

# ECONOMIC, SMALL BUSINESS, AND CONSUMER IMPACT STATEMENT<sup>1</sup>

## TITLE 2. ADMINISTRATION

### CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

1. Identification of the rulemaking:

The ASRS needs to amend its rules in order to reflect its new electronic processes. The ASRS has recently developed an electronic system for processing service purchase, contributions not withheld, and transfer requests. As such, the ASRS needs to update its rules to reflect and clarify its new electronic processes.

a. The conduct and its frequency of occurrence that the rule is designed to change:

In the past fiscal year, the ASRS processed approximately 1,503 service purchases, including contributions not withheld (CNW) adjustments and transfers into the ASRS from other public retirement systems. The ASRS also processed approximately 11,814 refunds, which includes transfers out of the ASRS. With the changes completed in this rulemaking, the processes for purchasing service, correcting CNW errors, and transferring service to or from the ASRS will be clearer and more effective. Ultimately, the rules will clarify how and when a member may request a service purchase, a CNW correction, or a transfer, and what the Employer or other retirement system is required to provide, thereby providing clear notice to the public.

b. The harm resulting from the conduct the rule is designed to change and the likelihood it will continue to occur if the rule is not changed:

Currently, the ASRS does not foresee significant changes or harm resulting from the conduct the rule is designed to change. However, without this rulemaking, members and Employers will not be aware of the processes for requesting and completing service purchases, CNW corrections, and transfers. Implementing clear and concise language will ensure members and Employers understand how the ASRS will process such requests electronically. This rulemaking will ensure the ASRS is consistent with Arizona statutes.

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<sup>1</sup> If adequate data are not reasonably available, the agency shall explain the limitations of the data, the methods used in an attempt to obtain the data, and characterize the probable impacts in qualitative terms. (A.R.S. § 41-1055(C)).

c. The estimated change in frequency of the targeted conduct expected from the rule change:

Arizona statutes indicate that members may request to purchase service, correct CNW errors, and transfer service or funds. This rulemaking simply explains the new electronic processes for such requests. Therefore, the ASRS does not anticipate any change in frequency as a result of this rule. As discussed above and below, this rulemaking will increase the clarity of the new electronic processes, which will incorporate consistent language and reduce confusion.

2. A brief summary of the information included in the economic, small business, and consumer impact statement:

The ASRS promulgates rules that allow the agency to provide for the proper administration of the state retirement trust fund. ASRS rules affect ASRS members and ASRS employers regarding how they contribute to, and receive benefits from, the ASRS. The ASRS effectively administers how public-sector employers and employees participate in the ASRS. As such, the ASRS does not issue permits or licenses, or charge fees, and its rules have little to no economic impact on private-sector businesses, with the exception of some employer-partner political subdivision and political subdivision entities, which have voluntarily contracted to join the ASRS. Thus, there is little to no economic, small business, or consumer impact, other than the minimal cost to the ASRS to prepare the rule package. The rules will have minimal economic impact, if any, because they merely clarify how a member or employer may submit electronic requests for service purchase, contributions not withheld (CNW), and transfer of service credit and/or funds. Such clarification will increase understandability of how the ASRS shall process such requests, which will increase the effectiveness and efficiency of the administration of the ASRS, thus, reducing the regulatory burden and the economic impact.

3. The person to contact to submit or request additional data on the information included in the economic, small business, and consumer impact statement:

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4. Persons who will be directly affected by, bear the costs of, or directly benefit from the rulemaking:

In general, all members and Employers of the ASRS will be directly affected by, bear the costs of, and directly benefit from this rulemaking. The ASRS incurred the cost of the rulemaking. The ASRS currently has a total membership of approximately 586,306.

Specifically, members and Employers may be affected based on the various transactions. This rule will provide direction to the public about how to make service purchase, CNW corrections, and transfers requests. Such clarification will benefit members and Employers by increasing the readability of the new electronic processes.

5. Cost-benefit analysis:

- a. Costs and benefits to state agencies directly affected by the rulemaking including the number of new full-time employees at the implementing agency required to implement and enforce the proposed rule:

All ASRS members and Employers are directly affected by this rulemaking because it will provide direction regarding the new electronic processes. The ASRS has determined that no new full-time employees will be required to implement and enforce the rules.

- b. Costs and benefits to political subdivisions directly affected by the rulemaking:

This rulemaking does not provide any benefits or impose any costs on political subdivisions.

- c. Costs and benefits to businesses directly affected by the rulemaking:

No businesses are directly affected by the rulemaking.

6. Impact on private and public employment:

The rulemaking will have no impact on private or public employment.

7. Impact on small businesses<sup>2</sup>:
  - a. Identification of the small business subject to the rulemaking:  
No businesses, regardless of size, are subject to the rulemaking.
  - b. Administrative and other costs required for compliance with the rulemaking:  
Not applicable.
  - c. Description of methods that may be used to reduce the impact on small businesses:  
Not applicable.
  
8. Cost and benefit to private persons and consumers who are directly affected by the rulemaking:  
All ASRS members and Employers are directly affected by the rulemaking. The effect has been previously described above.
  
9. Probable effects on state revenues:  
There will be no effect on state revenues.
  
10. Less intrusive or less costly alternative methods considered:  
The ASRS believes this is the least costly and least intrusive method because it will clarify the new electronic processes without imposing any additional requirements on the public.

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<sup>2</sup> Small business has the meaning specified in A.R.S. § 41-1001(20).