

ASRS Contribution Rates and Vesting Information

The ASRS is a *defined benefit plan*. Defined benefit plans are similar to traditional pension plans. Employees who retire through the ASRS are guaranteed a monthly benefit for life.

Retirement benefits are calculated using a formula based on age and years of service and the highest 36 consecutive months of salary over the last 10 years of employment.

Contribution Rate

Effective July 1, 2010, the contribution rate is 9.60% of gross salary.

Pima County matches the employee's contributions.

Vesting

Employees are 100% vested in their contributions at all times.

Partial vesting in the County-matched funds begins after 5 years of service, with 100% vesting after 10 years of service.

Employees may withdraw or transfer available contributions upon separation from employment.

Qualifying for Retirement with ASRS

Regular Retirement

80 points (age plus years of credited service)

Age 62 with 10 years of credited service

Age 65 with any amount of credited service

Early Retirement

Age 50 with 5 years of credited service

Benefits Upon Retirement

Monthly pension benefit for life

Health and dental insurance

Credit toward monthly health and dental insurance premiums

The above information is a general overview of the ASRS plan. Detailed information can be obtained by contacting ASRS. Legislative updates can be reviewed.

Arizona State Retirement System

Employees are members of the Arizona State Retirement System (ASRS). ASRS is a state agency providing retirement benefits, long-term disability benefits and other benefits to employees of the state, counties, municipalities, universities and community colleges, school districts and other political entities.

Plans Available

In addition to the defined benefit retirement plan and long-term disability, ASRS administers a group health insurance program for retired and disabled members who do not participate in their former employer's group health insurance plan. Several dental plans, which include vision benefits and eyewear discounts, are also available.

Vested Benefits

Required employee contributions to ASRS are matched by Pima County. Members become vested after five years of service, entitling them to receive benefits at retirement age. Vested members who leave City employment may draw benefits at age 50. Retirement benefits are calculated by the following formula:

Retirement Benefits Calculation	
Total Credited Service	The period of your employment during which you are a member making contributions to the ASRS – plus any service purchased and credited to your account.
X	Multiplied by
Graded Multiplier	A percentage set by statute. It is based on your total years of service of retirement.
X	Multiplied by
Average Monthly Compensation	Determined by one or two calculation methods – the 36 month or 60 month calculation.

For further information including the graded multiplier and month calculation, please visit the [ASRS](#).

All employees, except commissioned fire personnel, contribute to Social Security.

Contact Information

[Arizona State Retirement System](#)

3300 North Central

PO Box 33910

Phoenix, AZ 85067

(602) 240-2000 (Phoenix Area)

(800) 621-3778 (Outside Phoenix Area)

(602) 264-6113 fax

<https://www.azasrs.gov/web/Home.do>

<https://www.azasrs.gov/web/Employers.do>

Plan Description

The ASRS is a cost-sharing, multi-employer, public employee, tax qualified, defined benefit plan (with the exception of the defined contribution portion). Cost-sharing means that both the employee and employer contribute to the member's retirement as an equal percentage of compensation paid. More than 700 public employers participate in the plan. Private employers are not eligible for membership.

The ASRS is tax qualified under section 401(a) of the Internal Revenue Code. It is an employer pick-up plan under section 414(h) of the Code. As such, employee contributions are tax deferred until the member receives a benefit or refund.

The ASRS provides retirement, disability, health insurance, health insurance premium supplement and survivor benefits. As a defined benefit plan, the ASRS computes retirement benefits based on age, average monthly compensation and service credit according to the following formula:

$$\text{MULTIPLIER*} \times \text{YEARS OF CREDITED SERVICE} \times \text{FINAL AVERAGE SALARY}$$

The formula shows that service and salary decide the member's benefit. The dollar amount contributed to the member's retirement account in the defined benefit plan does not affect the member's benefit as it does in a defined contribution program.

Total Years of Service at Retirement	Graded Multiplier Factor (as a Percent)	Graded Multiplier Factor (as a Decimal)
0.00 to 19.99 years	2.10%	0.0210
20.0 to 24.99 years	2.15%	0.0215
25.0 to 29.99 years	2.20%	0.0220
30.0 or more years	2.30%	0.0230

*The graded multiplier factor is a percentage set by statute. It is based on the total years of service at retirement.

Defined Benefit versus Defined Contribution retirement plans

Many questions about the ASRS arise because individuals misunderstand the distinctions between different types of retirement plans. As stated above, the ASRS is a defined benefit plan. The other main type of retirement program, a defined contribution plan, has very different rules and procedures. The following is a comparison of the principal characteristics of each type.

Defined Benefit (DB) Retirement Programs

Defined benefit (DB) retirement programs cover more than 90 percent of public employees in the United States. Most analysts believe that defined benefit plans provide greater security for career members. General characteristics of a defined benefit plan are as follows:

- The employer promises the amount of the ultimate benefit to be paid.
- The employer and the employee must contribute an amount sufficient to deliver that promise.
- The employer's ultimate cost is equal to the total benefits paid out minus plan earnings on investments and employee contributions.
- A formula decides the member's benefit. Typically, it is calculated by years of service times average salary times a multiplication factor.
- The member cannot make additional contributions to the retirement fund because the member's balance does not affect the retirement benefit.
- The employer assumes the investment risk. The greater the plan's investment earnings, the lower the employer (and the employee) contribution rate, the less the fund earns, the more the employer (and the employee) must contribute.
- The employer's obligation is not complete until the last benefit recipient dies. The State of Arizona is ultimately responsible for payment of ASRS benefits.
- Because a formula decides the benefit, the member can predict future benefit amounts by using certain assumptions.

Defined Contribution (DC) Programs

Defined contribution (DC) programs are much more prevalent in private industry. Under a DC plan, the employer may have some funding advantages over employers with DB plans. Also, members of a DC plan have greater control over their own retirement program. Provisions, as shown below, may not apply to the ASRS old System. General characteristics of a defined contribution plan are as follows:

- The employer's contribution is defined in the plan.
- The employee may contribute at any percentage of compensation up to Internal Revenue Code (IRC) limits.
- The employee may be authorized to take a loan from his individual account. (This option is not available to ASRS members.)
- The employee's benefit depends on the amount invested and investment performance.
- The employee assumes risk because the employee's benefit is dependent upon the size of his or her account and the earnings from investments credited to the account. If investment return has not been favorable, the member may not receive an adequate benefit.
- The employee's benefit is not easily predictable before retirement.
- The employer's obligation is completed when contributions are made.

[http://www.maricopa.gov/schools/Pdf/userSupport/ASRS_Employer_Manual.pdf (Revised 7/6/2005)]

ARIZONA STATE RETIREMENT SYSTEM (ASRS)

ELIGIBILITY AND PARTICIPATION

As a Pima County employee, you must participate in a retirement program if you work at least 20 weeks in a fiscal year and 20 or more hours per week (Arizona Revised Statutes, Section 38-711.22 (b)).

Exception **may** include: Postdoctoral scholars, full-time students and graduate student workers, certain F1 and J1 Visa holders, police officers and ASRS retirees.

- ASRS is a defined benefit plan qualified under Internal Revenue Code 401(a).
- Participation begins on your first day of eligible employment.
- Once you meet ASRS membership eligibility criteria in a fiscal year, you remain a member and contributions continue until the end of the fiscal year.
- Employees contribute a percentage of eligible compensation for the pension/health insurance benefit (a pre-tax payroll deduction) and an additional percentage of eligible compensation for long-term disability insurance (a post-tax payroll deduction). The County matches both contributions. Refer to chart below for contribution percentage rates.
- Long-term disability insurance benefits are provided through ASRS who has contracted with Sedgwick Claim Management Services, Inc. for administration of this Plan.
- Employees are immediately and fully vested in their accrued benefit.

NOTE: Although participation in the retirement program begins on your first day of eligible employment, you **MUST** complete the [ASRS Enrollment Form](#) and [ASRS Beneficiary Form](#) **within 30 days** and submit

it to the HR Employee Service Center. * If you are eligible to choose the ORP, but elect ASRS instead, you also must complete the [Election of Retirement Option Form](#).

ARIZONA STATE RETIREMENT SYSTEM CONTRIBUTION RATES				
Fiscal Year End	Retirement 401(a)	Health Insurance Subsidy 401(h)	Long-term Disability Insurance	TOTAL
2011	9.01%	.59%	.25%	9.85%
2010	8.34%	0.66%	0.40%	9.40%
2009	7.99%	0.96%	0.50%	9.45%
2008	8.05%	1.05%	0.50%	9.60%
2007	7.55%	1.05%	0.50%	9.10%
2006	5.77%	1.13%	0.50%	7.40%

RETIREMENT

- Normal retirement is 80 points (your age + years of service with ASRS), age 62 with 10 years of service or age 65.
- Early retirement is when the member is at least 50 with a minimum of 5 years of ASRS credited service on the effective date of retirement.
- ASRS retirement benefits **may** include: pension benefit, retiree health insurance subsidy.
- The pension benefit is calculated based on total years of ASRS credited service, average monthly compensation and a graded multiplier, a percentage set by Arizona State statute.

Arizona Administrative Code

TITLE 2. ADMINISTRATION

CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

Supp. 07-4

Authority: A.R.S. § 38-701 et seq.

ARTICLE 1. RETIREMENT SYSTEM; DEFINED BENEFIT PLAN

Section

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

R2-8-116. Reemployment after retirement

R2-8-118. Application of Interest Rates

R2-8-119. Retirement benefit payments

R2-8-122. Remittance of contributions

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

Table 1. Graduated Tabular Rates of Disability - Active Male Members

Table 2. Graduated Tabular Rates of Disability - Active Female Members

Table 3A. Non-disabled Member Mortality Rates, Based on the 1994 Group Annuity Mortality Static Table - Male and the 1994 Group Annuity Mortality Static Table - Female, Projected to 2005 Using Projection Scale AA

Table 3B. Disabled Member Mortality Rates

Table 4. Non-disabled Member Mortality Rates, Based on the 1994 Group Annuity Mortality Static Table Projected to 2005 with Scale AA Unisex 50% Male/ 50% Female

Table 5. Select and Ultimate Retirement Rate at Age and Years of Credited Service for Male and Female Members

Table 6. Rates of Withdrawal - for Active Male Members

Table 7. Rates of Withdrawal - for Active Female Members

R2-8-126. Calculating Benefits

ARTICLE 2. STATE RETIREMENT DEFINED CONTRIBUTION PROGRAM *Article 2, consisting of R2-8-201 through R2-8-207, made by final rulemaking at 10 A.A.R. 1962, effective May 4, 2004 (Supp. 04-2).*

Section

R2-8-201. Definitions

R2-8-202. Actuarial Assumptions

R2-8-203. Adjustment of Benefits for Retired System Members and Retired or Non-retired System Members' Beneficiaries under Section 24 (B)(3) of the Implementing Statute

R2-8-204. Adjustment of Non-guaranteed Account Balances for Non-retired System Members under Section 24 (B) (3) of the Implementing Statute

R2-8-205. Adjustment of Benefits under Section 24 (B)(4) of the Implementing Statute

R2-8-206. Benefit Increases under Sections 24 (B)(3) and (B)(4) of the Implementing Statute

R2-8-207. Return of Contributions

ARTICLE 3. RESERVED

ARTICLE 4. PRACTICE AND PROCEDURE BEFORE THE BOARD *Article 4, consisting of R2-8-401 through R2-8-405, made by final rulemaking at 11 A.A.R. 444, effective January 4, 2005 (Supp. 05-1).*

Section

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 *Article 5, consisting of R2-8-501 through R2-8-521, made by final rulemaking at 11 A.A.R. 2640, effective June 30, 2005 (Supp. 05-2).*

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

R2-8-518. Purchasing Service Credit by Partial Lump Sum Retirement Distribution

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

ARTICLE 6. PUBLIC PARTICIPATION IN RULEMAKING *Article 6, consisting of R2-8-601 through R2-8-607, made by final rulemaking at 12 A.A.R. 964, effective March 7, 2006 (Supp. 06-1).*

Section

R2-8-601. Definitions

R2-8-602. Reviewing Agency Rulemaking Record and Directory of Substantive Policy Statements

R2-8-603. Petition for Rulemaking
R2-8-604. Review of a Rule, Agency Practice, or Substantive Policy Statement
R2-8-605. Objection to Rule Based Upon Economic, Small Business, and Consumer Impact
R2-8-606. Oral Proceedings
R2-8-607. Petition for Delayed Effective Date

ARTICLE 7. CONTRIBUTIONS NOT WITHHELD *Article 7, consisting of R2-8-701 through R2-8-709, made by final rulemaking at 12 A.A.R. 4793, effective December 5, 2006 (Supp. 06-4).*

Section

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
R2-8-708. Dispute of an ASRS Determination Regarding Contributions Not Withheld
R2-8-709. Nonpayment of Contributions