

**FIVE-YEAR-REVIEW REPORT**

**TITLE 2. ADMINISTRATION**

**CHAPTER 8. STATE RETIREMENT SYSTEM BOARD**

**ARTICLE 7. CONTRIBUTIONS NOT WITHHELD**

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## **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 elected to, and all new members, became part of the defined benefit plan. At the end of Fiscal Year 2014-2015 there were approximately 558,136 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 income plan, and health benefit supplement 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.

Enabling statutes for the Board are set forth in A.R.S. §§ Title 38, Chapter 5, Articles 1 and 2. The Board implements its statutes with rules located in A.A.C. Title 2, Chapter 8 as necessary

This report covers all eight rules in 2 A.A.C. 8, Article 7 and with the exception of R2-8-701, all the rules were made by final rulemaking effective December 5, 2006. R2-8-701 was last amended by final rulemaking effective December 5, 2015. The ASRS requested the Governor's Regulatory Review Council (GRRC) to expire R2-8-708 because it was redundant of the appeals process described in 2 A.A.C. 8, Article 4. GRRC expired R2-8-708 on October 4, 2016. The ASRS is completed the rulemaking process in order to amend R2-8-704 and R2-8-706 in October 2016.

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**CHAPTER 8. STATE RETIREMENT SYSTEM BOARD**

**ARTICLE 7. CONTRIBUTIONS NOT WITHHELD**

- R2-8-701. Definitions
- R2-8-702. General Information
- R2-8-703. ASRS Employer's Discovery of Error
- R2-8-704. Member's Discovery of Error
- R2-8-705. ASRS' Discovery of Error
- R2-8-706. Determination of Contributions Not Withheld
- R2-8-707. Submission of Payment
- R2-8-709. Nonpayment of Contributions

## 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:

3. **Analysis of effectiveness in achieving the objective**  
The rules are effective in achieving their objectives.
4. **Analysis of consistency with state and federal statutes and rules**  
The rules are consistent with state statutes and rules.
5. **Status of enforcement of the rule**  
The rules are enforced as written.
6. **Analysis of clarity, conciseness, and understandability**  
The rule is clear, concise, and understandable.
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.
10. **Whether the agency completed the course of action proposed in the previous Five-year-review Report**  
Yes. Consistent with issues identified in the previous Five-year-review Report, the ASRS completed a rulemaking for R2-8-704 and R2-8-706 in October 2016.
11. **Determination that the probable benefits of the rule outweigh the probable costs and the rule imposes the least burden and costs**  
The rules impose least burden and costs on the public.
12. **Determination that the rule is not more stringent than a corresponding federal law**  
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**

The ASRS does not plan to further amend the rules in Article 7 at this time.

## ARTICLE 7. CONTRIBUTIONS NOT WITHHELD

### R2-8-701. Definitions

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

A.R.S. §§ 38-711, 38-715, and 38-738

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.

### R2-8-702. General Information

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

A.R.S. §§ 38-738, 38-743

2. **Objective**

The objective of the rule is to provide notice to the public of requirements and/or limitations that apply to contributions not withheld.

### R2-8-703. ASRS Employer's Discovery of Error

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

A.R.S. § 38-738

2. **Objective**

The objective of the rule is to provide notice to the public of how the Employer must notify the ASRS of any Contributions Not Withheld error the Employer discovers.

### R2-8-704. Member's Discovery of Error

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

A.R.S. § 38-738

2. **Objective**

The objective of the rule is to provide notice to the public of the information that should be provided to the ASRS when a member discovers a Contributions Not Withheld error.

### R2-8-705. ASRS' Discovery of Error

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

A.R.S. § 38-738

**2. Objective**

The objective of the rule is to provide notice to the public of how the member and Employer will be notified when the ASRS discovers a Contributions Not Withheld error and identifies the information the ASRS will request.

**R2-8-706. Determination of Contributions Not Withheld**

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

A.R.S. §§ 38-736, 38-737, 38-738, 38-766.01

**2. Objective**

The objective of the rule is to provide notice to the public of how the ASRS will make a Contributions Not Withheld determination and how the Employer and member will be notified.

**R2-8-707. Submission of Payment**

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

A.R.S. §§ 38-738 and 38-747

**2. Objective**

The objective of the rule is to provide notice to the public of the deadlines and methods for the Employer and member to submit payment and the penalties if payment is not submitted timely.

**R2-8-709. Nonpayment of Contributions**

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

A.R.S. § 38-738

**2. Objective**

The objective of the rule is to provide notice to the public of when the member will be granted service credit for a Contributions Not Withheld correction and the steps the ASRS will take to obtain payment.