Below is a formula that is very important at the ASRS, but is one that most of us would not learn about outside of retirement fund management:

\[ C + I = B + E \]

In the formula above, the letters refer to Contributions, Income, Benefits and Expenses – and this is the essence of how your retirement system is funded! A description of these four factors follows.

**“Contributions”** refers to the deductions that are equally paid by employees (often called active members) and their employers. These contributions are collected with every payroll and then invested by the ASRS.

**“Income”** refers to all the interest, dividends and capital gains that are generated by investing the contributions. This income is generated because the contributions collected are invested by the ASRS in various bonds, stocks, real estate and other investments in order to create a diversified investment portfolio that maximizes expected returns while minimizing expected risk. The higher the rate of return the ASRS can generate from this portfolio, the lower the contribution rates for employees and employers, and the higher the probability that the ASRS can pay out additional future increases (Permanent Benefit Increases – or PBI’s) to retirees. Over the ten year period ending June 30, 2020, our average annual rate of return has been 8.9%, placing the ASRS in the top 10 percent of our public pension plan peers in terms of total returns. We will report our June 30, 2021 returns as soon as they are finalized.

**“Benefits”** refers to the various payments that are made to former employees, typically paid in the form of pensions, health insurance supplements, disability payments and refunds. These payments are the reason the ASRS exists, and everything else we do – investment management, accounting, systems development, member services, strategic planning – is done to support a cost-effective system of paying benefits to our members.

**“Expenses”** refers to the investment and administrative costs of managing the retirement system. The lower the cost of providing all the various retirement, health insurance, disability and other services the better. In order to ensure focus on this area, the ASRS engages an independent external company (CEMBenchmarking Inc.) to measure both ASRS customer service and ASRS administrative costs. The results for the most recent year indicate that

Continued on page 5
One of the most important concepts with respect to managing a large organization is governance. With respect to the Arizona State Retirement System, the organization is governed by a nine-member Board, appointed by the Governor and confirmed by the state Senate.

The Board serves in a fiduciary capacity – acting solely in the interest of our members and the ASRS trust fund, with powers and duties outlined in state statute.

The full Board generally meets six times per year in a public meeting at the ASRS Phoenix office. Topics presented to the Board for oversight and decision-making include strategic planning, investment management, actuarial analysis, financial statements, budgets, health insurance, customer service, and legislation. There is time in each meeting for calls to the public during which anyone may address the Board.

In addition to the Board of Trustees, there are three committees of the Board: the Investment Committee, the Operations, Audit & Legislative Committee, and the Appeals Committee. Each committee meets separately and reports to the full Board.

At this time, the ASRS is conducting all public meetings with public access and participation via a call-in platform. We hope to resume in-person access to meetings later this year as the pandemic continues to wane.

Earlier this year, Governor Doug Ducey appointed two new members to the ASRS Board, and reappointed another two.

New appointments to the nine-member Board are Diane Landis, as a member of the public, and Ashley Ruiz, as a state employee.

Ms. Landis has a background in investments and financial planning, including holding positions in the White House under President George H. W. Bush.

Ms. Ruiz is the Arizona State Comptroller and has extensive experience in budget development, analysis and oversight. She is responsible for developing the State of Arizona’s Comprehensive Annual Financial Report.

Reappointed to the Board are Kevin McCarthy and Michael Lofton, each members of the public.

Learn more about your Board, as well as schedules of upcoming meetings, on our Board web page at www.bit.ly/ASRS_Board |
Your secure myASRS account is an important tool both before and after retirement. After you retire, it’s important to stay active in your account; here is a brief overview of all the capabilities you have within your myASRS account as a retiree.

Within your secure myASRS account, you can update or change your contact information, direct deposit, and tax withholdings. We often get emails from retirees wanting their address and contact information updated - although for security reasons we cannot do this for you, making this change yourself in your secure account is an easy and straightforward process. The same is true if you change banks or want your pension deposited to a new account. You can also easily change your tax withholdings here if you have determined that you are withholding too much or not enough taxes from your pension.

Your secure myASRS account is also the place to view or print your monthly payment history, pension verification, or access an Authorization to Release Information form. To be more environmentally friendly, the ASRS no longer mails payment histories; however, they are easily accessible in your secure account. Refinancing or making a big purchase for which you need to verify your income? This is the spot to print the necessary pension verification. This is also where you go to verify the type of annuity you chose when you retired, and to check that your beneficiary(ies) on file are still correct and current.

Your secure account is also your hub for retiree health insurance. If you already have medical and/or dental insurance through the ASRS, you can come back to verify what you are signed up for, and if you’ve had a “qualifying life event” or it’s during the open enrollment timeframe, you can use your secure myASRS account to sign up for insurance with the ASRS.

Finally, this is also where you can access secure messaging. Just like when you were an active, contributing member, you can still utilize Member Secure Messaging to ask questions or securely send us documents.

So, even as an ASRS retiree, if you have a question or need to update, change, or print any documentation related to your ASRS pension, chances are you can find what you are looking for within your secure myASRS account!
One of the most common questions we receive from retirees relates to increases in their pension. Many retirees are surprised to learn that the ASRS was not designed to provide yearly post-retirement benefit increases.

The ASRS, by statutory design\(^1\) is meant to be one of three forms of retirement savings in a member’s overall retirement portfolio (ASRS pension, Social Security, and personal savings). This is commonly referred to as the three-legged stool. As a member of the ASRS, retirees have already contributed to ASRS and Social Security. Most also had access to supplemental retirement savings programs during their working career.

If you’re asking what this means in practical terms and whether your pension will ever increase, the short answer is: possibly. Here is what the ASRS defined benefit plan does and does not include as it relates to post-retirement benefit increases:

**Cost of Living Adjustments (COLA's)**

There is no provision in the design of the ASRS plan for retirees to receive COLAs, nor did your contributions ever fund one. A COLA is a benefit provision designed to offset the effects of inflation. The design of the ASRS plan instead assumes you will receive a COLA through your participation in Social Security\(^2\) and that you will also have some personal savings available to guard against the effects of inflation.

**Permanent Benefit Increases (PBI)**

The ASRS does have a provision to provide a permanent benefit increase to retirees if investment experience meets the conditions to grant one.

**Who is eligible for a PBI?**

- **Eligible:** If the date you first joined the ASRS is prior to September 13, 2013, you are eligible for a PBI and will receive one if conditions permit, and you have been retired for more than one year.

- **Not Eligible:** If the date you first joined ASRS is on or after September 13, 2013, you are not eligible for a PBI. Any post-retirement benefit increase for this group would need to be granted by the legislature.

**For eligible retirees: What conditions are needed to trigger a PBI distribution?**

- When the 10-year actuarial returns exceed 8%, excess earnings are placed into a separate fund for PBIs.

- When the fund is sufficient to pay a permanent benefit increase to eligible retirees, a permanent benefit increase is paid.

**How is the PBI calculated?**

When conditions for a PBI are met, the actuary will determine: how much is available, who is eligible for an increase, and the dollars per year of service used in the calculation.

The calculation is:

\[
(Dollars \times Years\ of\ Service) \div 12 = MI
\]

**When will eligible retirees receive a PBI?**

In the past several years, the ASRS has met the threshold to put a small amount of excess funds aside for future PBIs. However, the size of the PBI fund is not yet sufficient to provide a PBI to retirees. The ASRS last paid a PBI in 2005. If market conditions are favorable over the next several years, we are hopeful that the PBI fund will be sufficient to pay a PBI to eligible retirees.

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(2) Information on Social Security’s cost-of-living adjustment for 2021 can be found at [SSA.gov/cola](http://SSA.gov/cola)
Healthy Mouth, Healthy You: The Importance of Oral Health!

Our bodies are incredibly interconnected. Poor oral health can negatively impact overall health. And plenty of health conditions can hurt oral health. Improving either oral or overall health can have wide-ranging positive effects.

Conditions that can be intensified by oral health issues:
- Endocarditis – an infection of the inner lining of your heart chambers or valves
- Cardiovascular disease
- Pregnancy and birth complications
- Pneumonia

Conditions that affect oral health:
- Diabetes
- HIV/AIDS
- Osteoporosis
- Alzheimer’s disease
- Eating disorders
- Rheumatoid arthritis
- Certain cancers

How can I protect my oral health?
- Brush your teeth twice a day with fluoridated toothpaste
- Floss and use alcohol-free mouthwash at least once a day
- Stick to a healthy diet and limit sugars and starches
- Replace your toothbrush every three months
- Avoid tobacco use

COVID-19 delayed your preventive dental care visit?
If your regular preventive dental care visits have been delayed due to COVID-19, we encourage you to schedule an appointment with your dentist as soon as possible.

Dentists across the country have adapted their practices to provide a safe environment for staff and patients. From wearing additional protective gear to taking patients’ temperatures on arrival, you may find that your next visit to the dentist is a little different than what you’re used to. But it’s all done to help ensure the safety and well-being of you and the dental office staff.

With the new safety measures in place at most dental offices, you can now prioritize important dental care and help stay healthier overall. After all, good oral health is just one component of good whole health.

This information provided by Cigna Dental. For more information about their plans through the ASRS, visit Cigna.com/ASRS.

Healthy Mouth, Healthy You: The Importance of Oral Health!

Learn more about both dental plans offered to ASRS retirees at AzASRS.gov/content/dental-plans

Director’s Message, continued

the ASRS again has low costs and high service - with an ASRS service score of 92 versus the peer median of 79, and with an administrative cost of $72 per active and retired member versus the peer average of $105, resulting in the ASRS being approximately 31 percent less administratively expensive than our peers. This low-cost high service model has been achieved by a combination of organizational philosophy, long-term planning, action orientation, and a marginal cost versus marginal benefit approach to decision-making and resource allocation.

We believe that this model has served members well and will continue to do so. This approach is at the core of maintaining a sustainable benefit plan for our members.

If you’d like to learn more about the ASRS, please visit our website at AzASRS.gov.

To all of our valued members - thank you for your service to our State, and for the trust you have put in the ASRS.

Sincerely,
Paul Matson, Executive Director
Renew helps inspire you to take charge of your health and wellness every day by providing a wide variety of useful resources and activities — all at no additional cost.

**Brain Games**
Play games to test your memory, reaction time and problem solving.

**Health Topic Library**
Explore hundreds of health and wellness articles, videos and news.

**Learning Courses**
Take online lessons on a variety of topics like eating healthy and fitness.

**Recipe Library**
Try a variety of tasty recipes for healthy meals.

**Interactive Quizzes and Tools**
Take a quiz or use a tool to help you reach your goals.

**Renew Positivity**
Enjoy inspiring articles, photos, music and other fun activities.

**Renew Rewards**
Earn rewards for completing certain health care activities.

**Renew Magazine**
Find health tips, the latest health trends, exercises, games and more.

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**Every day is an opportunity to get more from life. Renew can help.**
Explore all Renew has to offer. Just sign in to your plan website and go to Health & Wellness.

>> Sign into your plan at UHCRetiree.com/ASRS

For Medicare retirees with insurance through the ASRS

Find ASRS medical and dental info at AzASRS.com/content/health-care
Working After Retirement
by Nathaniel Brengle, Strategic Communications

Retirement doesn’t always mean not working. And returning to work doesn’t necessarily mean you have to pause receiving your pension – you just need to be aware of the rules regarding your ASRS pension benefit and returning to work.

Working For a Non-ASRS Employer

The simplest way to navigate working while also collecting your ASRS pension is to work for a non-ASRS employer or as a temporary employee for an ASRS employer. ASRS statutes and rules regarding returning to work after retirement pertain only to returning to work at an ASRS employer. If you’re not working for an ASRS employer, you can work as much or as little as you’d like and your ASRS benefit will remain unaffected.

Working For an ASRS Employer

For the first 365 days following your termination date, you may return to work directly for an ASRS employer and continue to receive your pension provided you retired at normal retirement (not early retirement), and:

- Work less than 20 hours per week;
- Work 20 hours or more a week for no more than 19 weeks in the fiscal year (this is called “the 20/20 criteria.”) The remaining 33 weeks in that fiscal year must be below 20 hours per week to retain your pension.

After 365 days, you’re eligible to work unlimited hours and continue to draw a pension benefit as long as you retired at normal retirement and terminated your employment with all ASRS employers at your time of retirement. (Members who retired but did not terminate employment must remain under the 20/20 criteria for the duration of their post-retirement employment if working for an ASRS employer.)

For more comprehensive details on the ins and outs of returning to work, visit the “Return to Work” page of AzASRS.gov, found in the “Retirees” tab. There you’ll discover situation-specific information, statute language, and a link to log into your secure myASRS account. Inside your secure account, you can access our Working After Retirement tool designed to assess how the rules apply to your particular situation.

Open Enrollment: Right Around the Corner!
by Nathaniel Brengle, Strategic Communications

If you’re a new ASRS retiree, you may have questions regarding our retiree health insurance options and open enrollment.

The ASRS Open Enrollment Period starts November 1, 2021 and ends November 30, 2021 with packets containing full details of the 2022 plan offerings mailing out in late October.

As a reminder, if you need health insurance coverage outside of our November Open Enrollment Period, you may still enroll before or after our November enrollment period, provided you have a Qualifying Life Event (QLE). You can read more about QLE’s on our website at AzASRS.gov/content/qualifying-life-events, or review our article on QLE’s in our last edition of Your Retirement, which you can find on the “Publications” page of AzASRS.gov.

One important thing you can do now is to make sure your contact information with the ASRS is up-to-date in your secure myASRS account. To check that your information on file with us correct and current, just head over to AzASRS.gov and click on the myASRS link in the upper right corner. From there, you can log into your secure account, where you’ll be able to check and update your contact information.
Your Retirement is published quarterly and mailed to all benefit recipients of the Arizona State Retirement System. We welcome comments from our readers!

Your Retirement

• ASRS Board of Trustees Update Page 2
• The Ins & Outs of your myASRS Account Page 3
• “Will My Pension Ever Increase?” Page 4
• Healthy Mouth, Healthy You! Page 5
• Working After Retirement Page 7

You are receiving this because our system shows you are eligible for ASRS retiree benefits. Whether you just retired, have received a monthly pension benefit for decades, or took a one-time lump-sum retirement at some point in the past, we commit to keeping you informed on the ASRS and the benefits available to you as an ASRS retiree.