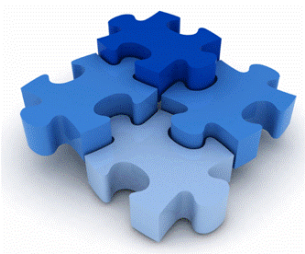

Legislative Changes to ADOA Benefits & Retirement Plans (SB1609, SB1614, HB2024)

A presentation given by:

ADOA

Dates: July 6, 2011, July 11, 2011
July 12, 2011

Revised: July 8, 2011

Meeting Agenda

ADOA Benefit Changes

ASRS & ASRS LTD Changes

Changes to Retirement – ASRS

Changes to Retirement – PSPRS

Next Steps

ADOA Benefit Changes

Changes to ADOA Benefits [Effective July 20, 2011]

- Health
- Dental
- Vision
- Hartford LTD (non-ASRS LTD)
- Short Term Disability (STD)
- Life Insurance (Basic, Supplemental and Dependent)
- Flex Spending (Medical & Dependent Care)

Creates a new statute – A.R.S. §38-671

ADOA Benefits Changes - A.R.S. §38-671.A

A.R.S. §38-671.A

- **Any Employee hired on or after the effective date of this section (July 20, 2011) is not eligible for state employee benefits until the employee has worked regularly for at least ninety (90) days.**
- **Defining 1st Eligible Date:**
  - Upon submission of a completed application, the first of the pay period following the 90-day waiting period.
- **Benefits Start Date Example:**
  - Hire Date = 8/8/2011
  - Hire Date + 90 Days = 11/6/2011
  - Benefits Coverage Start Date = 11/12/2011
  - Payday = 12/2/2011

ASRS & ASRS LTD Changes - A.R.S. §38-671.B

A.R.S. §38-671.B

- **Notwithstanding any other law, any state employee initially hired on or after the effective date of this section (July 20, 2011) ...the state employee shall become a member of the State Retirement System (defined as Arizona State Retirement System) on the twenty-seventh week of employment if membership criteria is met under the State Retirement System statutes.**
- **Defining Initial Hire Date**
  - The first day worked or the adjusted hire date if the employee had a break in service of less than two years from any state budget unit that was not a result of discipline.
- **Defining 1st Contribution Start Date**
  - The contributions will begin the first of the pay period following the 183rd day of employment for ASRS retirement and ASRS LTD
- **ASRS & ASRS LTD Start Date Example**
  - Hire Date = 8/8/2011
  - Hire Date + 183 Days = 2/7/2012
  - ASRS & ASRS LTD Coverage Start Date = 2/18/2012
  - Payday = 3/8/2012

ASRS & ASRS LTD Changes - A.R.S. §38-671.C

A.R.S. §38-671.C

- **Subsection B of this section does not apply to a person who is already a member of the State Retirement System.**

- **Defining an ASRS Member**
  - Anyone who has not forfeited contributions and still has monies on account at ASRS

- **Identifying an ASRS Member**
  - HR to verify by asking the employee (Member SSN lookup feature in process)
  - Requires update to new User Field "Current ASRS Member" – must be Yes or No

- **ASRS & ASRS LTD Start Date Example**
  - Hire Date = 6/27/2011
  - ASRS & ASRS LTD Coverage Start Date = 6/27/2011
  - Payday = 7/15/2011

ASRS & ASRS LTD Changes - A.R.S. §38-671.C

ASRS Enrollment Process for New Hires

- **Employee On-line Enrollment**
  - No changes to the current Employee on-line ASRS enrollment process

- **Employer On-line Verification**
  - ASRS on-line verification by HR Office remains unchanged
  - Future effective dates are permitted
  - HR has 180 days to verify employee eligibility
  - HR is responsible to calculate the effective start date of enrollment (first of the pay period following the 183rd day of employment from the hire date and/or adjusted hire date)

Changes to Retirement - ASRS

Changes to ASRS & ASRS LTD

- **New Contribution Rates [July 1, 2011]**
  - July 1st for handwrites, July 15th will be first payday (↑ .90%)
- **53%(EE)/47%(ER) Allocation Change [July 20, 2011]**
  - July 20th for handwrites, July 29th will be first payday (↑ .64%)
  - No retroactive adjustments back to July 1st

			EMPLOYEE				EMPLOYER		
CODE		RETIREMENT PLAN	OLD	NEW 7/1/2011	NEW 7/20/2011		OLD	NEW 7/1/2011	NEW 7/20/2011
1	ASRS	PLAN-ASRS	9.60%	10.50%	11.13%		9.60%	10.50%	9.87%
7508	ASRS	LTD A.S.R.S.					0.250%		0.230%
7508	ASRS	LTD A.S.R.S.	0.250%		0.260%				

Changes to Retirement - PSPRS

New <u>Employer</u> Contribution Rates [July 1, 2011]

- July 1st for handwrites, <u>July 15th</u> will be first payday

New <u>Employee</u> Contribution Rates [July 20, 2011]

- July 20th for handwrites, <u>July 29th</u> will be first payday

			EMPLOYEE				EMPLOYER		
CODE		RETIREMENT PLAN	OLD	NEW 7/1/2011	NEW 7/20/2011		OLD	NEW 7/1/2011	NEW 7/20/2011
2	CORP	JUVENILE CORRECTIONS (501)	8.41%		8.41%		7.46%	9.92%	
3	EORP	ELECTED OFFICIALS & JUDGES (415)	7.00%		10.00%		17.42%	17.96%	
4	PSRS	PUBLIC SAFETY (007)	2.65%		3.65%		33.82%	38.30%	
5	PSRS	GAME & FISH (035)	7.65%		8.65%		40.63%	43.35%	
6	PSRS	AG INVESTIGATORS (151)	7.65%		8.65%		81.75%	90.08%	
7	PSRS	FIRE FIGHTERS (119)	7.65%		8.65%		16.92%	17.76%	
0	CORP	CORRECTIONS (500)	8.41%		8.41%		8.37%	9.15%	
A	PSRS	CAPITOL POLICE (160) - to PS (007)	7.65%		8.65%		12.96%	12.93%	
B	PSRS	LIQUOR CONTROL OFFICER (164)	7.65%		8.65%		31.03%	38.77%	
F	PSRS	STATE PARKS (204)	7.65%		8.65%		14.66%	18.50%	
G	CORP	PUBLIC SAFETY DISPATCHERS (563)	7.96%		7.96%		6.51%	7.50%	

Changes to Retirement – **A**lternate **C**ontribution **R**ate

Return to Work ACR

- **An alternate contribution rate (ACR) will be charged to the employer for any employee (existing or a new hire) who is collecting a pension and occupies a position that ordinarily contributes to that same retirement system.**
  - PSRS/CORP/EORP – effective **July 20, 2011** (July 29, 2011 payday)
  - ASRS – effective **July 1, 2012** (July 12, 2012 payday)

			EMPLOYEE				EMPLOYER		
DED CODE		EMPLOYER RELATED EXPENSES	OLD	NEW 7/1/2011	NEW 7/20/2011		OLD	NEW 7/1/2011	NEW 7/20/2011
7936	PSRS	ALTERNATE CONTRIBUTION RATE (ACR) - PSRS							10.51%
7938	CORP	ALTERNATE CONTRIBUTION RATE (ACR) - CORP							6.00%
7940	EORP	ALTERNATE CONTRIBUTION RATE (ACR) - EORP							14.47%

- **Working on file exchange process to identify Pensioners that are active State employees**

PSPRS - ACR

Determine if ACR needs to be established

- **If the position ordinarily contributes to the <u>same</u> retirement system as the pension the employee is currently receiving**
  - ACR deduction setup will occur

- **If the position ordinarily contributes to the <u>different</u> retirement system as the pension the employee is currently receiving**
  - No ACR deduction setup will occur
  - Retiree may need to enroll & contribute to a new retirement

Example: Employee retires from CORP

- **Retiree returns to work in a position ordinarily contributing to CORP**
  - Employer required to pay ACR for CORP
- **Retiree returns to work in a position ordinarily contributing to ASRS**
  - ACR is not required
  - ASRS deductions are setup

PSPRS - ACR Continued

Identify Employee as a Pensioner – Existing Employees

- **Reported as a Pensioner as a result of the file exchange with the retirement systems**
- **ADOA GAO will complete first review and, if possible, identify if employer should pay ACR – based on employee position history**
- **If GAO unable to determine whether ACR applies, will send information to agency HR Office to research**
- **Agency HR must research the current position of the Retiree Returned to Work and which retirement plan an employee in that position would ordinarily contribute to**

  Four Options: ASRS, PSRS, CORP or EORP
- **Agency to notify ADOA GAO of the ordinary retirement plan for position of Pensioner**
- **ADOA GAO will apply ACR to agency if necessary**

PSPRS - ACR Continued

Identify Employee as a Pensioner – New Employees

- **HR add question to new hire process – "Are you currently receiving a State of Arizona pension?"**
- **If "Yes," from which retirement system?**
- **Agency HR must research the new employee's position and determine which retirement plan an employee in that position would ordinarily contribute to**

  Four Options: ASRS, PSRS, CORP or EORP
- **Agency to notify ADOA GAO of the ordinary retirement plan for position of Pensioner**
- **ADOA GAO will apply ACR to agency if necessary**

- **NOTE: ACR for ASRS effective July 1, 2012**

Retirement Changes – PSPRS **D**eferred **R**etirement **O**ption **P**lan

DROP Changes [January 1, 2012]

- **For those employees who have less than 20 years of service on or after January 1, 2012, the employee contribution will continue for Retirees entering DROP.**
- **Working on file exchange process to identify DROP Participants**

- **Once Identified:**
  - HR: Update Retirement User Field on HR 11 through Personnel Action
    - New Retirement Code: TBD
  - Benefits: Establish a new benefit plan
    - PSRS: 8.65%
    - Deduction Code: TBD

Next Steps

- Develop standard employee communication materials
- Develop FAQ document
- Create an HRIS user field on the position to indicate the ordinary retirement system of the position
- Create a field to store Pensioner's retirement plan
- Establish process flow notifications for new hires
  - -Send reminder for Benefits on 75th day of waiting period
  - -Send reminder for ASRS & ASRS LTD on 165th day of waiting period
- Work with ASRS and PSPRS to obtain SSN look up
- Develop regular file exchange with retirement systems

Reminder

Mandatory Direct Deposit

- **All employees are required to be signed up for direct deposit or payroll card on July 20, 2011**
  - CashPay payroll card account works just like a direct deposit.
  - A Pre-List will be sent the week of July 5th to Agency HR and Payroll contacts to assist employees not yet setup.
  - Non-Compliance lists will be sent for the first payroll in August.
- **Warrants will still be needed/allowed for:**
  - Handwrites
  - Employee involuntary terms (required to be paid in 3 days)
  - Pre-Note Process (for new hires and bank account changes)