

ECONOMIC, SMALL BUSINESS, AND CONSUMER IMPACT STATEMENT¹

TITLE 2. ADMINISTRATION

CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

1. Identification of the rulemaking:

Definitions for terms that apply to all the articles in 2 A.A.C. 8 will be removed from rules throughout the articles and added to R2-8-104. R2-8-104 also contains terminology that is outdated and needs to be removed. This rulemaking reorganizes and clarifies the terms and definitions used throughout 2 A.A.C. 8. In a 2010 five-year-review report approved by the Council, the ASRS identified that R2-8-104 is not clear, concise, or understandable because it appears to address when certain categories of people (e.g. agricultural labor, student services, and elective positions) are excluded from participating in ASRS. This is not the typical function of a definitions section and the rule needs to be amended to conform to current rulemaking formatting. Similarly, the remaining sections containing definitions throughout 2 A.A.C. 8 need to be amended in order to improve clarity and consistency with other rules.

R2-8-115 provides for the return of contributions to an ASRS member who leaves ASRS employment other than by retirement or death. The rule also provides for the distribution of a deceased member's benefits upon the death of the member. The ASRS will amend R2-8-115 to reflect that the ASRS will distribute a deceased member's benefits pursuant to the most recent, acceptable documentation on file with the ASRS prior to the member's death.

- a. The conduct and its frequency of occurrence that the rule is designed to change:
Members' survivors will no longer be able to submit documents to the ASRS on behalf of the member on or after the date of the member's death. However, there is minimal economic impact on members and survivors. Amendments to the definitions section simply clarify and make public the terms and definitions used by the ASRS. Amendments to the rules will not substantively affect the definitions of terms or the interests of people subject to these rules.

Likewise, R2-8-115 will have minimal economic impact, if any, because the majority of members currently follow this process. There may be some minimal cost to a few

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)).

members who, in the past, have not used acceptable documentation to designate beneficiaries, and now must do so, either physically or electronically. There may also be some minimal cost to members' survivors, who, in the past, could submit a beneficiary designation that was embedded within an incomplete document after the member's death, so long as the designation was complete and dated before the member's death.

- 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:

ASRS spends limited resources determining whether a beneficiary designation embedded within an incomplete document is a valid designation. Moreover, the ASRS expends resources to rectify any issues resulting from distributing funds pursuant to an invalid beneficiary designation. Without this rulemaking, survivors would still be allowed to submit a beneficiary designation that was embedded within an incomplete document after the member's death, so long as the designation was complete and dated before the member's death.

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

With these amendments, survivors cannot submit any kind of beneficiary designation after the member's death.

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

Other than the minimal cost to the ASRS to prepare the rule package, there is little to no economic, small business, or consumer impact. The rules will have minimal economic impact, if any, because they simply clarify and make public the terms and definitions used by the ASRS. Amendments to the rules will not substantively affect the definitions of terms or the interests of people subject to these rules.

R2-8-115 will have minimal economic impact, if any, because the majority of members currently follow this process. There may be some minimal cost to a few members who, in the past, have not used acceptable documentation to designate beneficiaries, and now must do so, either physically or electronically. There may also be some minimal cost to members'

survivors, who, in the past, could submit a beneficiary designation that was embedded within an incomplete document after the member's death, so long as the designation was complete and dated before the member's death. With these amendments, survivors cannot submit any kind of beneficiary designation after the member's death.

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:

All members of the ASRS and their survivors will be directly affected by, bear the costs of, and directly benefit from this rulemaking. The ASRS currently has a total membership of approximately 548,987. All members will be required to submit a completed ASRS form prior to their death in order to designate a beneficiary. However, costs will be minimal because the forms are available electronically and members may update beneficiary designations through their ASRS secure portal at any time prior to their death. Both members and survivors will benefit from this rulemaking in that both will be assured that the correct individual(s) is receiving the survivor benefit from the ASRS.

ASRS will also be directly affected by, bear the costs of, and directly benefit from the rulemaking. ASRS incurred the cost of the rulemaking. It will benefit from having rules that answer many of the questions regarding application of the spousal-consent statute in different circumstances.

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:

ASRS is the only state agency directly affected by the rulemaking. The ASRS has determined that no new full-time employees will be required to implement and enforce the rule.

- b. Costs and benefits to political subdivisions directly affected by the rulemaking:
No political subdivisions are directly affected by the rulemaking.
 - 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 members and their survivors 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 considered allowing members to submit a beneficiary designation in written form other than on an ASRS form request. However, allowing members to designate a beneficiary in such a manner would result in a bigger cost to the ASRS, as well as the members and their survivors, in that the written request may not contain all the information necessary to designate a beneficiary. Missing information would render such a designation incomplete, resulting in the same costs discussed above. By requiring a member to submit a completed ASRS form request prior to their death in order to designate a beneficiary, the ASRS can better ensure that such a request will contain the information necessary to designate a beneficiary.