

**FIVE-YEAR-REVIEW REPORT**

**TITLE 2. ADMINISTRATION**

**CHAPTER 8. STATE RETIREMENT SYSTEM BOARD**

- ARTICLE 1. RETIREMENT SYSTEM; DEFINED BENEFIT PLAN**
- ARTICLE 4. PRACTICE AND PROCEDURE BEFORE THE BOARD**
- ARTICLE 5. PURCHASING SERVICE CREDIT**

## **TABLE OF CONTENTS**

1.	FIVE-YEAR-REVIEW SUMMARY .....	1
2.	INFORMATION THAT IS IDENTICAL FOR ALL THE RULES .....	4
3.	INFORMATION THAT IS IDENTICAL WITHIN GROUPS OF RULES .....	5
4.	ANALYSIS OF INDIVIDUAL RULES .....	8
5.	ECONOMIC IMPACT STATEMENT (EIS) .....	Exhibit 1
6.	CURRENT RULES .....	Exhibit 2
7.	ENABLING AND RELATED STATUTES .....	Exhibit 3

## **FIVE-YEAR-REVIEW SUMMARY**

The state legislature created the Arizona State Retirement System (ASRS) in 1953 in order to provide defined contribution retirement (defined contribution plan) benefits for state employees and teachers, as well as employees of political subdivisions that elected coverage. The defined contribution plan was closed to new members in 1972. At that time, members of the defined contribution plan who chose to, and all new members, became part of the defined benefit plan. At the end of Fiscal Year 2013-2014 there were approximately 548,987 ASRS members.

The ASRS Board (Board) is appointed by the Governor. The Board consists of nine members who qualify according to A.R.S. § 38-713. The Board is responsible for supervising the administration of the ASRS, including the defined contribution plan, defined benefit plan, long-term disability plan, and health insurance benefit plan. Investment responsibilities include:

1. Prescribing investment goals, objectives, and policies;
2. Allocating assets to meet investment goals;
3. Adopting specific policy directives for the guidance of investment management;
4. Appointing investment managers;
5. Prescribing investment diversification programs; and
6. Assigning investment responsibilities.

The enabling statutes for the Board are set forth in A.R.S. §§ Title 38, Chapter 5, Articles 1 and

2. The Board currently implements its statutes with rules located at A.A.C. Title 2, Chapter 8.

This report covers Articles 1, 4, and 5 of the rules.

### **Article 1**

R2-8-104 was last amended in 1984 and R2-8-115 was last amended in 2006.

R2-8-118 and R2-8-126 were last amended in 2013. R2-8-120 and R2-8-123 were last amended in 2014. R2-8-122 was last amended in 1982. In April 2015, the ASRS filed a Notice of Docket Opening with the Secretary of State to initiate the rulemaking process for a rulemaking that will amend definitions in Articles 1, 4, and 5.

### **Article 4**

None of the rules in Article 4 have been amended since their creation in 2005.

**Article 5**

R2-8-501 was last amended in 2013. R2-8-502, R2-8-503, and R2-8-513 were last amended in 2012. R2-8-504, R2-8-505, R2-8-506, and R2-8-521 have not been amended since their creation in 2005. R2-8-507, R2-8-508, R2-8-509, R2-8-510, R2-8-511, R2-8-512, R2-8-513.01, R2-8-513.02, R2-8-514, R2-8-515, R2-8-516, R2-8-517, R2-8-519, and R2-8-520 were last amended in 2006.

**FIVE-YEAR-REVIEW REPORT**  
**TITLE 2. ADMINISTRATION**  
**CHAPTER 8. STATE RETIREMENT SYSTEM BOARD**

**ARTICLE 1. RETIREMENT SYSTEM; DEFINED BENEFIT PLAN**

- R2-8-104. Definitions
- R2-8-115. Return of Contributions Upon Termination of Membership by Separation from All ASRS Employment by Other Than Retirement or Death; Payment of Survivor Benefits Upon the Death of a Member
- R2-8-118. Application of Interest Rates
- R2-8-120. Designating a Beneficiary; Spousal Consent to Designation
- R2-8-122. Remittance of Contributions
- R2-8-123. Actuarial Assumptions and Actuarial Value of Assets
- R2-8-126. Calculating Benefits

**ARTICLE 4. PRACTICE AND PROCEDURE BEFORE THE BOARD**

- R2-8-401. Definitions
- R2-8-402. General Procedures
- R2-8-403. Request for a Hearing of an Appealable Agency Action
- R2-8-404. Board Decisions on Hearings Before the Office of Administrative Hearings
- R2-8-405. Rehearing; Review of a Final Decision

**ARTICLE 5. PURCHASING SERVICE CREDIT**

- R2-8-501. Definitions
- R2-8-502. Request to Purchase Service Credit and Notification of Cost
- R2-8-503. Requirements Applicable to All Service Credit Purchases
- R2-8-504. Service Credit Calculation for Purchasing Service Credit
- R2-8-505. Restrictions on Purchasing Overlapping Service Credit; Transfers
- R2-8-506. Cost Calculation for Purchasing Service Credit
- R2-8-507. Required Documentation and Calculations for Forfeited Service Credit
- R2-8-508. Required Documentation and Calculations for Leave of Absence Service Credit

- R2-8-509. Required Documentation and Calculations for Military Service Credit
- R2-8-510. Required Documentation and Calculations for Presidential Call-up Service Credit
- R2-8-511. Required Documentation and Calculations for Other Public Service Credit
- R2-8-512. Purchasing Service Credit by Check, Cashier's Check, or Money Order
- R2-8-513. Purchasing Service Credit by Irrevocable Payroll Deduction Authorization
- R2-8-513.01. Irrevocable Payroll Deduction Authorization and Transfer of Employment to a Different ASRS Employer
- R2-8-513.02. Termination Date
- R2-8-514. Purchasing Service Credit by Direct Rollover
- R2-8-515. Purchasing Service Credit by Trustee-to-Trustee Transfer
- R2-8-516. Purchasing Service Credit by Indirect IRA Rollover
- R2-8-517. Purchasing Service Credit by Distributed Rollover Contribution
- R2-8-519. Purchasing Service Credit by Termination Pay Distribution
- R2-8-520. Termination of Employment and Request Return of Retirement Contributions or Death of Member While Purchasing Service Credit by an Irrevocable Payroll Deduction Authorization
- R2-8-521. Adjustment of Errors

## INFORMATION THAT IS IDENTICAL FOR ALL THE RULES

The following information is the same for all of the rules and is not restated in the analysis of each rule:

1. **Authorization of the rule by existing statute**  
All of the rules have general authority in A.R.S. §§ 38-704, 38-714(E)(4), and 38-715(C).  
Any specific authority is stated in the applicable rule.
7. **Analysis of any written criticisms the agency received on the rule**  
No written criticisms were received.
8. **Estimated economic, small business, and consumer impact statement comparison**  
Analysis of the economic impact statement for the rules is included as Exhibit 1.
9. **Analysis of any analyses the agency received regarding the rule's impact on this state's business competitiveness as compared to the competitiveness of businesses in other states**  
No analyses were received.
12. **Determination that the rule is not more stringent than a corresponding federal law**  
With the exceptions of R2-8-510 and R2-8-512, there is no corresponding federal law for the rules.
13. **Whether the rule complies with A.R.S. § 41-1037**  
The ASRS does not issue permits or licenses.
14. **Proposed course of action**  
Amend the rules by December 2016 to address the issues identified in this report. The ASRS has obtained approval from the Governor's Office to amend its definitions and the beneficiary designation provisions contained in R2-8-115(I). The Notice of Proposed Rulemaking for those amendments was published by the Secretary of State on July 3, 2015. The ASRS anticipates requesting approval from the Governor's Office as necessary within the next year and half to address the remaining issues discussed in this report.

## **INFORMATION THAT IS IDENTICAL WITHIN GROUPS OF RULES**

### **3. Analysis of effectiveness in achieving the objective**

The following rules are effective in achieving their objectives:

R2-8-118, R2-8-120, R2-8-122, R2-8-123, R2-8-126, R2-8-401, R2-8-402, R2-8-404, R2-8-405, R2-8-502 through R2-8-511, R2-8-513.01, R2-8-513.02, and R2-8-519 through R2-8-521.

### **4. Analysis of consistency with state and federal statutes and rules**

The following rules are consistent with state and federal statutes and rules:

R2-8-115, R2-8-118, R2-8-120, R2-8-122, R2-8-123, R2-8-126, R2-8-401 through R2-8-405, R2-8-502, R2-8-504 through R2-8-508, R2-8-513.01, and R2-8-514 through R2-8-521.

### **5. Status of enforcement of the rule**

The following rules are enforced as written:

R2-8-115, R2-8-118, R2-8-120, R2-8-122, R2-8-123, R2-8-126, R2-8-401 through R2-8-405, R2-8-501 through R2-8-509, R2-8-513 through R2-8-513.02, R2-8-520, and R2-8-521.

### **6. Analysis of clarity, conciseness, and understandability**

The following rules are clear, concise, and understandable:

R2-8-402, R2-8-404, R2-8-504 through R2-8-506, R2-8-513.01, R2-8-514 through R2-8-516, R2-8-520, and R2-8-521.

### **10. Whether the agency completed the course of action proposed in the previous Five-year-review Report**

This analysis is not applicable to the following rules because the agency did not propose a course of action in the previous five-year-review report:

R2-8-120, R2-8-123, R2-8-126, R2-8-401 through R2-8-405, R2-8-504 through R2-8-507, R2-8-513.01, R2-8-520, and R2-8-521.

The agency did not complete the proposed course of action for the following rules due to the rulemaking moratorium and staff resources prioritized to other projects:

R2-8-115, R2-8-122, R2-8-502, R2-8-503, R2-8-510 through R2-8-513, R2-8-513.02 through R2-8-516, and R2-8-519.

**11. Determination that the probable benefits of the rule outweigh the probable costs and the rule imposes the least burden and costs**

The following rules impose the least burden and costs on the public:

R2-8-402, R2-8-404, R2-8-504 through R2-8-506, R2-8-513.01, R2-8-520, and R2-8-521.

The following rules will impose the least burden and costs on the public when the issues identified in this report are addressed:

R2-8-104, R2-8-115, R2-8-118, R2-8-120, R2-8-122, R2-8-123, R2-8-126, R2-8-401, R2-8-403, R2-8-405, R2-8-501 through R2-8-503, R2-8-507 through R2-8-513, and R2-8-513.02 through R2-8-519.

## **ARTICLE 1. RETIREMENT SYSTEM; DEFINED BENEFIT PLAN**

### **R2-8-104. Definitions**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-711, 38-747(R), 38-762(G), 38-769(O), 38-770(D), 38-771(J), and 38-924

**2. Objective**

The objective of the rule is to provide notice to the public of how the ASRS is using certain terms throughout its rules.

**3. Analysis of effectiveness in achieving the objective**

The rule is not effective because many of the terms used in this section are outdated and not actually used in the ASRS rules.

**4. Analysis of consistency with state and federal statutes and rules**

The rule is not consistent with state rules and statutes. The definition of ‘wages’ contains a citation to A.R.S. § 38-701(8), which no longer exists, and the term “proprietary functions” is not used in any ASRS rules.

**5. Status of enforcement of the rule**

The rule is enforced as written with the exception of unnecessary and unused terms.

**6. Analysis of clarity, conciseness, and understandability**

The rule is not clear, concise, or understandable because it contains outdated and unnecessary terms, and thereby does not fulfill its objective.

**10. Whether the agency completed the course of action proposed in the previous Five-year-review Report**

No. The agency did not complete the proposed course of action due to the rulemaking moratorium and staff resources prioritized to other projects. The ASRS filed a Notice of Docket Opening with the Arizona Secretary of State that was published at 21 A.A.R. 726. That rulemaking will resolve the issues identified in the previous course of action.

### **R2-8-115. Return of Contributions Upon Termination of Membership by Separation From Service by Other than Retirement or Death; Payment of Survivor Benefits Upon the Death of a Member**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-740, 38-762, and 38-773

**2. Objective**

The objective of the rule is to provide notice to the public of the procedures for:

- a. Distribution of a member’s contributions to ASRS when:
  - i. The member terminates employment and seeks a refund of contributions;
  - ii. A domestic relations order has been filed; and
  - iii. The member dies;
- b. The documentation ASRS will accept for proof of death of a member;
- c. The method of calculating interest on refunds; and
- d. When eligibility for payment of a refund is limited.

**3. Analysis of effectiveness in achieving the objective**

The rule is mostly effective in achieving the objectives. It could be more effective by clarifying that a beneficiary designation will only be considered “on file” with the ASRS if it is a completed document that is received prior to the date of the member’s death.

The rule also needs to be amended to reflect that beneficiary information may be updated using the ASRS secure website.

**6. Analysis of clarity, conciseness, and understandability**

The rule is mostly clear, concise, and understandable. It could be made more clear, concise, and understandable by removing superfluous definitions such as “ASRS” and “member” that are unnecessary because they are contained in other rules or statutes and do not need to be repeated in this rule.

**R2-8-118. Application of Interest Rates**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-740 and 38-762

**2. Objective**

The objective of the rule is to:

- a. Inform the public of the historic and current interest rates for valuation purposes and to be paid to member accounts; and
- b. Specify when the interest is accrued on the amounts in a member’s account.

**6. Analysis of clarity, conciseness, and understandability**

The rule is mostly clear, concise, and understandable. It could be made more clear, concise, and understandable by removing superfluous definitions such as “ASRS” and “member” that are unnecessary because they are contained in other rules or statutes and do not need to be repeated in this rule. Also, the rule could be clearer by changing the term “yield rate” to “return rate” in order to be consistent with other rules that refer to interest return rates.

**10. Whether the agency completed the course of action proposed in the previous Five-year-review Report**

The agency did not complete the proposed course because the previous course of action is no longer necessary because the rule merely lists how the ASRS applies interest.

**R2-8-120. Designating a Beneficiary; Spousal Consent to Designation**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-755, 38-760, and 38-776

**2. Objective**

The objective of the rule is to provide notice to members of how to designate a spouse as a beneficiary in compliance with statute.

**6. Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. It could be made more clear, concise, and understandable by removing superfluous definitions such as “beneficiary,” which is a dictionary definition, and “contingent annuitant,” which is contained statute.

**R2-8-122. Remittance of Contributions**

**1. Authorization of the rule by existing statute**

A.R.S. § 38-735

**2. Objective**

The objective of the rule is to provide notice to members and employers of when contributions are due and the interest rate for delinquent contributions.

**6. Analysis of clarity, conciseness, and understandability**

The rule is clear and understandable. However, the rule could be more concise. It uses unnecessary language such as “without limitation” and “Arizona State Retirement System” (instead of “ASRS”).

**R2-8-123. Actuarial Assumptions and Actuarial Value of Assets**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-711(2), 38-714(C), (F), and (G)(3), and 38-718(D)(1)

**2. Objective**

The objective of the rule is to provide notice to the public of the actuarial valuation method and actuarial assumptions the ASRS uses.

**6. Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. It could be made more clear, concise, and understandable by removing superfluous definitions such as “board,” which is contained in statute, and “investment return rate” and “actuarial assumption,” which are used in other rules, and should be defined once, in the definitions section.

**R2-8-126. Calculating Benefits**

**1. Authorization of the rule by existing statute**

A.R.S. § 38-764(F)

**2. Objective**

The objective of the rule is to provide notice to the public of how the ASRS calculates various types of benefits.

**6. Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. It could be made more clear, concise, and understandable by removing superfluous definitions such as “contingent annuitant,” “life annuity,” “member,” and “plan” which are contained in statute. Also, the rule could be clearer if subsections (B), (C), and (D) were amended to reflect for which annuity options each age group is eligible.

**ARTICLE 4. PRACTICE AND PROCEDURE BEFORE THE BOARD**

**R2-8-401. Definitions**

1. **Authorization of the rule by existing statute**

A.R.S. §§ 41-1092 et seq.

2. **Objective**

The objective of the rule is to provide notice to members of the public of how the ASRS is using certain terms throughout its rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. It could be made more clear, concise, and understandable by removing superfluous definitions such as “Board,” “Director,” and “party” which are contained in statute.

**R2-8-402. General Procedures**

1. **Authorization of the rule by existing statute**

A.R.S. §§ 41-1092 et seq.

2. **Objective**

The objective of the rule is to provide notice to members of the public of how the ASRS shall calculate time periods.

**R2-8-403. Request for a Hearing of an Appealable Agency Action**

1. **Authorization of the rule by existing statute**

A.R.S. §§ 41-1092 et seq.

2. **Objective**

The objective of the rule is to provide notice to members of the public of how to initiate an appeal with the ASRS.

3. **Analysis of effectiveness in achieving the objective**

The rule is mostly effective in achieving the objective. The rule could be more effective if it distinguished between an appeal related to a long-term disability determination and an appeal related to a member benefits determination.

6. **Analysis of clarity, conciseness, and understandability**

The rule is mostly clear, concise, and understandable. The rule would be clearer if it reflected that an appeal will be processed by an assistant director, or the 3<sup>rd</sup> party vendor for Long Term Disability appeals, and if the determination is unsatisfactory to the

appealing party, then the party may appeal to the Director or the Director's designee. Additionally, the rule needs to state a time limit to appeal to the Director or the Director's designee after receipt of an assistant director's determination.

**R2-8-404. Board Decisions on Hearings Before the Office of Administrative Hearings**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 41-1092 et seq.

**2. Objective**

The objective of the rule is to provide notice to members of the public of how the Board will review a recommended decision from the Office of Administrative Hearings.

**R2-8-405. Rehearing; Review of a Final Decision**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 41-1092 et seq.

**2. Objective**

The objective of the rule is to provide notice to members of the public of how to initiate a rehearing.

**6. Analysis of clarity, conciseness, and understandability**

The rule is mostly clear, concise, and understandable. It could be made more clear, concise, and understandable by distinguishing between a motion for reconsideration of the Board's decision on a recommended decision from the Office of Administrative Hearings (OAH) and a motion for rehearing at OAH.

**ARTICLE 5. PURCHASING SERVICE CREDIT**

**R2-8-501. Definitions**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-742, 38-743, 38-744, 38-745, 38-747

**2. Objective**

The objective of the rule is to provide notice to members of the public of how the ASRS is using certain terms throughout its rules.

**3. Analysis of effectiveness in achieving the objective**

The rule is not effective because many of the terms used in this section are outdated and not actually used in the ASRS rules.

**4. Analysis of consistency with state and federal statutes and rules**

The term “presidential call-up” has been changed to “military call-up” in statute and the rule needs to be amended to reflect this statutory change.

**6. Analysis of clarity, conciseness, and understandability**

The rule is mostly clear, concise, and understandable with the exceptions of the issues identified in items 3 and 4 above. The rule could also be clearer by removing superfluous definitions that are contained in statute such as “active member,” “ASRS,” and “current annual compensation.”

**10. Whether the agency completed the course of action proposed in the previous Five-year-review Report**

Yes. The agency amended the rule by final rulemaking effective June 1, 2013 by removing the reference to R2-8-123 in the definition of “actuarial present value.” The agency did not complete the other proposed courses of action due to staff resources prioritized to other projects.

**R2-8-502. Request to Purchase Service Credit and Notification of Cost**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-742, 38-743, 38-744, 38-745, 38-747

**2. Objective**

The objective of the rule is to provide notice to members of the public of how to request to purchase service credit with the ASRS.

**6. Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. The rule could be clearer by reflecting that members on, or after July 1, 2010 must have five years of service with the ASRS in order to be eligible to purchase service credit.

**R2-8-503. Requirements Applicable to All Service Credit Purchases**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-742, 38-743, 38-744, 38-745, 38-747

**2. Objective**

The objective of the rule is to provide notice to members of the public of the requirements necessary for completing a service credit purchase with the ASRS.

**4. Analysis of consistency with state and federal statutes and rules**

The term “presidential call-up” has been changed to “military call-up” in statute and the rule needs to be amended to reflect this statutory change. The language in subsection (D)(2)(f) also needs to be amended to more accurately reference the specific requirements in R2-8-503(B) without being repetitive.

**6. Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable with the exception of the issue identified in item 4 above.

**R2-8-504. Service Credit Calculation for Purchasing Service Credit**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-742, 38-743, 38-744, 38-745, 38-747

**2. Objective**

The objective of the rule is to provide notice to members of the public of how the ASRS calculates the amount of service credits purchased.

**R2-8-505. Restrictions on Purchasing Overlapping Service Credit; Transfers**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-730, 38-921, 38-922, 38-923, 38-924

**2. Objective**

The objective of the rule is to provide notice to members of the public of the restrictions on purchasing service credits.

**R2-8-506. Cost Calculation for Purchasing Service Credit**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-743, 38-744, 38-745

**2. Objective**

The objective of the rule is to provide notice to members of the public of how the ASRS calculates the cost for purchasing service credit for leave of absence, military service, and other public service.

**R2-8-507. Required Documentation and Calculations for Forfeited Service Credit**

**1. Authorization of the rule by existing statute**

A.R.S. § 38-742

**2. Objective**

The objective of the rule is to provide notice to members of the public of what documentation is required to purchase forfeited service credits with the ASRS and how the ASRS calculates the cost for purchasing forfeited service credits.

**6. Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. The rule could be made clearer and more concise by removing subsections (A)(2) and (A)(3) because that information is not required for everyone.

**R2-8-508. Required Documentation and Calculations for Leave of Absence Service Credit**

**1. Authorization of the rule by existing statute**

A.R.S. § 38-744

**2. Objective**

The objective of the rule is to provide notice to members of the public of what documentation is required to purchase leave of absence service credits with the ASRS.

**6. Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. It could be more concise by removing reference to cost calculations, which is unnecessary because it is addressed in R2-8-506. It could also be more concise by removing the reference to “guidelines” because that information is not required.

**10. Whether the agency completed the course of action proposed in the previous Five-year-review Report**

The agency did not complete the proposed course because the previous course of action is no longer necessary because the agency does not need to define the term “guidelines,” but rather needs to remove the term.

**R2-8-509. Required Documentation and Calculations for Military Service Credit**

**1. Authorization of the rule by existing statute**

A.R.S. § 38-745

**2. Objective**

The objective of the rule is to provide notice to members of the public of what documentation is required to purchase military service credits with the ASRS.

**4. Analysis of consistency with state and federal statutes and rules**

The term “presidential call-up” has been changed to “military call-up” in statute and the rule needs to be amended to reflect this statutory change. The rule also needs to be amended to account for whether the member is eligible for a military retirement benefit pursuant to A.R.S. § 38-745(A)(4).

**6. Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. The rule could be clearer by addressing the issue identified in item 4 above. It could be more concise by removing reference to cost calculations, which is unnecessary because it is addressed in R2-8-506. Also, the rule could be more concise by amending subsection (A)(3)(e) to remove the requirement that military history be documented by fiscal year.

**10. Whether the agency completed the course of action proposed in the previous Five-year-review Report**

The agency did not complete the proposed course of action because the affidavit for a service purchase must still be notarized to ensure the member has read the “statements of understanding.”

**R2-8-510. Required Documentation and Calculations for Presidential Call-up Service Credit**

**1. Authorization of the rule by existing statute**

A.R.S. § 38-745

2. **Objective**

The objective of the rule is to provide notice to members of the public of what documentation is required to purchase presidential call-up service credits with the ASRS and how the ASRS calculates the cost for purchasing military call-up service credits.

4. **Analysis of consistency with state and federal statutes and rules**

The term “presidential call-up” has been changed to “military call-up” in statute and the rule needs to be amended to reflect this statutory change.

5. **Status of enforcement of the rule**

The rule is mostly enforced as written. The ASRS does not require employers to submit a request to purchase military call-up service credits within 30 days of the active duty termination date. The member may take up to 90 days to return to employment and it is the member’s responsibility to provide the employer with evidence supporting the military call-up service. The member may receive service credits for the time it takes, up to 90 days, to return to work after being called-up to military service.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. The rule could be clearer by addressing the issue identified in items 4 and 5 above.

12. **Determination that the rule is not more stringent than a corresponding federal law**

38 U.S.C. § 4312 corresponds to this rule, but this rule is not more stringent than federal law.

**R2-8-511. Required Documentation and Calculations for Other Public Service Credit**

1. **Authorization of the rule by existing statute**

A.R.S. § 38-743

2. **Objective**

The objective of the rule is to provide notice to members of the public of what documentation is required to purchase other public service credits with the ASRS.

4. **Analysis of consistency with state and federal statutes and rules**

The rule needs to be amended to reflect that ASRS requires different documentation if a member is purchasing service with an ASRS employer, in order to determine whether the service meets the requirements under A.R.S. § 38-738 for adjustment and refund.

5. **Status of enforcement of the rule**

The rule is enforced as written with the exception of the issue identified in item 4.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. The rule could be clearer by addressing the issue identified in item 4 above. It could be more concise by removing reference to cost calculations, which is unnecessary because it is addressed in R2-8-506.

**R2-8-512. Purchasing Service Credit by Check, Cashier's Check, or Money Order**

1. **Authorization of the rule by existing statute**

A.R.S. § 38-747

2. **Objective**

The objective of the rule is to provide notice to members of the public of how to make a payment for a service credit purchase.

4. **Analysis of consistency with state and federal statutes and rules**

The rule needs to be amended to reflect that only pre-tax dollars may be used for purchases of commonwealth, insular area, territory, and overseas possession service.

5. **Status of enforcement of the rule**

The rule is enforced as written with the exception of the issue identified in item 4.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. The rule could be clearer by addressing the issue identified in item 4 above.

12. **Determination that the rule is not more stringent than a corresponding federal law**

26 U.S.C. § 415 corresponds to this rule, but this rule is not more stringent than federal law.

**R2-8-513. Purchasing Service Credit by Irrevocable Payroll Deduction Authorization**

1. **Authorization of the rule by existing statute**

A.R.S. § 38-747

2. **Objective**

The objective of the rule is to provide notice to members of the public of how to purchase service credits with the ASRS using an irrevocable payroll deduction authorization.

3. **Analysis of effectiveness in achieving the objective**  
The rule is effective in achieving the objective. The rule could be more effective by reflecting a longer time period to submit a rollover to pay off a PDA if termination pay is also used because members are running out of time with the current time limit.
4. **Analysis of consistency with state and federal statutes and rules**  
The term “presidential call-up” has been changed to “military call-up” in statute and the rule needs to be amended to reflect this statutory change.
6. **Analysis of clarity, conciseness, and understandability**  
The rule is clear, concise, and understandable with the exception of the issues identified in this report.

#### **R2-8-513.01 Irrevocable Payroll Deduction Authorization and Transfer of Employment to a Different ASRS Employer**

1. **Authorization of the rule by existing statute**  
A.R.S. § 38-747
2. **Objective**  
The objective of the rule is to provide notice to members of the public of how the ASRS will handle an irrevocable payroll deduction authorization upon transfer or termination of ASRS employment.

#### **R2-8-513.02 Termination Date**

1. **Authorization of the rule by existing statute**  
A.R.S. § 38-747
2. **Objective**  
The objective of the rule is to provide notice to members of the public of when the ASRS considers a member terminated from ASRS employment.
4. **Analysis of consistency with state and federal statutes and rules**  
The term “presidential call-up” has been changed to “military call-up” in statute and the rule needs to be amended to reflect this statutory change.
6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable with the exception of the issue identified in item 4 above.

**R2-8-514. Purchasing Service Credit by Direct Rollover**

**1. Authorization of the rule by existing statute**

A.R.S. § 38-747

**2. Objective**

The objective of the rule is to provide notice to members of the public of how to purchase service credits with the ASRS using a direct rollover.

**3. Analysis of effectiveness in achieving the objective**

The rule is effective in achieving the objective. The rule could be more effective by reflecting a longer time period to submit a rollover to payoff a Payroll Deduction Authorization if termination pay is also used because members are running out of time with the current time limit.

**5. Status of enforcement of the rule**

The rule is mostly enforced as written. The ASRS does not require an extension request under subsection (H) to be written. The ASRS does not require the authorized representative's address as indicated in subsection (E)(10), but the ASRS requires the Plan's address instead.

**R2-8-515. Purchasing Service Credit by Trustee-to-Trustee Transfer**

**1. Authorization of the rule by existing statute**

A.R.S. § 38-747

**2. Objective**

The objective of the rule is to provide notice to members of the public of how to purchase service credits by using a trustee-to-trustee transfer.

**3. Analysis of effectiveness in achieving the objective**

The rule is effective in achieving the objective. The rule could be more effective by reflecting a longer time period to submit a rollover to payoff a PDA if termination pay is also used because members are running out of time with the current time limit.

**5. Status of enforcement of the rule**

The rule is mostly enforced as written. The ASRS does not require an extension request under subsection (G) to be written.

**R2-8-516. Purchasing Service Credit by Indirect IRA Rollover**

**1. Authorization of the rule by existing statute**

A.R.S. § 38-747

**2. Objective**

The objective of the rule is to provide notice to members of the public of how to purchase service credits by using an indirect individual retirement account rollover.

**3. Analysis of effectiveness in achieving the objective**

The rule is effective in achieving the objective. The rule could be more effective by reflecting a longer time period to submit a rollover to pay off a PDA if termination pay is also used because members are running out of time with the current time limit.

**5. Status of enforcement of the rule**

The rule is mostly enforced as written. The ASRS does not require an extension request under subsection (G) to be written.

**R2-8-517. Purchasing Service Credit by Distributed Rollover Contribution**

**1. Authorization of the rule by existing statute**

A.R.S. § 38-747

**2. Objective**

The objective of the rule is to provide notice to members of the public of how to purchase service credits by using a distributed rollover contribution.

**3. Analysis of effectiveness in achieving the objective**

The rule is effective in achieving the objective. The rule could be more effective by reflecting a longer time period to submit a rollover to pay off a PDA if termination pay is also used because members are running out of time with the current time limit.

**5. Status of enforcement of the rule**

The rule is mostly enforced as written. The ASRS uses the “Direct Rollover Transfer Certification” and the “Rollover Contribution from Eligible Plan” forms.

**6. Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. It could be made more clear, concise, and understandable by addressing the issue identified in item 3 above.

**10. Whether the agency completed the course of action proposed in the previous Five-year-review Report**

The agency did not complete the proposed course of action due to staff resources prioritized to other projects. The ASRS has not combined the two forms referenced in this rule, so the previous course of action related to these forms is not necessary.

**R2-8-519. Purchasing Service Credit by Termination Pay Distribution**

**1. Authorization of the rule by existing statute**

A.R.S. § 38-747

**2. Objective**

The objective of the rule is to provide notice to members of the public of how to purchase service credits by using a termination pay distribution.

**5. Status of enforcement of the rule**

The rule is enforced as written with the exception that ASRS requires the member to contact our offices for a Termination Pay Authorization form because the form is not sent automatically.

**6. Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable. It could be made clearer by addressing the issue identified in item 5 and by amending the rule to reflect that a member must be actively contributing in order to request a recalculation of the service purchase cost if the member missed the six month deadline to terminate.

**R2-8-520. Separation from Employment or Death of Member While Purchasing Service Credit by an Irrevocable Payroll Deduction Authorization**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-740, 38-747, 38-762

**2. Objective**

The objective of the rule is to provide notice to members of the public of how to request a return of contributions upon termination of ASRS employment or member's death while in the process of purchasing service credits with the ASRS.

**R2-8-521. Adjustment of Errors**

**1. Authorization of the rule by existing statute**

A.R.S. §§ 38-742, 38-743, 38-744, 38-745, 38-747

**2. Objective**

The objective of the rule is to provide notice to members of the public of how the ASRS will handle an error it discovers in its records.