

Helpful Resources and Documents:

Arizona Revised Statutes (A.R.S.) [Title 38 – Chapter 5 – Article 2](#) – Arizona State Retirement System
[§ 38-736 – Member Contributions](#)
[§ 38-766.02 – Retired Member; return to work; employer contributions payments; definitions](#)
[§ 38-745 – Credit for Military Service](#)
[ASRS Employer Manual](#)
[ASRS Forms](#)
[ASRS Retirement Waiting Period Calculator](#) (GAO Website)
 Federal Guidance (Military Call Up) – Department of Labor - [USERRA](#)
[Federal & State Income Tax Withholding Tables](#) (Look in I.B. for appropriate table based on date)
 GAO Technical Bulletin [12-03 ASRS Alternate Contributions – Reemployed and Contracted Retirees](#)
[HRIS Pay Code Listing](#) (Indicates if pay code is included in ASRS retirement)

Forms:

[GAO-73A](#) Request for a One-Time Deduction
[GAO-ACR](#) ASRS Alternate Contribution Rate Template
[GAO-614](#) Companion Transaction Entry/Transfer
[GAO-616](#) Automated Transfer Voucher

Contacts:

Employee/Retiree: Phoenix Metro (602) 240-2000 Tucson Metro (520) 239-3100
 Outside Metro (800) 621-3778 Fax (602) 240-2096
 ASRS Website <https://www.azasrs.gov>

Agency Payroll functions:

1. Ensure proper retirement (ASRS) and long term disability (LTD) deductions are active for eligible employees.
2. Each fiscal year, monitor part time employees for ASRS eligibility criterion based on the ASRS 20/20 rule.
3. Complete Contributions Not Withheld (CNW) forms when applicable.
4. Correct contribution errors: through payroll in current fiscal year, by CNW for prior fiscal years.
5. Complete Ending Payroll Verification forms.
6. Evaluate retired employees and contractors, and if eligible, setup, maintain and report Alternate Contribution Rate (ACR) deductions to GAO biweekly.

Deadlines:

Correct missed contributions for the current fiscal year contributions within 30 days or the end of the fiscal year, whichever is sooner, to avoid CNW process which involves interest and fees.
 GAO-73A due by 12 pm (noon) on compute Tuesday.
 ACR for Contractors: Contributions and GAO ACR Report submitted to the GAO by 5 pm on PPE of the pay period the payment was made to the contracted retiree.

INTRODUCTION

The State of Arizona has two retirement systems, the Arizona State Retirement System and the Public Safety Personnel Retirement System. These retirement systems manage plans that qualify under 401(a) of the Internal Revenue Code. They are “defined benefit plans,” which promise to pay a certain amount during retirement, which is usually based on the number of years of service an average salary in the period before retirement. Nearly all State employees are required to contribute, once eligibility criterion are met, via payroll deduction as mandated by A.R.S. § 38-736.

ASRS CONTRIBUTION WAITING PERIOD

Any state employee initially hired on or after July 20, 2011 is not eligible to become a member of any state retirement system before his or her twenty-seventh week of employment. The state employee shall become a member of the state retirement system on the twenty-seventh week of employment if membership criteria are met under the state retirement system statutes.

The waiting period **is not** required if the employee:

- Is already an active ASRS member
- or

Is rehired with an Adjusted Hire Date before July 20, 2011, regardless if the employee forfeited funds.

The waiting period **is** required if the employee:

- Is hired on or after July 20, 2011, and either forfeited or was never a member of ASRS

Agency Human Resources will verify active ASRS status via the ASRS website Member Eligibility Tool and setup the appropriate fields in the HRIS to indicate if the waiting period applies. If the wait applies, ADOA Benefits, via ProcessFlow, will email the employee prior to the first ASRS contribution, reminding them the deductions will occur.

HR11 – User Flds tab		
Retirement Code	Current ASRS Member Flag	Is there a contribution waiting period?
1 – ASRS	Y	ASRS Member Eligibility Tool lists employee as “Contributing” or “Contributed” Contributions begin immediately
1 – ASRS	N	ASRS Member Eligibility Tool lists employee as any status other than “Contributing” or “Contributed” Waiting period applied from Adjusted Hire Date (Flag will remain = N; it doesn’t flip to Y after wait)

Overnight the HRIS system will add the ASRS codes 7903, 7904, 7508 and 7509 with the appropriate future effective dates. **If any of the retirement fields are changed after the initial hire personnel actions are processed, Agency Human Resources or Agency Payroll must contact ADOA Benefits to adjust the effective dates manually, the system will not make the changes.** (Example: Changing from retirement code 9 to retirement code 1, one must contact ADOA Benefits.)

The ASRS Retirement Waiting Period Calculator.xls can be found on the GAO website to assist with deduction effective dates and when the first payroll deductions will occur. Use the Adjusted Hire Date on the calculator.

CORRECTING CONTRIBUTION ERRORS

Contribution adjustments for active employees in the current fiscal year can be made using the Form GAO-73A Request for a One-Time Deduction. Missed contributions for termed employees and prior fiscal years shall be submitted to ASRS using the CNW form.

	Contributions Not Withheld (CNW)	Contributions Submitted in Error
Current Fiscal Year	Submit GAO-73A with a break down by PPE date to deduct contributions in arrears	Submit GAO-73A with a break down by PPE date to refund contributions
Prior Fiscal Year	Submit CNW form to ASRS	Contact ASRS - Contribution Accounting Dept. for instruction. Submit GAO-73A to refund contributions

The GAO-73A form must be received by the GAO by 12 pm (noon) on compute Tuesday. In the comments section of the Form, include the pay period end date of the wages subject to ASRS contributions. Current fiscal year missed contributions must be caught up by the end of the current fiscal year.

CALCULATE AMOUNTS FOR GAO-73A ONE-TIME DEDUCTION REQUEST FORM

Required for: Missed contributions in the current fiscal year
 Wages paid in current fiscal year that were earned in a prior fiscal year (retro pay or prior pay period adjustments)
 Refund contributions deducted in error

Wages included in ASRS compensation are detailed in the ASRS Employer Manual under Chapter 5: Compensation. The HRIS Pay Code Listing indicates if the pay code is included in ASRS wages.

Items to note:

1. Deduction codes to enter on the GAO-73A: ASRS: 7903 and 7904; ASRS LTD: 7508 and 7509
2. Refunds are entered as negative amounts on the form
3. Calculate Deduction Amounts: use current fiscal year rate or rate difference of fiscal years
4. Complete and email the GAO-73A, by 12 pm (noon) on compute Tuesday

EXAMPLES

Missed contributions in current fiscal year

Employee's deductions were set up incorrectly, deductions didn't occur on employee's pay period ending 9/13/13 wages of \$1,000.

Calculation of deduction amounts:

Fiscal Year	Wages	ASRS Rate	LTD Rate	ASRS Deduction (Wages * ASRS Rate)	LTD Deduction (Wages * LTD Rate)	Comment
2014	\$1,000	11.30%	0.24%	\$113.00	\$2.40	PPE 9/13/13

GAO-73A entries:

DEDUCTION CODE	DEDUCTION DESCRIPTION	DEDUCTION AMOUNT	REASON
7903	ASRS Employee	113.00	Missed contributions on wages of \$1,000 pay period ending 9/13/13
7904	ASRS Employer	113.00	
7509	ASRS LTD Employee	2.40	Missed contributions on wages of \$1,000 pay period ending 9/13/13
7508	ASRS LTD Employer	2.40	

Refund contributions deducted in error

Employee is subject to the ASRS waiting period and needs a refund of contributions. Review the pay history to obtain deduction amounts.

GAO-73A entries:

DEDUCTION CODE	DEDUCTION DESCRIPTION	DEDUCTION AMOUNT	REASON
7903	ASRS Employee	(113.00)	Subject to wait period. Refund contributions on wages of \$1,000 pay period ending 9/13/13
7904	ASRS Employer	(113.00)	
7509	ASRS LTD Employee	(2.40)	Subject to wait period. Refund contributions on wages of \$1,000 pay period ending 9/13/13
7508	ASRS LTD Employer	(2.40)	

Wages paid in current fiscal year that were earned in prior fiscal year (Retro Pay or Prior Pay Period Adjustments)

These wages are subject to the rate in effect when the wages were earned. The HRIS will calculate the deductions based on the current fiscal year rates, requiring a GAO-73A to be submitted for the rate difference between fiscal years. If the retro or adjustment applies to more than 5 prior fiscal year pay periods, contact the GAO Central Payroll for an alternate method to report the wage break brown.

Employee will receive \$500 total in retroactive pay that includes 2 pay periods in the prior fiscal year.

Calculation of deduction amounts:

Fiscal Year	ASRS Rate	LTD Rate
2013	10.90%	0.24%
2014	11.30%	0.24%
FY Rate Diff	-0.40%	0.00%

	ASRS Rate Diff	ASRS OTD Amount (Wages * ASRS Rate Diff)	LTD Rate Diff	LTD OTD Amount (Wages * LTD Rate Diff)	Comment
Wages					
\$250	-0.40%	(\$1.00)	0.00%	\$0.00	PPE 6/07/13
\$250	-0.40%	(\$1.00)	0.00%	\$0.00	PPE 6/21/13

GAO-73A entries:

DEDUCTION CODE	DEDUCTION DESCRIPTION	DEDUCTION AMOUNT	REASON
7903	ASRS Employee	(1.00)	FY Rate Difference for Retro Pay of \$250. Pay Period Ending 6/7/13
7904	ASRS Employer	(1.00)	
7903	ASRS Employee	(1.00)	FY Rate Difference for Retro Pay of \$250. Pay Period Ending 6/21/13
7904	ASRS Employer	(1.00)	

MILITARY CALL-UP

Presidential Call Up – (A.R.S. § 38-745)

1. Employer is responsible for covering all contributions for up to 60 months of military service.
 - a. Employer will pay contributions based on the rate of pay the employee would have received during the period of his or her military service, by lump sum, with a break down by pay period, directly to ASRS, upon employee's return if:
 - i. Employee is honorably separated from active duty **and**
 - ii. Returns to State service within 90 days after separation.
 - b. Agency will submit a GAO-73A form to refund employee any retirement deductions taken during the active military leave period, up to 60 months.
2. Covered service cannot exceed 60 months.

Non-Presidential Call Up (USERRA)

1. Employee and Employer are responsible for respective contributions
2. The employee's compensation during the period of his or her military service is based on the rate of pay the employee would have received.
3. Repayment of the contributions can be made over three times the period of military served but no longer than five years.
4. Employer does not have to pay until Employee pays their share
5. Contributions must be submitted together
6. Covered service cannot exceed 60 months.

20/20 CRITERIA - FROM ASRS EMPLOYER MANUAL

Upon hire, Agency Human Resources must determine if an employee is engaged to work (intent of employment) at least 20 weeks in each fiscal year **and** at least 20 hours each week (20/20).

When do contributions begin?	Adjusted Hire Date before 7/20/2011 or Already an ASRS Member	Adjusted Hire Date after 7/20/11 and Not an ASRS Member
Engaged to Work 20/20	Immediately	Beginning of 27th week after the Adjusted Hire Date

Engaged to Work less than 20 hours per week or less than 20 weeks, but then does	The first day of the 20th week of 20+ work hours. (Not retroactive to first day worked)	Must meet 20/20 and have met the 26 week wait from Adjusted Hire Date.
Engaged to work less than 20/20, and never does	Never.	Never.

Once an employee meets membership eligibility in a fiscal year, they remain an active (contributing) member until the end of the fiscal year. If employment is continued into the next fiscal year, and the terms of employment do not change (the employee remains engaged to work and is expected to meet 20/20 criteria), active membership continues. If employment is continued into the next fiscal year, and the terms of employment are not pre-determined (unknown if the employee remains engaged to work and meet 20/20 criteria), active membership ceases at the end of the fiscal year and would resume only if and when the employee meets the 20/20 criteria during the next fiscal year.

EMPLOYEES OPTING OUT OF ASRS PARTICIPATION

New State employees (until 7/1/2015) may opt out of participation in ASRS if:

1. Employee is at least 65 years old and has never participated in ASRS
2. Election must be in writing (ASRS 65 Plus Membership Waiver Form) and filed with ASRS within 30 days of employment
3. Election is irrevocable for the remainder of the employee’s employment
4. The time cannot be purchased later for ASRS service credit

RETIRING WITHOUT TERMINATING EMPLOYMENT

A.R.S. § 38.764(l) allows certain ASRS members to retire and receive a pension without termination of employment. Contact ASRS for further details.

State employees that choose this retirement option would not be eligible for RASL. The RASL Program requires a termination date before the retirement date.

RETURN TO WORK RETIREES

Refer to ASRS Employer Manual for “Working after Retirement Guidelines”. In general, an employee can return to work and be scheduled for less than 20 hours per week for 20 weeks (20/20 rule) and not be required to contribute to ASRS. An employee who retired under *Normal Retirement* criteria can return to work full time without contributing after 1 year from termination date. It is the responsibility of the retiree to ensure compliance and to complete the ASRS Retiree Return to Work for an ASRS Employer Form within 30 days of employment.

Alternate Contribution Rate (ACR)

Effective July 1, 2012, A.R.S. § 38-766.02 requires an employer to pay an ACR for all ASRS retirees who return to work in a position that ordinarily contributes to ASRS retirement system. Policies and procedures can be found in GAO Technical Bulletin 12-03 ASRS Alternate Contributions – Reemployed and Contracted Retirees.

Table of Responsibilities:

Task	Reemployed Retiree	Contracted Retiree
Identifying	Agency	Agency
Establishing	Central Payroll	Agency
Calculating	Central Payroll	Agency
Transmitting	N/A	Agency
Reporting	Central Payroll	Central Payroll
Paying	Agency	Agency
Remitting	Central Payroll	Central Payroll

ACR Identifying & Establishing:

Check employee status on ASRS Member Eligibility Tool on ASRS website for all employees.

If status is "RETIRED" **and** the "Ordinary Pension" of the employee's Position is 1 (ASRS):

Create deduction code 7956 on PR14, Effective Date is the return to work date

Ordinary Pension Field:

HR 11 "Assignment" tab:

Drill into the Position field,

Drill on Position User Fields

"Ordinary Pension" code 1 = ASRS

ACR Calculating, Transmitting, Reporting and Paying for Reemployed Retirees:

1. Required contributions will be calculated by the HRIS and charged to each agency during the bi-weekly compute cycle payroll processing based on time records entered.
2. Amounts will be reported and remitted to ASRS by the GAO Central Payroll as a part of the bi-weekly payroll cycle.

ACR Calculating, Transmitting, Reporting and Paying for Contracted Retirees:

1. Calculate the amount of ACR due based on all payments made to Contracted Retirees within the pay period.
2. Prepare the form GAO-ACR with payment and contribution data.
3. Transmit & Report required data by 5 pm on the pay period end date of the pay period in which payments were generated to a contracted retiree via GAO-ACR to Central Payroll via email to Central.Payroll@azdoa.gov.
 - a. The email attachment of form GAO-ACR should remain in Excel format.
4. Pay required contributions by 5 pm on the pay period end date of the pay period in which payments were generated to a contracted retiree via Transfer (GAO-614 or 616), in AFIS.
 - a. Details required to be included are detailed in GAO Technical Bulletin 12-03 ASRS Alternate Contributions – Reemployed and Contracted Retirees.

HRIS Retirement Deduction Setup – 11/6/13 Alternate Contribution Rate (ACR)

Criteria / Factors

Waiting Period

Alternate Contribution Rate (ACR)

