

ECONOMIC, SMALL BUSINESS, AND CONSUMER IMPACT STATEMENT¹

TITLE 2. ADMINISTRATION

CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

1. Identification of the rulemaking:

The ASRS needs to amend its rules relating to benefit distributions in specific situations. The ASRS is required to disburse benefits by a federally mandated Required Minimum Distribution (RMD) date. The ASRS needs to amend its rules in order to clarify how the ASRS shall disburse benefits in compliance with the RMD date in specific situations involving Long-Term Disability (LTD) and Return to Work members. Finally, the ASRS needs to make additional clarifying changes to ensure its rules are consistent regarding RMD requirements. These rules will increase understandability of how the ASRS complies with RMD requirements.

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

In the past fiscal year, the ASRS had one member who met RMD requirements while receiving LTD and approximately 80 retired members who returned to work after meeting RMD requirements. With the changes completed in this rulemaking, the processes for disbursing benefits related to RMD will be clearer and more effective. Ultimately, the rules will clarify how and when a member may receive benefits based on their RMD status.

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:

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 will not be aware of the restrictions on receiving

¹ 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)).

benefits related to their RMD status. Implementing clear and concise language will ensure members better understand how the ASRS will disburse benefits. 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 may receive both LTD benefits and retirement benefits if they have met RMD requirements. Likewise, retired member who return to work after meeting RMD requirements are not eligible to suspend their pension. This rulemaking simply clarifies such statutory restrictions. 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 how the ASRS disburses RMD benefits, 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 the ASRS complies with RMD requirements.

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

Name: Jessica A.R. Thomas, Rules Writer
Address: Arizona State Retirement System
3300 N. Central Ave., Suite 1400
Phoenix, AZ 85012-0250
Telephone: (602) 240-2039
E-mail: JessicaT@azasrs.gov

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 businesses²:

- 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:

² 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.