Arizona State Retirement System

Road to Retirement Guidebook

Your Guide to the ASRS Defined Benefit Plan

Revised & Updated February 2015

Welcome to the…

ARIZONA STATE RETIREMENT SYSTEM

This *Road to Retirement Guidebook* has been developed to guide members through the process of applying for retirement benefits.

If you are nearing retirement, I encourage you to first attend one of our **Route 3: Destination in Sight** meetings. You can choose either an online webinar, or attend a meeting at our Phoenix or Tucson office. You'll find them informative as you contemplate the many decisions you will need to make in selecting the options that best suit your individual retirement needs. You may wish to attend this meeting anytime within a year or two before beginning the retirement process.

Our **Route 4: Next Exit: Retirement** meeting is especially important once you've decided upon a retirement date. This meeting will assist with the retirement application process and you'll see your potential individual retirement monthly benefit.

At the end of this guide, you'll find more information about our website, and our contact information.

Congratulations on reaching the point in your career where you are ready to enjoy the benefits you have earned.

Sincerely,

Paul Matson
Executive Director

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ASRS Member Retirement Timeline & Checklist

Within 3 Years

- ☐ Schedule a ***Route 3: Destination in Sight*** meeting via the ASRS secure site

Within 1 Year

- ☐ Schedule a ***Know Your Insurance*** meeting via the ASRS secure site
- ☐ Request a personalized benefit estimate
- ☐ Review Spousal Consent Requirement

Within 6 Months

- ☐ Schedule a ***Route 4: Next Exit, Retirement!*** via the ASRS secure site
- ☐ Verify ASRS account accuracy online: complete beneficiary information, address, phone number, and email address
- ☐ Gather needed information for Retirement Application
  - Retirement Date _____
  - Bank information for direct deposit: Routing Number _____ Account Number:_____
  - Tax withholding allowances and exemptions: _____
  - Service Purchase information (for Partial Lump Sum, if applicable): Payroll Deduction Agreement or Invoice number: _____
- ☐ Submit Retirement Application Online! Or fax or mail paper application with federal and state tax forms
- ☐ Fax or mail copy of driver's license, birth certificate, or passport for contingent annuitant (if electing Joint & Survivor annuity option)
- ☐ Fax or mail spousal consent waiver if applicable

Within 3 Months

- ☐ Mail ASRS Health/Dental Insurance enrollment forms, if needed

10-14 Days After

- ☐ Verify with your Employer that the Ending Payroll Verification form was submitted online to the ASRS

45-90 Days After

- ☐ Receive your first regular pension payment retroactive to your retirement date (minus any estimate payments you received)

Member Education for Everyone!

The ASRS offers a series of learning opportunities for members to become familiar with their retirement plan. Wherever you are on the Road to Retirement – early, mid-career or your next exit is retirement – there's an educational opportunity for you! We have lots of ways for you to learn how to plan your retirement. Use the interactive GPS map, watch a webcast, attend an online webinar or join a group meeting.

We know planning for retirement is important to you. That's why we have developed four new educational opportunities to help you prepare. Follow along on your Road to Retirement!

Route 1: Your Journey Begins
This webcast is especially beneficial to new members. Learn about the history of the Arizona State Retirement System and the many benefits you have that extend beyond our primary pension plan. See what we have to offer, and learn about the importance of checking your account on our secure website.

Route 2: Map Your Progress
This webcast is a self-paced course, so let's get going and start planning now. Many of our members have told us "If only I had known, I would have planned better." Here you'll learn about the Service Purchase program**;** handling many life-changing events, such as changing jobs**,** or even moving away. After you map your progress throughout your career, you will be ready for Route 3.

Route 3: Destination in Sight
Are you within three years of retirement? You can choose either an online webinar, or attend a meeting at our Phoenix or Tucson office. You'll learn about your pension benefit, how it's calculated, the different annuity options and much more. There is also information on the ASRS retiree health insurance options, an important issue for retiring members.

Route 4: Next Exit: Retirement
Are you retiring in the next four months? You can choose either an online webinar, or attend a meeting at our Phoenix or Tucson office to help you prepare for your up-coming retirement and the decisions you need to make when you apply for retirement, such as selecting your pension option, enrolling in health insurance and even returning to work after retirement should that be in your future. Attendees will receive a personal benefit estimate and instructions for completing your retirement application.

Know Your Insurance
This meeting has been designed to provide information to members about ASRS health insurance plans and benefits. Members planning to retire soon are encouraged to attend. You'll learn about medical and dental insurance options, meet plan providers, learn about the ASRS Premium Benefit, and how medical and dental insurance costs are determined.

Webinars

Is your career path directing you to the next educational meeting you must attend? As you get closer and closer to your planned retirement date, you should check out **Route 3: Destination in Sight and Route 4: Next Exit: Retirement.** Each webinar is hosted by one of our benefit advisors, whom you will see and hear during the one-hour session. You will also have the opportunity to email questions. All of this from the comfort of your own computer!

In-Person Meetings

We are pleased to offer **Know Your Insurance, Route 3: Destination in Sight and Route 4: Next Exit: Retirement** meetings at our Phoenix and Tucson offices. Hosted by one of our expert benefit advisors, these meetings offer members an opportunity to learn about our retirement programs and benefits**;** ask questions and interact with fellow members. Each meeting lasts approximately 90 minutes and requires advanced registration.

Remote Online Counseling

The ASRS now provides one-on-one counseling via the internet for our members who live outside Maricopa and Pima counties. We are pleased to offer web counseling via the internet with a benefit advisor so our rural members don’t have to drive to an ASRS office.

You can join us for your personalized counseling session from your computer with a high-speed internet connection, a microphone, speakers, and an optional web-cam if you’d like your benefit advisor to be able to see you during the counseling session.

In-Person Appointment

The ASRS recognizes that some members require specialized, in-person counseling. Please note that appointments are required for all one-on-one counseling sessions at our Phoenix and Tucson offices. This allows the ASRS to prepare in advance for your# visit and decrease your wait time.

Please also note that personal account information - including balances, benefit estimates and a timeline for retirement - is available in each member's secure account.

Answers to nearly every question can be found on the ASRS website or by participating in a member education program. Members are also encouraged to view our growing library of on-demand webcasts on a variety of topics, including retiree health benefits, tax information and more.

Registration is Required:

To participate in any of the **webinars, remote online counseling or in-person meetings**, you must be an ASRS member – actively contributing or with an inactive account on record – and logged into the secure portion of the ASRS website. Log in now to see more and to sign up!

To schedule an appointment for in-person counseling, please call:

PHOENIX: (602) 240-2000
TUCSON: (520) 239-3100
OUTSIDE METRO AREAS: (800) 621-3778

GPS: Guide to Pre-retirement Services

Feel like you need a GPS to direct your retirement path? Well, we have one for you – the GPS: Guide to Pre-retirement Services! Navigate your future retirement path from beginning to end with our new interactive online GPS tool. The GPS will provide you with high level information and link you to more details throughout the website.

#

YOUR OVERALL RETIREMENT PICTURE

ASRS Retirement

By design and state statute, the ASRS provides “a retirement benefit that is less than 100 percent of a member’s post-retirement income requirements, recognizing that personal savings and Social Security also contribute toward total post-retirement income requirements.” (A.R.S. §38-712 (A-5))

Social Security

All employees who are members of the ASRS are also covered under Social Security under section 218 of the Social Security Act. The federal government provides Social Security benefits, which are separate from the ASRS benefits.

Monthly Social Security benefits may be paid to you or your dependents when you retire, become disabled, or die. For information about the benefits, visit the Social Security Administration website at SSA.gov or call 1 (800) 772-1213.

Personal Savings

Personal savings also provide another important component of your retirement plan. If you have participated in a supplemental savings plan during your career, this will provide an additional benefit for you in retirement.

THE ASRS DEFINED BENEFIT PLAN

The ASRS Defined Benefit Plan is the primary plan for ASRS members and will provide, upon retirement, lifelong monthly benefits.

Your ASRS pension is built through a “cost sharing” model. Both you as the employee and your ASRS employer contribute towards your retirement.

Your personal contributions fund only a relatively small part of your benefit. When you retire, you will recover your own contributions within approximately 3 to 5 years from the start of your benefit payments. Employer contributions and earnings on investments of the ASRS fund are used to provide the remainder of your lifelong retirement benefit payments.

The ASRS is tax qualified under section 401(a) of the Internal Revenue Code. Member contributions to the ASRS are exempt from federal income tax withholding under section 401(h) of the Code. Tax on benefits and contributions is deferred until payment is made to the member as a benefit or refund.

How Benefits are Calculated

The ASRS provides a fixed monthly benefit upon retirement, determined by a formula. The benefit formula is based on your length of service (credited service) under the ASRS, multiplied by a percentage of the average monthly amount of earnings (compensation).

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.	(Example) 20 years
X	Multiplied by	
GRADED MULTIPLIER	A percentage set by statute. It is based on your total years of service at retirement.	2.15
X	Multiplied by	
AVERAGE MONTHLY COMPENSATION	Determined by one of two calculation methods: the 36 month or 60 month calculation.	$3,600
	Straight Life Annuity (Maximum Monthly Benefit)	$1,548

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

Total Credited Service

The amount of credited service affects the amount of your retirement: The more years of service, the greater the benefit. 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. Credited service is the amount of credit – in years & months – applied toward the retirement formula. **You earn credited service for each pay period for which the required contributions are made.** You may earn credited service from one employer only. If two or more ASRS employers employ you at the same time, you earn service from the longest standing employment, not both.

The Graded Multiplier

The graded multiplier is a percentage set by Arizona state statute §38-757. It is the percentage of the average monthly compensation you will receive for each year of credited service you have accrued at retirement. See the following graded multiplier schedule 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 Chart

Average Monthly Compensation is determined by one of three calculation methods listed below, based upon a member's initial membership date:

Average Monthly Compensation	
36 Months	**Membership Date prior to 7/01/2011 [A.R.S. §38-711 (5.b)]:** This is calculated by taking the highest consecutive 36 months of contributions within the last 120 months (10 years) of contributions reported. Termination Pay is *excluded*.
60 Months	**Membership Date prior to January 1, 1984 [A.R.S. §38-711 (5.a)]:** This is calculated by taking the highest consecutive 60 months of contributions within the last 120 months (10 years) of contributions reported. Payments made as a result of termination of employment (Termination Pay) such as vacation/annual leave, sick leave, termination incentive payments, etc., are *included* in the calculation, with exceptions.
	Membership Date on or after July 1, 2011 [A.R.S. §38-711 (5.c)]: This is calculated by taking the highest consecutive 60 months of contributions within the last 120 months (10 years) of contributions reported. Termination pay is *excluded*.

RETIREMENT

When you retire is up to you. 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, also referred to as "Late Retirement." These concepts are explained below. Your retirement benefit cannot be paid until the ASRS receives your retirement application.

You should submit your retirement application to the ASRS approximately three months prior to your planned retirement date.

Normal Retirement

Normal retirement is the earliest you may retire with a full benefit as calculated by the ASRS benefit formula.

FOR MEMBERS HIRED ON OR BEFORE June 30, 2011, a normal retirement date occurs under the earliest of the following situations:

- 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 31 years of credited service and you are 49 years of age, you will be eligible for a normal retirement because you have 80 points (49 + 31 = 80).

FOR MEMBERS HIRED ON OR AFTER July 1, 2011, a normal retirement date occurs under the earliest of the following situations:

- At age 65
- At age 62 with 10 or more years of credited service
- At age 60 with 25 years or more of credited service
- At age 55 with 30 or more years of credited service.

Note: There is no point-based retirement option for members who join the ASRS on or after July 1, 2011.

Early Retirement

If you are at least age 50 with 5 or more years of credited service, you may retire before you reach normal retirement. However, a reduction is applied to your benefit depending upon your age and your credited service and when you became a member. Your benefit stays at the reduced amount as long as you are receiving retirement benefits. The reduced amount is not increased except for permanent benefit increases as dictated by statute, or other supplements authorized by the state legislature.

See the charts in the Addendum section for the early retirement decrements.

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 required that you begin receiving benefits by the age of 70½ in order to avoid any tax penalties.

Maximizing Your Retirement Benefit

You can maximize your retirement benefit by considering each component of the benefit formula. The following ideas may help:

- The simplest and most common way to increase your benefit is to work a longer period of time. The more credited service accrued to your account, the larger your benefit, especially as you move up the graded multiplier scale.
- As your compensation increases, so does your final average compensation used in the benefit formula. Promotions and other salary increases could result in a higher benefit amount. This is especially important for your highest consecutive three years during your last 120 months of service.
- Purchasing qualified past or forfeited service can add to your total service credit at the time of retirement.

Choosing An Annuity

When you retire, you have a number of options for choosing how you would like to have your annuity, or pension benefit, paid to you.

Annuity selections generally affect two issues you may wish to consider prior to making a selection – How much benefit do you want when you retire, and do you wish to leave a continuing benefit to someone once you pass away

The maximum benefit is the Straight Life Annuity. This selection provides your fullest benefit, with no guaranteed benefit continuing to a beneficiary once you pass away.

The Period Certain and Joint and Survivor options will provide for a continuation of your benefit to a beneficiary. You may wish to explore these options as each has its own unique features.

You may wish to view our Annuity Option webcast on our webpage at AzASRS.gov. This short video will give you an overview of the seven annuity options. They are also summarized below.

Annuity Options

RETIREMENT ANNUITY OPTION	DESCRIPTION
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. This is the base benefit from which all other options are derived.
Life Annuity 5-Year Certain	Provides a reduced monthly benefit for the duration of the selected term. 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 the duration of the selected term. 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 the duration of the selected term. 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.

CHOOSING A BENEFICIARY

ASRS members, whether active, inactive or retired, should have a designated beneficiary on file.

A beneficiary is an individual, institution, trustee or estate which receives, or may become eligible to receive, benefits from a member's retirement plan annuity or account balance. The beneficiary who is or may be entitled to a pension annuity or other certain benefits is also referred to as a "contingent annuitant."

Primary Beneficiary:

Members must designate at least one primary beneficiary. More than one primary beneficiary may be designated (except under the Joint & Survivor option) but the total of the primary beneficiaries' share must equal 100 percent.

Secondary Beneficiary:

Naming a secondary beneficiary is highly recommended. Should the primary beneficiary**,** or beneficiaries**,** predecease you, any remaining eligible benefits will be paid to the named secondary beneficiary. More than one secondary beneficiary may be designated, but the total of the secondary beneficiaries' share must equal 100 percent.

Other beneficiary information to know:

Designating a beneficiary is a requirement for retirement. If you have not already designated a beneficiary or beneficiaries, you must do so as part of your application. You may change your beneficiary designation at retirement, as well.

You may designate a trust or organization to receive any benefits upon your death, either as a primary (except under the Joint & Survivor option) or secondary beneficiary. Under this option, instead of providing a Social Security number (as required for individual beneficiaries) you must provide a federal Tax Identification number.

You may change your beneficiary – primary or secondary – at any time prior to your death. There may be restrictions for retired members who change their beneficiary, which may affect the amount of the annuity. For retired members, any change will only become effective after the ASRS receives a properly completed Beneficiary Form.

If a deceased member did not designate a beneficiary**;** the beneficiary named by a member predeceases the member, or does not qualify as the result of a divorce decree, then the ASRS will follow state statutes, which provide for eligible benefits to be paid to the following persons, in order of priority:

- The member's surviving spouse.
- The member's surviving children, including adopted children, in equal shares.

- The member's surviving parents, in equal shares.
- The member's estate.

Beneficiary changes can be made by active members via the ASRS website. Log in to your personal ASRS account to do this. To change a beneficiary after retirement, you will need to contact the ASRS directly, as a change may affect your benefit amount.

It is important that you, the member, keep the ASRS informed of any changes related to your beneficiaries, such as address changes, deaths or changes in relationships.

In the event of a divorce decree, the ASRS will automatically nullify the divorced spouse as a beneficiary. The member should select a new beneficiary upon divorce, even if it is to rename the former spouse as a beneficiary.

Spousal Consent

Members who are married are required to name their spouse as a primary beneficiary with at least 50 percent of the benefit, and a member who retires will be required to elect a Joint and Survivor Annuity that names their spouse as the contingent annuitant.

However, the law provides for a waiver of this requirement if the ASRS receives a notarized signature from the spouse waiving rights to a portion of the ASRS benefit. A spousal consent form is available on the ASRS website.

ANNUITY PAYMENT OPTIONS

The ASRS also 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 the first retirement, a partial lump sum payment for a limited number of increments not to exceed 36 increments 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 tax-deferred retirement 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. Please contact your tax advisor.

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 ASRS health care 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.

SERVICE PURCHASE PROGRAM

The Service Purchase program allows eligible 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 may impact when you reach retirement requirements and will increase your monthly lifelong benefit.

Members must have 5 years of credited service before initiating a Service Purchase request, except for previously forfeited service. Members may not purchase service time for which they are receiving, or are eligible to receive, other retirement benefits.

Members with an ASRS membership date prior to July 20, 2011 may purchase any and all eligible service for each service type. Members with a membership date on or after July 20, 2011 are limited by state statute to five years of service for each service type, except for forfeited service, which has no limitation.

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: Legislation governing Service Purchase may change at any time. Members will be subject to legislation at the time a service purchase request is received. Should your request expire you will then be subject to legislation in place at the time of your new request.

Members should carefully consider the cost of the purchase against the added benefit that you would receive. You also should consider what other uses you would have for the money or the potential earnings on the money, if you invested it elsewhere. You may wish to review the Service Purchase information on the ASRS website to assist in reaching your decision.

Types of Credited Service Eligible for Purchase:

Military Service (Active, Reserves or National Guard)

You may buy ASRS credited service for 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 / Other Public Service Non-Participatory

Service credit can be purchased if you were previously employed with a public employer (federal, city, county, state, political subdivision, school or university). If you participated in the public employer's retirement system, you must relinquish your right to any benefit prior to receiving service credit.

Leave of Absence

You may purchase service credit for up to one year of each approved, unpaid leave of absence, provided that you returned to the same ASRS employer and did not refund.

Previously Forfeited ASRS Credited Service

If you resume employment with an ASRS employer and currently are contributing to the ASRS, you may reinstate 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.

For additional information on Service Purchase, visit the ASRS website. There is a Service Purchase calculator and an online request wizard that you may find helpful.

Transferring Service between State Retirement Systems

If you work under one of the state retirement plans listed below, and then move to a new position under one of the other state retirement plans, you may transfer your credited service to the new retirement plan. This process may occur before or at the time of retirement. You may transfer credited service to or from the ASRS and the following systems:

- The Elected Officials Retirement Plan (EORP)
- The Public Safety Personnel Retirement System (PSPRS)
- The Correctional Officer Retirement Plan (CORP)
- The City of Phoenix Employees Retirement System (COPERS)
- The City of Tucson Supplemental Retirement System (TSRS)

You may be required to pay an additional amount to transfer the full amount of credited service earned, or you may transfer a pro-rated amount of the service with no additional cost. For more information, contact the system to which service is being transferred.

ADDITIONAL BENEFITS PROVIDED BY THE ASRS

Your membership in the ASRS offers you many valuable benefits. The following sections provide a brief overview of each of the available benefits.

Long Term Disability

The Long Term Disability (LTD) income plan provides benefits to you as an active ASRS member in case you become unable to perform your job due to injury, illness or other disability before retirement. There is a six-month waiting period, and the LTD administrator must approve the disability claim before you receive disability compensation. The LTD plan provides up to 66 2/3 of your salary at the time of disability. Your ASRS LTD benefit may be offset by Social Security Disability payments or other income. In addition, you may receive credited service for the months you receive LTD, up to a maximum of 30 years of service. If you are participating in the LTD program, you may apply for retirement benefits, at which time LTD membership will cease. The LTD brochure is located on our website under the Members tab.

Survivor Benefits

Survivor Benefits are payable upon your death whether you are an active, inactive or retired member. As a retired member, the benefits paid to your survivor are determined by the retirement option chosen. As an active or inactive member, your beneficiary is entitled to your account balance, which includes your contributions, (including service purchase payments), your employer's contributions, plus interest earned. Your survivor may also be entitled to health insurance benefits whether you are an active or retired member.

Group Health Insurance Coverage

Group health insurance coverage is available to you as a retired ASRS member, and to ASRS LTD members, if you do not select your former ASRS employer's group health insurance plan or a private plan.

As a retiree with the Arizona State Retirement System you and your eligible dependents are eligible to enroll in a medical and/or dental plan provided by the ASRS. You must enroll no later than 31 calendar days after your retirement date in order to preserve your eligibility to be covered by the ASRS upon your retirement. If you enroll no later than 31 days after your retirement date, your coverage will be effective on the first day of the month coinciding with or following your retirement date and the timely submission of your properly completed ASRS retiree health insurance enrollment form(s).

If you receive health care coverage from your former Employer as a retiree, you may elect to become covered by the ASRS at a future date. You may enroll with the ASRS during our annual open enrollment period (generally in October of each year) or if you experience a qualifying event. If you are currently enrolled for health insurance with your former employer, please contact them for specific employer related enrollment information and continued eligibility for their insurance coverage.

Health Insurance Premium Benefit Supplement

The Health Insurance Premium Benefit helps cover a portion of the cost of health insurance premiums as a retired or LTD recipient if you have five or more years of credited service. You must be insured through the ASRS or an ASRS employer's group health insurance program to receive the Health Insurance Premium Benefit.

Note: For new retirees on or after Aug. 2, 2012, payment of the Health Benefit Supplement (HBS) to retirees and disabled members who are covered under an ASRS employer's active employee insurance plan, either as the insured or as a dependent, will no longer apply, if the retiree or disabled member's insurance premium is subsidized by the ASRS employer.

Benefit Increases

The ASRS plan does not include automatic benefit increases or cost-of-living adjustments.

Members who joined the ASRS prior to September 13, 2013 are eligible to receive a Permanent Benefit Increase (PBI). Members with a membership date on or after Sept. 13, 2013 are not eligible for the PBI.

State statute §38-767 outlines the provisions for what is termed a Permanent Benefit Increase to retired members. Funds to pay for the PBI come from excess earnings on the actuarial value of the overall ASRS fund. When excess earnings are identified, a formula is used to determine the individual retired member's PBI, which, if available, is applied at the beginning of each fiscal year, July 1.

OTHER SITUATIONS THAT MAY AFFECT YOUR BENEFIT

Assignments, Attachments and Garnishments

Your retirement account is not subject to assignment, attachment or garnishment while working as an active employee. Court orders regarding divorce settlements and child support may be enforceable when you start receiving your benefit or obtain a refund. Your account also may be subject to a levy by the IRS.

Divorce

If you are married during any time that you are an actively contributing member of the ASRS, your spouse may be entitled to a portion of your account or retirement benefit if you divorce. Because Arizona is a community property state, property acquired during a marriage belongs to the "community" of the marriage, not to an individual as that person's separate property. All or a portion of your ASRS account or benefits may be a community property asset. Contact the ASRS for more information

In the event of a divorce decree, pursuant to state law, the ASRS will automatically nullify the divorced spouse as a beneficiary. The member should select a new beneficiary upon divorce, even if it is to rename the former spouse as a beneficiary.

APPLYING FOR A REFUND

Members may take their contribution balance in a lump sum by applying for a refund of the account. This option may be desirable if the member has only a small amount in their account and wishes to roll it over to another retirement fund.

To receive a refund of your retirement contributions, you must complete the “Application for Withdrawal of Contributions and Termination of Membership” electronic form on the ASRS website, located in your secure webpage. Your employer must complete an Ending Payroll Verification for Withdrawal of Contributions form if you request the refund within six months after termination. Completed electronic forms must be sent to the ASRS to be processed.

Members who receive a refund of contributions waive any present or future rights to ASRS benefits, including all credited service accrued up to this point.

WORKING AFTER RETIREMENT

Caution!

Many members who are eligible for retirement benefits have an interest in continuing to work while receiving their monthly pension benefit. Under very specific conditions an ASRS retiree can qualify to remain retired and collect their monthly benefit while working for an ASRS employer.

In general, if an ASRS retiree works or agrees to work 20 or more hours per week for 20 or more weeks in a fiscal year active membership will resume.

It is your responsibility to ensure compliance in order to avoid suspension of your benefit and/or any penalties that may be applied as a result of violating return to work statutes.

The four simplest ways to return to work without it affecting your pension are:

1. Work for a Non-ASRS employer.
2. Work as a leased or temporary employee for an ASRS employer.
3. Work directly for an ASRS employer part time - defined as less than 20 hours per week for any participating ASRS employer.
4. Work directly for an ASRS employer more than 20 hours per week after you have reached the normal retirement threshold, and at least 365 days have passed since your termination.

As a general rule, if an ASRS retiree accepts a position agreeing to work or actually does work 20 or more hours per week for 20 or more weeks in a fiscal year (or the equivalent of a half Full Time Employee) for an ASRS employer, the retiree's ASRS pension will be suspended. The retiree will be required to repay his or her pension funds received after the additional work even if working 20/20 was unintentional**.** The member and employer will also resume contributions to the ASRS.

There are some exceptions to this general rule:

1. Retiring without terminating employment
2. Returning to work with reduced hours
3. Returning to work after 12 months and being at normal retirement
4. Returning to work and participating in another state retirement plan
5. Returning to work as a leased employee or independent contractor
6. Returning to work in a position that is not included under the employer's Social Security coverage agreement.

Note: ASRS return to work laws can be complicated and are subject to change. If you are considering returning to work after retirement, you may want to review the Return to Work section on our website.

Alternate Contribution Rate for Retirees Returning to Work

State law requires employers to pay an Alternate Contribution Rate (ACR) for members who return to work in any capacity and in a position ordinarily filled by an employee of the employer. The returning member is not responsible for this payment; it is charged to the employer.

Employers remit the ACR to the ASRS for any retiree that it employs regardless of 20/20 status, direct/leasing/contracting arrangement, or whether the retiree satisfied the 12-month break in service without working in a leased or contract arrangement.

The ACR is charged starting the first day after retirement for a member who reached normal retirement and for a member who is an early retiree working less than 20/20 for as long as that member stays in service and for any future employment periods during which the member does not suspend their benefits and resume active membership.

The retired member does not accrue credited service, member service (for UORP), account balances, retirement benefits or LTD Program benefits, and the time is not later eligible for service purchase.

KEEPING YOU INFORMED

Financial Horizons, the ASRS annual member newsletter, is sent to all active, inactive and retired members to inform them of ASRS issues, such as legislative changes, investment information and other items of interest.

Your Retirement is a quarterly newsletter designed for retired members and members on the long term disability plan.

ASRS E-Newsletters, delivered quarterly to the email address we have on file for members.

Each year, the ASRS produces a *Comprehensive Annual Financial Report*, for the fiscal year ending June 30. This report provides detailed information on finances, investments, actuarial data and general statistics of the agency. The report meets the standards and requirements for reporting as set forth by the Government Finance Officers Association of the United States and Canada.

Also each year, an Actuarial Valuation is performed on the ASRS defined benefit plan and LTD plan.

KEEPING THE ASRS INFORMED

Among the most important responsibilities for members is to keep the ASRS informed of any changes to your personal information, especially address changes.

Be sure to inform the ASRS if you:

- Change your address, phone number or email
- Change your name, get married or divorced
- Wish to change your beneficiary, or your primary or secondary beneficiary(ies) dies
- Change employers, especially to another ASRS employer
- Change your banking institution if you are receiving a monthly benefit by direct deposit

Most of these updates may be made on the ASRS website. Look for the myASRS Login button to create your account to quickly and easily make these updates.

FREQUENTLY ASKED QUESTIONS

When do I become vested in the benefits of the ASRS?
You become vested in the ASRS on the day you start contributing. When and how much you receive for your benefit or as a refund depends upon certain criteria, such as length of service or reaching retirement milestones.

Who pays for my benefits?
Employee and employer contributions fund your future benefits. The contribution rate is determined each year by a study of the fund conducted by the ASRS actuary to assure that the ASRS receives enough contributions to pay future benefits. Your personal contributions fund only a relatively small part of your benefit. When you retire, you will recover your own contributions within 3-5 years of the start of your benefit payments. Employer contributions and earnings on the investment of the ASRS trust fund the remainder of your retirement benefit payments. Separate contributions fund the Long Term Disability (LTD) program.

What if I die before I retire?
If you die before becoming eligible for a retirement benefit, your beneficiary will receive a survivor benefit made up of your contributions, employer contributions and interest, plus any payments made for service purchase.

What if my beneficiary dies while I am an active member?
If you are an active member and your beneficiary dies, you may name a new beneficiary via the ASRS website.

What if I die after I retire (after my benefit begins)?
If you die after you retire, any benefit remaining will be distributed according to the retirement option you chose. Payments cannot continue under the deceased member's name and Social Security number. If payment continues, it will be paid to your named beneficiary.

What if my beneficiary dies after I retire?
You may name a new beneficiary. If you elect a Joint & Survivor option and your beneficiary dies before you, please contact our office as soon as possible so we may either recalculate your benefits with a newly named qualified beneficiary or change your retirement option to the Straight Life Annuity option.

What if I die without naming a beneficiary?
Your survivor benefit will be paid according to the laws of the state. This may not be what you would want. Be sure to advise the ASRS of any changes to your beneficiary designation.

Am I required to collect my retirement benefit?
In most circumstances, if you no longer are actively contributing to the ASRS, you must begin collecting your benefit no later than April 1 of the year following the year when you reach age 70½.

Is my retirement benefit subject to federal and state taxes?

FEDERAL INCOME TAXES

All or part of your benefit is subject to federal income tax withholding. Retirement benefits based on “after-tax” dollars are not taxed at retirement. “After-tax” dollars include member contributions before July 1, 1986, and amounts paid to buy credited service from your personal account. Retirement benefits based on “pre-tax” dollars are taxable at retirement. “Pre-tax” dollars are member contributions toward retirement benefits and money rolled over from another tax-deferred account to purchase service credit.

STATE INCOME TAXES

Your retirement benefit is taxable income for Arizona State income tax purposes if you reside in Arizona after your retirement. All retired members living in Arizona have a $2,500 per year tax exclusion. Retired members living in a state other than Arizona do not have to pay Arizona State taxes, but may pay taxes in the state where they live.

ASRS ON THE WEB

The ASRS invites you to see the wealth of information available on our website! Our new website has sections for Members and Retirees with specific information leading up to and beyond retirement.

There is a new Benefit Estimator that will give you an idea of your retirement benefit based on years of service and salary. You'll find specific information tailored to you once you log in to the ASRS secure section. Look for the myASRS Login button to check out your information.

We have also developed an online retirement application that can walk you through the process of applying for your retirement benefit.

myASRS: Your Personal ASRS Home Page!

Members may create a personal log-in and password to gain access to their personal information, access your latest statements and see beneficiary information on file. Make changes via the website to update your personal information and beneficiaries.

Web Self Service

Active and retired members of the ASRS will find a wealth of information on our official website – AzASRS.gov. Members may also log on to create their personal ASRS Homepage. Under this secure area, members can view certain personal information, access your latest information, see beneficiary information on file 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 AVAILABLE ON THE ASRS WEBSITE

Service	Non-Retired Plan Member	Retired Plan Member
Update Address	Yes	Yes
Update Email Address	Yes	Yes
Update Telephone Number	Yes	Yes
Update Marital Status	Yes	Yes
Update Gender	Yes	Yes
Access Secure Email	Yes	Yes
Update Beneficiary Contact Information	Yes	Yes
Change Beneficiary	Yes	No
View On-demand Webcasts	Yes	Yes
Apply for Retirement	Yes	Not Applicable
Apply for a Refund of Account and Termination	Yes	Not Applicable
View Balance and Service Summary	Yes	Not Applicable
View Estimated Current Contributions	Yes	Not Applicable
View Service Purchase Deductions	Yes	Not Applicable
View Service Purchase Lump Sum Payments	Yes	Not Applicable
View and Print Member Statement	Yes	Not Applicable
View Retirement Benefit Estimate	Yes	Not Applicable
View Survivor Benefits	Yes	Not Applicable
View Long Term Disability Benefits	Yes	Not Applicable
Register for Educational Meetings	Yes	Not Applicable
Register for Webinars	Yes	Not Applicable
Register for Remote Online Counseling Sessions	Yes	Not Applicable
View Pension Check Details	Not Applicable	Yes
Elect / Change Direct Deposit	Not Applicable	Yes
Change Tax Withholdings	Not Applicable	Yes
View and Print 1099R	Not Applicable	Yes

ADDENDUM

Retirement Eligibility & Average Monthly Compensation – Changes in law over time

Membership Date:	Prior to 1/1/1984	1/1/1984 through 6/30/2011	7/1/2011 or later
NORMAL A.R.S. 38-711(27)	80 points	80 points	55 + 30 years 60 + 25 years
	62 + 10 years	62 + 10 years	62 + 10 years
	65	65	65
EARLY A.R.S. 38-758	50 + 5 years	50 + 5 years	50 + 5 years
Average Monthly Compensation (AMC) Calculation Used	AMC=**36 or 60** months, whichever is highest **Note:** 60 month calculation *includes* termination	AMC=**36** months **Note:** 36 month calculation *excludes* termination pay	AMC=**60** months **Note:** 60 month calculation *excludes* termination

ADDENDUM

Early Retirement Decrements

Members who join <u>on or before</u> June 30, 2011

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%

ADDENDUM

Early Retirement Decrements

Members who join on or after July 1, 2011

Age	Years of Credited Service				
	Fewer Than 5 Years	5 - 9.9 Years	10 - 24.99 Years	25 - 29.99 Years	30+ Years
48	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
49	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
50	Not Eligible	35%	44%	44%	44%
51	Not Eligible	40%	49%	49%	49%
52	Not Eligible	45%	54%	54%	54%
53	Not Eligible	50%	59%	59%	59%
54	Not Eligible	55%	64%	64%	64%
55	Not Eligible	60%	69%	69%	100%
56	Not Eligible	65%	74%	74%	100%
57	Not Eligible	70%	79%	79%	100%
58	Not Eligible	75%	84%	84%	100%
59	Not Eligible	80%	89%	89%	100%
60	Not Eligible	85%	94%	100%	100%
61	Not Eligible	88%	97%	100%	100%
62	Not Eligible	91%	100%	100%	100%
63	Not Eligible	94%	100%	100%	100%
64	Not Eligible	97%	100%	100%	100%
65	100%	100%	100%	100%	100%

ASRS CONTACT INFORMATION

Arizona State Retirement System

Website: AzASRS.gov

Email: AskMAC@azasrs.gov

Arizona State Retirement System Phone Numbers and Offices

Phoenix ASRS Office .....(602) 240-2000

3300 North Central Avenue, Phoenix, AZ 85012

Tucson ASRS Office .....(520) 239-3100

7660 East Broadway Boulevard, Suite 108, Tucson, AZ 85710

Outside of Phoenix/Tucson.....(800) 621-3778

ASRS Fraud Hotline…… (602) 240-5360

HEALTH INSURANCE BENEFITS

Medical Provider

UnitedHealthcare of Arizona
UHCretiree.com/asrs
myUHC.com
UnitedBehaviorHealth.com

Choice Plan (in-state) 800-357-0971
Choice Plus (out-of-state) 800-509-6729
Senior Supplement Plan 866- 480-1087
Group MedicareAdvantage 866-208-3248
Prescription Solutions 800-797-9794

Vision Care Provider

OptumHealth Vision (800) 638-3120
OptumHealthVision.com

Hearing Benefits

Arizona HearCare Network 800-532-3331
ArizonaHearCare.com

Dental Provider

Assurant Employee Benefits
AssurantEmployeeBenefits.com/asrs

Indemnity Dental Claims 800-442-7742
PPO Dental Providers (DHA)
800-985-9895
Pre-Paid Dental 800-443-2995

Vision Discount Services
800-877-7195
VSP.com

Prescription Discount Card

WellDyne 888-479-2000 (prompt 5)
WellCard.com

LONG TERM DISABILITY

Sedgwick Claims Management Services, Inc. SedgwickCMS.com/calabasas

Long Term Disability Administrator.....800-621-3778, x2133

Phoenix area phone number 602-240-2133

Tucson area phone number 520-239-3100, x2133

HELPFUL RESOURCES

ADOA Benefits Office
BenefitOptions.az.gov
602-542-5008
800-304-3687

Medicare 800-633-4227
Medicare.gov

Social Security Administration
800-772-1213
SSA.gov

Internal Revenue Service
IRS.gov

NOTES

NOTES

Disclaimer: Legislation, rules and policies governing the ASRS are subject to change. If information contained in this handbook differs from laws, rules and ASRS policy, the ASRS is not bound by this handbook but will comply with statutes, rules and policies. Please refer to our website, AzASRS.gov for the most current legislation and for more details on your benefits as a member of ASRS.

Call, click or visit!

CALL

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

CLICK

On the web at: www.azasrs.gov
Email us at: AskMac@azasrs.gov

VISIT

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