



The 51st Legislature-Second Regular Session adjourned on April 24, 2014. The effective date of legislation is July 24, 2014, unless otherwise noted.

Below is a summary of legislation passed that impacts the ASRS. Complete versions of bills can be found on the [Arizona State Legislature](http://www.azleg.gov) website.

House Bills

HB 2050 – Social Security Section 218 Requirements – Now Chapter 44, Laws 2014

This bill eliminates the requirement that members must be covered by an employer's Social Security 218 Agreement to be eligible for membership in the Arizona State Retirement System.

While the vast majority of ASRS members do participate in and contribute to the federal Social Security program, there are some individuals who are contributing to the ASRS and not to Social Security, due to the unique nature of their employment position. This bill eliminates the requirement that a member must be covered under a 218 Agreement and allows them to remain in the ASRS but with credited service commencing on July 24, 2014.

This bill does not allow those already contributing to Social Security to opt out.

This bill also allows for the sunset/closure of the A.R.S. § 38-955 defined contribution plan, established by HB 2562 in 2013. This is because all individuals who would have been eligible for the DC plan will now be required to contribute to the ASRS defined benefit plan and thus the DC plan is unnecessary. Members who were placed in the DC plan between 09/13/2013 and the effective date of 2014 legislation will now be required to contribute to the ASRS. Members currently contributing to or with a balance in the DC plan will have 180 days to withdraw or transfer their funds; if neither is done by January 20, 2015 their balance will be transferred to an individual retirement account (IRA) in their name.

HB 2039 – Charter Schools; Higher Education Sponsors – Now Chapter 42, Laws 2014

This bill allows a charter school that obtains its charter through a state university to be eligible for membership in the ASRS. Retroactive to July 1, 2011.

HB 2122 – ASRS; Election; EORP Defined Contribution – Now Chapter 131, Laws 2014

This bill mandates that any ASRS member who becomes an elected official must continue membership in the ASRS and cannot join the EORP defined contribution plan. Retroactive to Jan. 1, 2014.

Senate Bills

SB 1084 – Long Term Disability (LTD) Compensation Definition – Now Chapter 69, Laws 2014

This bill merely addresses a statutory conflict between the definition of compensation and its usage within the statutes. The new law conforms the definition to the ASRS's current practice to define monthly compensation for calculating LTD benefits by using six pay periods before the date of disability, dropping the two highest and lowest, and using the median of the two remaining amounts to determine LTD compensation amount.

SB 1082 – Employee Background Checks – Now Chapter 218, Laws 2014

This bill permits the ASRS to conduct credit and background checks on current and prospective employees. The ASRS must first establish an internal policy and procedure.

SB 1083 – Technical Changes – Now Chapter 180, Laws 2014

Periodically, the ASRS must go through the process of maintaining its tax qualified status per the Internal Revenue Service. This bill places language in state statutes codifying a current practice. The language in this statute refers to IRS Sec. 415 limitation on the amount one can receive in a defined benefit pension plan and provides statutory guidance on what variables the ASRS uses to identify the 415 limits for each member. The added language simply codifies current ASRS practice and ensures that the ASRS plan document (statutes) complies with IRS requirements.