

## Summary of 2005 Retirement Legislation

### House Bill (HB) 2472 – Payroll Deduction Agreements

- Mandates that an ASRS member's Payroll Deduction Agreement must continue when the member transfers employment between participating ASRS employers.
- Specifies the federal retirement or deferred compensation plans in which university employees, school and community college districts can participate.
- Requires employers to invest contributions in appropriate federal retirement or deferred compensation plan if their employee chooses to participate in a salary reduction contribution or the governing board elects to make non-elective employer contributions.
- Limits the use of public monies to purchase any annuity or deferred compensation to specific purposes.
- Allows monies contributed for the replacement of unused leave pay to buy out negotiated contracts or to provide early retirement incentives to be contributed in a federal retirement or deferred contribution plan.
- Treats accumulated vacation or annual leave, sick leave, compensatory time or other forms of termination pay as compensation for certain ASRS members.
- Specifies that an individual's long-term disability will not be offset by a PSPRS, CORP or EORP pension annuity.
- Corrects a typographical error from previous section to bring state statute into compliance with federal law.
- Effective Aug. 12, 2005.

### HB 2562 – Investments

- Requires a list of ASRS investments to be in electronic form and made available upon request to any person.
- Requires the ASRS to submit each year the list of companies in the fund and the amount invested in those companies that have, or are reasonably known to have, business activities in or with countries as designated by Section 6J of the federal Export Administration Act.
- Effective Aug. 12, 2005

### HB 2621 – Retiree Health Insurance Rural Subsidy

- Extends the rural healthcare subsidy for an additional two years for areas in the state where a Medicare eligible HMO is not available.
- Eliminates the additional rural benefit supplement for retirees in the Arizona retirement systems who are not eligible for Medicare.
- Appropriates \$28,000 for administrative expenses.
- Passed with an emergency clause; effective July 1, 2005.

### HB 2772 – State Budget Procedures – ASRS Contribution Rates

- Changes the time period the ASRS contribution rate is set from biennial to annual.
- Notwithstanding the change, sets the contribution rate for the next two fiscal years on a stepped basis with 6.9 percent pension contribution rate for fiscal year 2005-06, and 8.6 percent for fiscal year 2006-07.

- Temporarily raises the floor (lowest allowable contribution rate) from 2 percent to 4 percent for the next two years.
- Effective July 1, 2005.

**Senate Bill 1360 – Retiree Health Insurance Committee**

- A Retiree Health Insurance Committee is formed to evaluate the options for retiree health insurance coverage analyzed by the private entity retained by the Legislative Council pursuant to Laws 2004, Chapter 325, Sec. 8 (H2542).
- A report by this Committee is due by the end of 2005.
- Effective Aug. 12, 2005.