

Summary of 2010 Retirement Legislation

The 49th Legislature, Second Regular Session, adjourned April 29, 2010.

Below is a brief summary of new and revised laws that affect ASRS members and employers. To view legislation in its entirety, visit the Arizona State Legislature's website at www.azleg.gov.

Bills are effective on the general effective date (July 29, 2010) unless otherwise noted.

House Bill 2389 – ASRS; plan design; refunds (Laws 2010, Chapter 50)

Note: This bill has significant impacts to new ASRS members who join on or after July 1, 2011.

Among the provisions:

Benefit Formula

- 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 commences on or after July 1, 2011.
- Modifies the Average Monthly Compensation definition used in a retiring member's retirement benefit calculation from the average of the highest consecutive 36 months in the last 120 months to the average of the highest consecutive 60 months in the last 120 months for a member whose membership commences on or after July 1, 2011.

Withdrawal of Account

- Eliminates refunds of Employer Contributions made on behalf of a member whose membership begins on or after July 1, 2011 when the member terminates employment and chooses to withdraw their account balance. This does not apply to members terminated due to an Employer Reduction in Force or position elimination, in which case the current ASRS vesting schedule will apply.

Long-Term Disability Program Appeals

- Permits a person appealing an ASRS decision under the LTD Program (usually a decision of an Administrative Law Judge) to request that the ASRS Board hear the appeal in Executive Session, rather than in a Public Hearing. The request must be made at least 48 hours in advance. Further, minutes of and discussions held at an executive session are confidential except from the appellant for use in the appellant's further appeal to the Superior Court. This provision will become effective on the legislature's general effective date (July 29, 2010).

Health Insurance Supplement (Premium Benefit)

- Removes the ability of a retiree to secure individual health insurance coverage and receive the health insurance supplement if the employer agrees to administer the individual coverage. In order to receive the public subsidy, the retiree must be enrolled in either the ASRS's Retiree Health Insurance program or an Employer's Group Health Insurance. This provision will become effective on the legislature's general effective date (July 29, 2010).

Makes changes to conform to federal law.

Makes an administrative appropriation to ASRS.