

**ECONOMIC, SMALL BUSINESS, AND CONSUMER IMPACT STATEMENT<sup>1</sup>**

**TITLE 2. ADMINISTRATION**

**CHAPTER 8. STATE RETIREMENT SYSTEM BOARD**

1. Identification of the rulemaking:

The ASRS needs to amend its rules relating to service purchase requirements. A.R.S. §§ 38-729, 38-743, and 38-744 indicate that a member or employer may not purchase service credit if credit or benefits have already been earned for the same time period in “another public employee retirement system.” The ASRS needs to amend its service purchase rules to clarify how and if a member or employer may purchase service credit in the ASRS if the member has already earned service credit in another such system for the same time period. Additionally, the ASRS needs to clarify that pursuant to the service purchase statutes, a service purchase cannot be completed after the member’s death. These rules will increase understandability of how a member may purchase or transfer service credit, but the rules do not impose any additional requirements or burdens on members.

a. The conduct and its frequency of occurrence that the rule is designed to change:

In the past fiscal year, the ASRS processed approximately 2,279 service purchases. With the changes completed in this rulemaking, the processes for purchasing service, will be clearer and more effective. Ultimately, the rules will clarify how and when a member or Employer may request a service purchase.

b. The harm resulting from the conduct the rule is designed to change and the likelihood it will continue to occur if the rule is not changed:

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<sup>1</sup> If adequate data are not reasonably available, the agency shall explain the limitations of the data, the methods used in an attempt to obtain the data, and characterize the probable impacts in qualitative terms. (A.R.S. § 41-1055(C)).

Currently, the ASRS does not foresee significant changes or harm resulting from the conduct the rule is designed to change. However, without this rulemaking, members and Employers will not be aware of the restrictions on purchasing overlapping service. Implementing clear and concise language will ensure members and Employers understand how the ASRS will process such requests. This rulemaking will ensure the ASRS is consistent with Arizona statutes.

c. The estimated change in frequency of the targeted conduct expected from the rule change:

Arizona statutes indicate that members or Employers may not purchase overlapping service. This rulemaking simply clarifies that statutory restriction. Therefore, the ASRS does not anticipate any change in frequency as a result of this rule. As discussed above and below, this rulemaking will increase the clarity of the service purchase processes, which will incorporate consistent language and reduce confusion.

2. A brief summary of the information included in the economic, small business, and consumer impact statement:

The ASRS promulgates rules that allow the agency to provide for the proper administration of the state retirement trust fund. ASRS rules affect ASRS members and ASRS employers regarding how they contribute to, and receive benefits from, the ASRS. The ASRS effectively administrates how public-sector employers and employees participate in the ASRS. As such, the ASRS does not issue permits or licenses, or charge fees, and its rules have little to no economic impact on private-sector businesses, with the exception of some employer partner charter schools, which have voluntarily contracted to join the ASRS. Thus, there is little to no economic, small business, or consumer impact, other than the minimal cost to the ASRS to prepare the rule package. The rule will have minimal economic impact, if any, because it merely clarifies in further detail how a member may purchase or transfer service credits.

3. The person to contact to submit or request additional data on the information included in the economic, small business, and consumer impact statement:

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4. Persons who will be directly affected by, bear the costs of, or directly benefit from the rulemaking:

In general, all members of the ASRS, as well as their beneficiaries, will be directly affected by, bear the costs of, and directly benefit from this rulemaking. The ASRS incurred the cost of the rulemaking. The ASRS currently has a total membership of approximately 627,975.

Specifically, members and Employers may be affected based on the various transactions. This rule will provide direction to the public about when a member or Employer may elect to purchase service. Such clarification will benefit members and Employers by increasing the readability of the rules and restrictions on purchasing service.

5. Cost-benefit analysis:

- a. Costs and benefits to state agencies directly affected by the rulemaking including the number of new full-time employees at the implementing agency required to implement and enforce the proposed rule:

This rulemaking does not directly affect state agencies and the ASRS has determined that no new full-time employees will be required to implement and enforce the rules.

- b. Costs and benefits to political subdivisions directly affected by the rulemaking:

This rulemaking does not provide any benefits or impose any costs on political subdivisions.

- c. Costs and benefits to businesses directly affected by the rulemaking:  
No businesses are directly affected by the rulemaking.

6. Impact on private and public employment:

The rulemaking will have no impact on private or public employment.

7. Impact on small businesses<sup>2</sup>:

- a. Identification of the small business subject to the rulemaking:

No businesses, regardless of size, are subject to the rulemaking.

- b. Administrative and other costs required for compliance with the rulemaking:

Not applicable.

- c. Description of methods that may be used to reduce the impact on small businesses:

Not applicable.

8. Cost and benefit to private persons and consumers who are directly affected by the rulemaking:

All ASRS retired members, beneficiaries, and Employers are directly affected by the rulemaking. The effect has been previously described above.

9. Probable effects on state revenues:

There will be no effect on state revenues.

10. Less intrusive or less costly alternative methods considered:

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<sup>2</sup> Small business has the meaning specified in A.R.S. § 41-1001(20).

The ASRS believes this is the least costly and least intrusive method because it will clarify how the ASRS collects overpayment amounts without imposing additional requirements on the public.