

ECONOMIC, SMALL BUSINESS, AND CONSUMER IMPACT STATEMENT¹

TITLE 2. ADMINISTRATION

CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

1. Identification of the rulemaking:

The ASRS needs to amend its rules related to Domestic Relations Orders (DROs). Such clarification will ensure the rules are clear, concise, and consistent and the public is aware of how the ASRS processes DROs.

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

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 administrates how public-sector employers and employees participate in the ASRS. When a member divorces, the ASRS needs an acceptable DRO in order to ensure that retirement benefits are disbursed to the correct parties. In order to be acceptable, the DRO must identify how a retirement benefit must be split in specific situations.

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:

Without this rulemaking, members will not have adequate notice about how to submit an acceptable DRO. Notice of such information is necessary in order to ensure that retirement benefits are properly disbursed. By promulgating these rules, members will have a better understanding of how to submit an acceptable DRO. Increasing understanding of how the ASRS may disburse retirement benefits base don an acceptable DRO will increase the member's understanding of how to request their retirement benefits and reduce confusion, which will reduce burden on the public.

¹ 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:

This rulemaking will clarify how the ASRS accepts and processes DROs, thereby increasing understandability of how members' benefits may be affected, thereby increasing the efficiency of the administration. Clarifying this process will ensure that disbursements are processed more efficiently. As discussed above and below, these rules will increase the clarity and effectiveness of the applicable DRO requirements, which should result in reducing confusion, as well as any potential administrative delay caused by a misunderstanding of how ASRS manages DROs.

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 charter schools, 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 rule will have minimal economic impact, if any, because it merely clarifies how the ASRS shall process DROs based on recently updated statutory requirements.

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:

All members of the ASRS, as well as their beneficiaries, and alternate payees, 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 666,636 and 655 employers.

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:

This rulemaking does not directly affect state agencies and 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 businesses²:

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

- 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 alternate payees 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 how the ASRS processes DROs.