

Academic Affairs Manual (ACD)

ACD 607–04: Arizona State Retirement System Benefits

Effective: 4/1/1980

Revised: 8/6/1999

Purpose

To define benefits provided to members of the Arizona State Retirement System upon termination of employment

Sources

29 *United States Code* § 621, “Age Discrimination in Employment Act” and amendments (1986)

Arizona Revised Statutes §§ 38–781.03; 38–781.07 to –781.10

Arizona Board of Regents Policy Manual - 6–601

Applicability

A faculty member or academic professional who:

1. is a member of the Arizona State Retirement System
- and
2. terminates employment.

Policy

Upon termination of employment a [faculty member](#) or [academic professional](#) may have a monthly retirement benefit or may request a return of individual and employer contributions with credited interest based on vesting and service provisions.

Creditable Service

A faculty member’s or academic professional’s retirement annuity under the Fixed Benefit Plan will depend on the number of years and months for which he or she received retirement credit. “Total credit service” times 2.1 percent effective July 1, 2000 (2 percent prior to that date) provides a rate to be used when calculating a normal retirement benefit.

Normal Retirement Age

Program participants are eligible to receive the full benefit that they have earned if they retire after they reach a normal retirement age.

Normal retirement age is defined as:

1. at or after 65 with any number of years of service
2. at or after 62 with 10 years of membership service
- and

- at or after any combination of years of service and age that totals 80.

Normal Retirement Benefits

Program participants retiring after attaining a normal retirement age will receive a retirement benefit computed by the following formula:

- Number of years (and fractions thereof) of contributing member service = _____
- Line 1 x 2.1 percent (see above) = _____
- Line 2 x average monthly compensation (as defined below) = _____
- The result on line 3 equals the normal monthly life annuity.

Average monthly compensation is defined as follows:

- The average of an individual's compensation for the 36 consecutive months of highest earnings during his or her last 120 months of contributing membership service, but excluding lump sum payments, on termination of employment, for accumulated vacation or annual leave, sick leave, compensatory time, or any other form of termination pay. Or, alternatively:
- If an individual became a member of the Arizona State Retirement System (ASRS) before January 1, 1984, the average of his or her compensation for the 60 consecutive months of highest earnings during the last 120 months of contributing membership service, but including lump sum payments, on termination of employment, for accumulated vacation or annual leave, sick leave, compensatory time, or any other form of termination pay.

Early Retirement

Faculty members and academic professionals may apply for early retirement benefits at age 50 or later if they have retirement credit for at least five years of membership service.

The following table should be used to estimate the adjusted monthly life annuity for faculty members and academic professionals who begin receiving benefits before they become eligible for a normal retirement benefit. Under the 80-point program, a 3 percent reduction (of the normal benefit) is applied for each point or fraction less than 80 points for a person with at least 77 points. Those with less than 77 points do not qualify for this program. The lesser of the two early retirement reduction factors will be used in calculating early retirement benefits.

Age	Years of Credited Service																	
	5 Mos–4.9	5–9.9	10–17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32+
	Percent of Retirement Benefit Received																	
65																		
64	N/A	97																
63	N/A	94																
62	N/A	91	100% of Retirement Benefit															
61	N/A	88	97															
60	N/A	85	94		97													
59	N/A	80	89	91	94	97												

Refund of Employee and Employer Contributions

If the ASRS participant terminates employment before he or she is eligible for a retirement annuity, the following choices exist:

1. The participant may leave all contributions in the ASRS. The faculty member or academic professional will be eligible for a retirement annuity on attainment of normal retirement age or a reduced benefit on attainment of age 50 with five or more years of credited service.
2. Effective August 6, 1999, the participant may receive a refund of all employee and a portion of employer contribution as well. If the participant elects to receive a refund, any future right to retirement or death benefits from the plan is waived as membership in ASRS ceases upon the refund. Refunds are subject to federal and state income tax withholding. The portion of the employer contributions and interest included in the refund is based on years of service at termination as follows:
 - 0 to 4.99 years of ASRS service credit - 0%
 - 5.0 to 5.99 years of ASRS service credit - 25%
 - 6.0 to 6.99 years of ASRS service credit - 40%
 - 7.0 to 7.99 years of ASRS service credit - 55%
 - 8.0 to 8.99 years of ASRS service credit - 70%
 - 9.0 to 9.99 years of ASRS service credit - 85%
 - 10 or more years of ASRS service credit - 100%
3. The participant may leave all contributions in the ASRS. The faculty members or academic professional will be eligible for a retirement annuity on attainment of normal retirement age or a reduced benefit on attainment of age 50 with five or more years of credited service.

Procedures

Retirement Payments or Return of Contributions at Termination

Responsibility	Action
Department	<ol style="list-style-type: none">1. Submit a termination Personnel Action form (PAF) to Human Resources (HR).2. Schedule an exit interview with the HR partner for the faculty member or academic professional. <p>If the terminating faculty member or academic professional elects to withdraw contributions:</p>
Human Resources Partner	<ol style="list-style-type: none">3. Refer the individual to the Arizona State Retirement Office. <p>If the terminating faculty member or academic professional elects to retire:</p> <ol style="list-style-type: none">4. Refer the individual to the Arizona State Retirement Office.
Arizona State Retirement Office	<ol style="list-style-type: none">5. Provide for return of faculty member's or academic professional's contribution (normally within six weeks) or for counseling regarding application for retirement payments.

Death Payments

Responsibility	Action
Beneficiary	1. Contact the Arizona State Retirement office.
Arizona State Retirement Office	2. Provide for payment of the benefit.