may return to work the day after retirement and work 20 hours or more a week for 19 weeks in any fiscal year (including weeks prior to retirement) and continue to receive your pension benefit. After the 19th week, you must work less than 20 hours per week for the remainder of that fiscal year to remain eligible to continue receiving pension benefits.

If you continue working 20 hours or more per week, you will resume active membership, the ASRS will suspend your pension benefit, and your employer will be required to withhold retirement contributions from your wages.

Note: *You will be required to re-pay the ASRS for any pension payments and health insurance premium benefit payments received while working 20 or more hours per week, starting with the 20th week.*

Member Who Retires at Early Retirement

The same rules apply to members who retire under early retirement criteria as under normal retirement. You must have a true break in service. However, members who take early retirement cannot return to work full time to an ASRS member employer and continue to receive their pension benefit until they reach normal retirement criteria.

- You may work 20 hours or more per week for 19 weeks in any fiscal year and, starting with the 20th week, work less than 20 hours per week for the remainder of that fiscal year to remain eligible to continue receiving pension benefits. Or, you may work less than 20 hours a week during the fiscal year (including weeks prior to retirement) and remain eligible to continue receiving pension benefits.

After 12 Months of Retirement

If you are retired and terminated employment at least 12 months earlier (not meeting the conditions for ASRS active membership during that period), upon reaching normal retirement, you may return to work for any amount of time and continue to receive pension benefits. You must acknowledge the conditions of your work and notify the ASRS and your employer in writing of your intention to work and not have retirement contributions withheld from your wages and not accrue additional credited service or Long Term Disability benefits.

Resuming Active Member Status

At any time, you, as a rehired retiree, can suspend your retirement benefit and resume active member status. While you remain in active status, you will earn additional credited service and can re-retire with a higher benefit after working more than 20 weeks.

Working for a Non-ASRS Employer

You may retire, receive your pension benefit and work for a non-ASRS employer **without** any restrictions.

APPENDIX A: EARLY RETIREMENT BENEFIT PERCENTAGES

Age	Years of Credited Service															
	5 Months - 4.9 Years	5 - 9.9 Years	10 - 17 Years	18	19	20	21	22	23	24	25	26	27	28	29	30
48	Not Eligible	Not Eligible	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E
49	Not Eligible	Not Eligible	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	100%
50	Not Eligible	35%	44%	44%	44%	50%	50%	50%	50%	50%	50%	50%	91%	94%	97%	100%
51	Not Eligible	40%	49%	49%	49%	55%	55%	55%	55%	55%	55%	91%	94%	97%	100%	100%
52	Not Eligible	45%	54%	54%	54%	60%	60%	60%	60%	60%	91%	94%	97%	100%		100%
53	Not Eligible	50%	59%	59%	59%	65%	65%	65%	65%	91%	94%	97%	100%			100%
54	Not Eligible	55%	64%	64%	64%	70%	70%	70%	91%	94%	97%	100%				100%
55	Not Eligible	60%	69%	69%	69%	75%	75%	91%	94%	97%	100%					100%
56	Not Eligible	65%	74%	74%	74%	80%	91%	94%	97%	100%						100%
57	Not Eligible	70%	79%	79%	79%	91%	94%	97%	100%							100%
58	Not Eligible	75%	84%	84%	91%	94%	97%	100%								100%
59	Not Eligible	80%	89%	91%	94%	97%	100%									100%
60	Not Eligible	85%	94%	94%	97%	100%			100% of Retirement Benefit							100%
61	Not Eligible	88%	97%	97%	100%											100%
62	Not Eligible	91%	100%	100%												100%
63	Not Eligible	94%	100%													100%
64	Not Eligible	97%	100%													100%
65	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

APENDIX B: EXPLANATIONS OF BENEFIT CHECK ABBREVIATIONS

Pay Sources (+)

ANNUITY	The monthly base amount of your benefit.
HLTH INS REIMB Health Insurance Reimbursement	Reimbursement due to insurance adjustments.
LEVEL INCOME PY Level Payment	The additional amount you receive prior to age 62 if you elect the Level Income Alternative provision at retirement.
PB/EPBI Permanent Benefit Increase Enhanced Permanent Benefit Increase	The PBI, if given, based on excess earnings in the ASRS retirement fund. The EPBI, if given, based on the total number of years since your original retirement date.
NONTAX EXCLU Exclusion	The portion of your monthly benefit which is exempt from federal taxing.
HI PREM BENEFIT Health Insurance Premium Benefit	The benefit you receive towards the full cost of your eligible health insurance.
MISC PMT Miscellaneous Payment	Additional payments.

Deductions (-)

<p>FED TAX Federal Withholding tax</p>	<p>The amount withheld for Federal Income Tax.</p>
<p>AZ TAX Arizona State Withholding Tax</p>	<p>The amount withheld for Arizona Income Tax.</p>
<p>Dues Retiree Association Dues</p>	<p>The amount withheld for retiree association dues.</p>
<p>HLTH INS PREMS Health Insurance Premium(s)</p>	<p>The full amount of your medical and/ or dental insurance premiums.</p>
<p>SOC SECUR ESTIM Social Security Estimated Amount</p>	<p>The amount withheld, starting at age 62, if you elected the Level Income Alternative provision at the time of retirement.</p>
<p>CHILD SUPPORT Child Support</p>	<p>The amount withheld for child support.</p>
<p>LEVY Tax levy</p>	<p>Garnishment.</p>
<p>MISC Miscellaneous</p>	<p>Additional deductions.</p>

WEB SELF SERVICE

Active and retired members of the ASRS will find a wealth of information on our official website – www.azasrs.gov.

Members may also log on to create their personal ASRS Homepage. Under this secure area, members can view certain personal information, and conduct a limited number of online transactions. All members are encouraged to create their own ASRS Homepage. It's safe, easy and secure!

SERVICES CURRENTLY AVAILABLE ON THE ASRS WEBSITE:		
Service	Non-Retired Plan Member	Retired Plan Member
Change Address	Yes	Yes
Change Email Address	Yes	Yes
Change Telephone Number	Yes	Yes
Change Marital Status	Yes	Yes
Change Beneficiary	Yes	No
Change Gender	Yes	Yes
View Last ASRS Annual Statement	Yes	Not Applicable
View Pension Check Details	Not Applicable	Yes
Elect / Change Direct Deposit	Not Applicable	Yes
Change Tax Withholdings	Not Applicable	Yes
View a Personalized Benefit Estimate	Yes	Not Applicable
View an Estimated Refund Balance	Yes	Not Applicable
View Estimated Current Contributions	Yes	Not Applicable

IMPORTANT CONTACT INFORMATION

Arizona State Retirement System Email

AskMac@azasrs.gov

Arizona State Retirement System Phone Numbers

- Phoenix area (602) 240-2000
- Tucson area (520) 239-3100
- Outside of Phoenix/Tucson (800) 621-3778

Arizona State Retirement System Locations

- Phoenix office 3300 N. Central Avenue, Phoenix, AZ 85012
- Tucson office 7660 E. Broadway Blvd., Suite 108, Tucson, AZ 85710

HEALTH BENEFITS

Dental (Assurant Employee Benefits)

Indemnity Plans (800) 442-7742

PPO Dental Providers (DHA) (800) 985-9895

Pre-Paid Plans (800) 443-2995

Medical (UnitedHealthcare of Arizona)

HMO Plan (800) 347-8600

PPO Plan (800) 377-5154

Medicare Complete (866) 208-3248

Senior Supplement Plan (866) 480-1087

Prescription Solutions (800) 797-9794

Other

ScriptSave (800) 700-3957

OptumHealth Vision (800) 638-3120

Arizona HearCare Network (800) 532-3331

LONG TERM DISABILITY (SEDGWICK CMS)

Long Term Disability Administrator (800) 621-3778, x2133

Phoenix Area Phone Number (602) 240-2133

Tucson Area Phone Number (520) 239-3100, x2133

HELPFUL PHONE NUMBERS

Medicare	(800) 633-4227
Social Security.....	(800) 772-1213

HELPFUL WEBSITES

ASRS WEBSITE	www.azasrs.gov
Sedgwick CMS (LTD)	sedgwickcms.com
UnitedHealthcare of Arizona	www.uhcretiree.com/asrs/home www.securehorizons.com www.pacificare.com
Assurant Employee Benefits	www.assurantemployeebenefits.com
OptimHealth Vision	www.optumhealthvision.com
Arizona HearCare Network	www.arizonahearcare.com
Scriptsave	www.scriptsave.com
Vision Discount Services	www.vsp.com
Social Security Administration	www.ssa.gov
Medicare	www.medicare.gov
Internal Revenue Service	www.irs.gov
Arizona Legislature	www.azleg.gov

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Disclaimer: *The information in this brochure is a guide and does not replace statutory and rule requirements. If there is a conflict, Arizona Revised Statutes and the Arizona Administrative Code, as well as federal codes of the Internal Revenue Service and Social Security Administration, shall have final authority.*