



The 52<sup>nd</sup> Legislature-First Regular Session adjourned on April 2, 2015. The effective date of legislation is July 3, 2015, unless otherwise noted.

Below is a summary of legislation passed that impacts the ASRS. Complete versions of bills can be found on the [Arizona State Legislature](http://www.azleg.gov) website.

## HOUSE BILLS

### **HB 2338 – ASRS; Long Term Disability Program – Now Chapter 174, Laws 2015**

This bill removes the word “total” when it precedes the word “disability” in A.R.S. § 38-797.07. The third party administering the ASRS LTD program has indicated to ASRS the term “total disability” confuses applicants and potential applicants. By the nature of the term “total disability”, some individuals believe they must be totally disabled in order to qualify for LTD benefits rather than referring to the definition of disability under A.R.S. § 38-797.07(11). This bill does not change any of the eligibility criteria.

LTD is governed by Arizona Revised Statutes (A.R.S.) Title 38, Chapter 5, Article 2.1, and it is designed to provide a monthly benefit to ASRS members who are unable to work. There is a six month waiting period before a member can receive LTD benefits. After that time, a member may be eligible if the member meets the criteria outlined in A.R.S. § 38-797.07, including being considered to have a total disability. By statute, that means:

- For the first 30 months, the member must be unable to perform all duties of the position that the member held at the time of the disability.
- After a member has received benefits for 24 months, the member is unable to perform any work for compensation that the member is reasonably qualified by education, training or experience in an amount at least equal to the scheduled LTD benefit.

### **HB 2339 – ASRS; rules – Now Chapter 175, Laws 2015**

This bill removes the requirement for administrative rules in two ASRS statutes, A.R.S. § 38-703 and A.R.S. § 38-755.

## SENATE BILLS

### **SB 1095 – community colleges; optional retirement plans – Chapter 36, Laws 2015**

This bill merely clarifies A.R.S. § 15-1451 as it relates to ASRS transferring the account of a member who elects to participate in the district’s Optional Retirement Plan. The bill states that the ASRS will not transfer the account of a retired ASRS member.

### **SB 1096 – ASRS; actuarial valuation method – Chapter 65, Laws 2015**

This bill permits the ASRS Board of Trustees to determine the actuarial cost method to use in valuation and contribution calculations. Currently, the retirement system is required under A.R.S. § 38-737 to calculate contribution rates using the Projected Unit Credit (PUC) method whereas GASB 67/68 requires retirement plans to use the Entry Age Normal (EAN) method for accounting purposes.

**SB 1097 – ASRS; health insurance benefits – Chapter 37, Laws 2015**

Periodically, the ASRS must go through the process of maintaining its tax qualified status per the Internal Revenue Service. This bill places language in state statutes codifying a current practice. The language in this bill relates to how the ASRS accounts for employer contributions paid into the 401(h) account when a member forfeits their ASRS membership.

**SB 1119 – ASRS; purchase of credited service – Chapter 38, Laws 2015**

This bill provides clarification in statute to provision made to statute during the 50<sup>th</sup> Legislature, First Regular Session (2011) and the 49<sup>th</sup> Legislature, First Regular Session (2009). SB1609, Laws 2011 Chapter 357, limited the amount of credited service a member could purchase from unlimited to a total of 60 months. SB1609 had an effective date of July 20, 2011. Additionally, HB2118, Laws 2009 Chapter 36, required a member to have five years of service before they could initiate a service purchase. HB2118 had an effective date of July 1, 2010.

In January 2015 the Arizona Supreme Court denied review of an ASRS appeal thereby making law the lower court's decision that service purchase was a benefit protected under Article XXIX of the Arizona Constitution. Consequently, the ASRS asked for language to be added to statute articulating those appointed on or after July 20, 2011 are limited to 60 months of service purchase and those appointed on or after July 1, 2010 must have five years of credited service before they are eligible to purchase service.

**SB 1121 – ASRS; participation opt out; continuation – Chapter 148, Laws 2015**

This bill is an emergency measure that continues to permit new hires who are at least 65 years of age and who have no prior membership in ASRS to opt out of participation in the ASRS. HB2662, Laws 2012 Chapter 273, permitted these individuals to opt out of participation in ASRS before July 1, 2015 thereby eliminating the option on and after July 1, 2015. This bill simply allows this option to continue.