



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

SUMMARY OF A PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM EXTERNAL AFFAIRS COMMITTEE

HELD ON
October 6, 2014
10:30 a.m., Arizona Time

The External Affairs Committee (EAC) of the Arizona State Retirement System (ASRS) met in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, AZ, 85012. Mr. Brian McNeil, Chair, called the meeting to order at 10:32 a.m., Arizona Time.

This meeting was teleconferenced to the ASRS Tucson office at 7660 East Broadway Boulevard, Suite 108, Tucson, Arizona, 85710.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Brian McNeil, Chair
Mr. Tom Manos – Via Teleconference
Mr. Kevin McCarthy – Via Teleconference

Absent: Dr. Richard Jacob, Vice Chair

A quorum was present for the purpose of conducting business.

2. Approval of Minutes of the April 11, 2014 EAC Meeting

Motion: Mr. Tom Manos moved to approve the minutes of the April 11, 2014 EAC meeting. Mr. Kevin McCarthy seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstained, and 1 excused, the minutes were approved.

3. Presentation Regarding Introduction of A New External Affairs Staff Member

Mr. Patrick Klein introduced Ms. Jessica Ross as the new Rules Writer for the Arizona State Retirement System and gave a brief summary of her professional accomplishments.

4. Presentation, Discussion and Appropriate Action Regarding Legislative Initiatives and Legislative Update

Mr. Patrick M. Klein explained the process of obtaining legislative initiatives and introduced Mr. Nick Ponder, Government Relations Officer. Mr. Ponder gave a brief introduction to the topic regarding the legislative agenda for 2015 and presented the following legislative proposals:

- **38-783. Retired members; dependents; health insurance; premium payment; separate account; definitions:** Add federal conforming language required by the IRS regarding our 401(h) account and the health benefit supplement.
- **38-797.07. LTD program benefits; limitations; definitions:** Remove the word “total” from long term disability statutes when written prior to the term “disability.” The statutory definition only refers to the inability of a member to do his or her own occupation initially, then any occupation subsequently.
- **15-1451. Optional retirement plans:** Add language to the statute that restricts the ASRS to only transfer the account balance for active, inactive and disable members (excluding retired members). If a member is on LTD and joins the ORP of a community college district, under the proposed language, the member will be dropped from the LTD program.

Currently, the statute suggests, if an ASRS member becomes an employee of a community college district and elects to join the district’s Optional Retirement Plan (ORP); then the ASRS must transfer all contributions from the ASRS account to the ORP.

- **38-703. Plans for coverage of employees of eligible political subdivisions; payroll audits** and **38-755. Information as to member's status; beneficiary designation; spousal consent; confidentiality:** Remove the terms “provided in rules” and “subject to rules prescribed by the board” in both of these statutes.
- **38-737. Employer contributions:** The ASRS is requesting the ability, but not requirement, to change its actuarial valuation method. Reasons to execute this change would include: to obtain consistency with GASB 67; to obtain great consistency with other states; the ability to maintain the aforementioned consistencies if appropriate.
- **38-797.10. Assurances and liabilities:** Exempt the ASRS from “bad faith” claims as they relate to the LTD program. ERISA plans are protected from bad faith claims and because the ASRS uses ERISA as guidance, in many circumstances this would offer similar protection.
- **38-738. Adjustment and refund:** Currently, employers are allowed to take a credit

