

## RETIREMENT FAQs

### *An informational guide to help address your questions about the Arizona State Retirement System*

**All of the following information regarding ASRS is in summary form for your quick reference only. If there is any discrepancy between this summary and the official ASRS information, the official ASRS information will prevail.**

#### **What is the Arizona State Retirement System (ASRS)?**

The ASRS provides retirement, disability, retiree health insurance, retiree health insurance premium supplement and survivor benefits to eligible employees who work for a public employer, such as the State of Arizona, state universities and public school systems. More than 700 public employers participate in the plan, which is a “cost-sharing” plan to which both the employee and employer contribute to the member’s retirement as an equal percentage of compensation paid. 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)(2) of the Code. As such, employee contributions are tax deferred until the member receives a benefit or refund.

## MEMBERSHIP

#### **Do I qualify for membership benefits?**

Employees of the Kyrene School District who work in any employment classification for at least 20 weeks in a fiscal year, and 20 or more hours a week, are eligible for membership. If Social Security is deducted from your pay and you meet the 20 week/20 hour test, contributions to ASRS are made at that time through the end of the fiscal year, and each subsequent year that you retain eligibility.

#### **Is there an age limitation?**

No. There is no maximum age for either Social Security coverage or ASRS membership, as mandated by Federal age discrimination provision.

#### **Who is not eligible for membership?**

You are not an eligible employee if:

- ❖ You work fewer than 20 weeks in the fiscal year (and are not employed in an active member status with another ASRS employer)
- ❖ You work fewer than 20 hours per week (and are not employed in an active member status with another ASRS employer)
- ❖ You work in a limited appointment position for not more than 18 months. If your employment extends beyond 18 months, membership becomes mandatory as of the beginning of the 19<sup>th</sup> month.

#### **If I meet eligibility for membership, am I required to contribute – or can I opt out?**

No, you cannot opt out; you are required to contribute if you meet the eligibility requirements. Under Arizona law, if you work for a public employer who participates in the ASRS plan, the shared contributions from employer and employee are mandatory.

#### **How do I enroll for ASRS membership?**

Upon hire in the Kyrene School District, you will complete the enrollment forms as part of your new hire paperwork. If you do not immediately qualify for membership, the District holds these forms until such time that you are eligible.

#### **Is a new Enrollment Form required if I’m already a member of ASRS when I’m hired in Kyrene?**

Yes. The Enrollment Form is necessary for the ASRS to establish a new member’s account or when a member transfers from one ASRS employer to another ASRS employer.

#### **What happens if an Enrollment Form is not submitted?**

If contributions are submitted by you and the District, and no enrollment form is on file with ASRS, the ASRS must create a temporary account under the identifying information reported. If the enrollment form is not received by the time the employee terminated employment, any attempts to obtain a refund or to retire will be delayed until the enrollment information is received.

### **Why do I have to complete a Beneficiary Election Form?**

The Beneficiary Election Form documents your choice of a beneficiary to receive your ASRS survivor benefit in the event of your death before retirement. The form allows you to name multiple primary co-beneficiaries and, if desired, a secondary beneficiary in the event the primary beneficiary election is no longer valid.

### **What happens if I don't name a beneficiary?**

In the event of your death before retirement and if there is no valid Beneficiary Election Form on file with the ASRS at the time of your death, the ASRS will pay the survivor benefit to your spouse, children, parents or estate, according to the laws of the State of Arizona.

## **PREPARING FOR RETIREMENT**

### **I'm planning to retire in the near future. What should I do to prepare?**

All your required retirement paperwork will come from the ASRS, not the District. You may contact ASRS by visiting their office in Phoenix at 3300 North Central Avenue, Suite 1300, or by calling Member Services at (602) 240-2000.

Also, be sure to take advantage of the ASRS website information at <http://www.azasrs.gov/web/index.do>. This is an excellent source of current relevant information. There are many topics offered on the website that will inform you and assist you with important decisions you need to make concerning your retirement. In part, the site offers:

- ❖ The "Getting Ready for Retirement Handbook" which members find invaluable for planning purposes
- ❖ An online estimator for helping you decide when to retire and how much your pension might be
- ❖ Forms
- ❖ Member Newsletters

In addition, Human Resource Services invites an ASRS benefits representative to the District each school year for a Group Meeting, *Getting Ready to Retire*, for employees who will retire within one year. Registered employees may also submit a Benefits Estimate form in advance of the meeting so that ASRS can prepare a personalized estimated pension benefit for each participant at the meeting. Notification of these Kyrene onsite group meetings is sent by District email to all employees, typically around September. You may also contact ASRS to attend a group meeting at their offices. The content of the meetings is the same whether you attend at ASRS or at the District. For information about the Kyrene/ASRS annual group meetings, please contact the Employee Relations department.

### **What does the District require me to do when I plan to retire?**

Please refer to your *Meet and Confer* or *Terms and Conditions* document for information about termination of employment/retirement. In general, the District asks that you submit to Human Resource Services a signed and dated letter informing the Governing Board of your intention to terminate employment to retire with ASRS. Please include the last date of your employment and the date of your retirement in the letter. In order to make staffing decisions, the District asks for a six month advance notice when possible.

In addition to the *Meet and Confer* or *Terms and Conditions* documents, you may also access retirement information from the Human Resource Services "Employment" website for options available to retirees in the last one or two years of employment at:

[http://www.kyrene.org/hr/Hrwebpage/EmployeeInfoForms/employee\\_info\\_groups.htm](http://www.kyrene.org/hr/Hrwebpage/EmployeeInfoForms/employee_info_groups.htm). If you would like to discuss the options, you may contact the Employee Relations department.

### **Who processes the required Payroll Verification paperwork for ASRS for my pension?**

The Kyrene Business Services (Payroll) department processes this form for you once you have submitted it to them. ASRS requires a form to be completed by your payroll representative here at Kyrene for your ending payroll verification. You should receive it in your retirement packet from ASRS. If you do not, ASRS has copies you can print from their website. You must submit the ending Payroll Verification form to your payroll representative prior to leaving Kyrene employment, within the last 2-3 weeks. Your payroll representative can only complete this form following the last payroll check that is issued to you. Please contact your payroll representative for any questions related to this form.

## WORKING AFTER RETIREMENT

### **Once I retire, can I return to work – and if so, when?**

Yes, you may return to work, but a return to work with an ASRS employer may affect your benefit entitlement. For this reason, it is important that you fully understand the conditions under which you are allowed by ASRS to work following retirement.

If you retire at *Normal Retirement* (member retires at age 65, or at age 62 with at least 10 years of service, or at 80 points):

- ❖ You may return to work the day after retirement and work less than 20 hours a week for any length of time and remain eligible to continue to receive pension benefits.
- ❖ You may return to work the day after retirement and work 20 hours or more a week for 19 weeks in any fiscal year to continue to receive your pension benefit. After the 19<sup>th</sup> week, you must work *less than* 20 hours per week for the remainder of that fiscal year and remain eligible to continue to receive pension benefits. If you continue working 20 hours or more per week, you will resume active membership, the ASRS will suspend your pension benefit and your employer will withhold retirement contribution from your wages. You will have to repay the ASRS for any pension payments and health insurance premium benefits payments you received while working 20 or more hours per week starting with the 20<sup>th</sup> week.

If you retire *early* (before reaching Normal Retirement) you cannot return to work for the same ASRS employer without a break in service.

If you return to work *12 months following the Normal Retirement date*, having been retired for 12 months, you may return to work any amount of time and continue to receive pension benefits.

This is general information only, so in order to protect your pension benefits, you should be fully informed about ASRS return to work conditions before you work after retirement. Refer to the ASRS information sources for specific information.

## BENEFITS

### **When do my active health insurance benefits with Kyrene end?**

Your active health insurance benefits with Kyrene end June 30<sup>th</sup> if you complete your employment contract. You will be offered COBRA at the termination of your employment for any benefit plans you carry at the time of your termination that are COBRA eligible. COBRA is an option to continue Kyrene health insurance plans if you choose to elect and pay the monthly premium.

### **When will I get COBRA continuation information if I want to elect it for medical, dental or vision?**

You will be receiving an election form and information from our COBRA vendor by mid-June 2009. If you are planning to elect COBRA coverage, you will want to send back the election form and your first payment for July prior to July 1, 2009 to ensure that you have no gap in coverage. The forms do state that you have 60 days to pay after electing COBRA coverage. This is correct, however until you have paid your premium any claims you might incur before they receive your first COBRA payment will show up as uncovered because your coverage is not technically reinstated until they receive your payment. If you do happen to have a gap, your coverage will be retroactively reinstated back to July 1, however you will need to work with your medical providers to re-bill any claims that were denied in the interim.

**Do I need to do the spring benefits open enrollment if I am retiring in May or June 2009?**

No. You may receive an open enrollment packet of information from Kyrene since you are actively employed now, however if you are retiring at the end of the current school year, you do not need to complete the online enrollment process for the coming school year. You will be offered the COBRA continuation option for the coverage that you had while actively employed this year for your medical, dental and vision plans. You can choose COBRA due to retirement for up to 18 months.

**I've heard that there is a Health Insurance Premium Reimbursement available from ASRS, if I elect a COBRA plan through Kyrene; is that true?**

Yes. If you elect to participate in COBRA continuation for your medical or dental plans, there is a Health Insurance Reimbursement from ASRS that you may be entitled to once you retire based on your vested years of service.

**How do I apply for the Health Insurance Premium Reimbursement?**

You may have received the necessary form from ASRS in your retirement paperwork or you may obtain one from the Kyrene Benefits department or the ASRS website. You will need to complete the retiree portions on the form. Please return the form to the Kyrene Benefits department by the end of June. Your election into the COBRA plan, and that you have made your first payment, will need to be verified by Benefits, who will then forward the form to ASRS on your behalf in early July. ASRS will not accept the Health Insurance Premium Reimbursement form until it has been verified that you elected and have paid for COBRA coverage.

**When and how will I receive the Health Insurance Premium Reimbursement?**

Generally it takes 3 months for ASRS to process and pay the first installment of your premium reimbursement. ASRS sends the payment to Kyrene in a single check for all retirees each month after they have processed your request. This check is deposited into the Kyrene Employee Benefit Trust monthly and then an accounts payable check is cut to you individually by Kyrene for your share of the reimbursement. For this reason, your first check will usually be received in mid-October to your home address when you retire by June 30<sup>th</sup>. Your first payment includes retroactive payments back to the first month of your retirement. You must pay your monthly COBRA premium in full; please do not adjust the amount that you pay to the COBRA vendor based on your reimbursement amount. The COBRA vendor does not track ASRS premium reimbursements and will deny payments that are short and will cancel your COBRA coverage.

**When does my premium reimbursement end?**

When you discontinue your COBRA plan during the 18 months or you have reached the end of your 18 months of coverage, your ASRS premium reimbursement that comes to you from ASRS during your COBRA participation ends. Please notify the Kyrene Benefits department when you have stopped your COBRA coverage, so that Benefits can update ASRS on your behalf. If overpayments are made of the premium reimbursement for months you do not have COBRA coverage, you will be required to reimburse them.

**What about my benefits if I return to work?**

You may wish to review the 20/20 rules on the ASRS website or contact ASRS directly. There are specific guidelines regarding how much you can work in your first year following retirement. It is imperative that you do not work over the allowable time in your first year after retirement as your pension could be negatively affected. Returning to work and becoming benefits eligible as an active Kyrene employee also changes how you receive your health insurance premium reimbursement after you retire. Please see the Benefits department if you return to work for 30 or more hours per week as you may still be eligible to receive the ASRS Health Insurance Premium Reimbursement by completing a 6 month reimbursement form.

**KYRENE CONTACT INFORMATION**

**Employee Relations, Human Resource Services**

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