



SPECIAL NOTICE REGARDING FURLOUGHS AS LEAVE WITHOUT PAY

In this current economic environment and with the tough personnel decisions that are being made by our employer groups such as salary reductions and furloughs, the system has reviewed the current process of determining leave without pay. Previous practice has been that service was counted daily. So, service and credited service were based on a daily accrual.

In review of this current methodology, it has been determined that this would unjustly penalize those members that were required to take mandatory furlough day(s). So the decision has been made that furloughs will not be considered leave without pay in the calculation to determine credited service. The statutes define credited service as "a compensated period for which the member made contributions to the system or plan." As such, credited service will be applied to any member who makes a contribution to the system or plan. If a contribution for a particular pay period is missing, i.e. not made, the system or plan will consider that leave without pay on a pay period basis as opposed to a daily tracking. The tracking or calculating of service credit by pay period is more consistent with the statutory definition.



Local Boards will need to implement this methodology for retirements effective on July 1, 2010. Updated retirement spreadsheets will be available under the "Employers" section of both the PSPRS and CORP webpage in time for boards to use for those retirements. The system will notify local boards, when those resources are available.

If you need assistance or have additional questions, please contact Joann Lowey for PSPRS retirements and Tara Davis for CORP retirements or Robert Ortega at 602-255-5575.

NOTES FROM THE BENEFITS DEPARTMENT

At their March 31st meeting, the Fund Manager voted to reduce the assumed earnings rate as recommended by the actuary, to 8.25%. Beginning July 1, 2010 through June 30 2011, this rate will be applied to the accounts of members who are currently in DROP or who enter DROP this coming fiscal year. Beginning this month, updated DROP schedules, to include the upcoming fiscal year, will be mailed to members and are available online for viewing or printing from the PSPRS Active Members site. If any of your members inquire about their schedule, please let them know that it's available there.

For more information on any of the topics found in this newsletter or to download copies of our previous newsletters please visit our website at www.psprs.com

It is anticipated that this rate will continue to be reduced over the next two fiscal years, with 8.25% as the rate for fiscal year 2011 and 8% as the rate for FY 2012.

For more information on DROP, please contact Joann Lowey at 602-255-5575.

ANNUAL LOCAL BOARD UPDATE:

Each year, the system mails a request to each of the local boards to update board information. The information requested includes current board contact information, names and term dates of the individuals currently sitting as Local Board Members and the name and contact information for the current local board appointed Secretary.

This year's local board update requests have already been mailed, so please be on the look-out for this mailing. In order to have the most current information on local boards by the beginning of the 2011 fiscal year, we are asking each board to respond to the request on or before Friday June 18th 2010.

If you have any questions regarding the local board update process, please email Lori Boyle at lori.boyle@psprs.com.

L'IL RONNIE'S CORNER "SERVICE PURCHASE"

Leave it to the membership to come up with some new idea to purchase credited service.

At first this idea seemed to have some merit so I did some review of our pension law and the Arizona State Retirement System (ASRS), law and called Susanne Dobel, Member Services Division Director at PSPRS. This question came from the police side this time and it makes sense because more retired police find new employment in State jobs because of the expertise they develop while being police officers for 20+ years.

The question is "Can a police officer or firefighter who did up to 5 years in DROP purchase those five years and use them as credited service in ASRS?"

Remember during the time in DROP neither the member nor the employer make contributions because you have already calculated your DROP/Pension amount and no longer build-credited service. So why not allow them to pay the member and employer rate, purchase the time and use it in ASRS since it did not count in PSPRS?

The answer is found in ARS 38-743.C. It states the following:

A member who previously was a member of another public employee retirement system and **who receives or is eligible to receive retirement benefits from that system for any period of employment** is ineligible to receive retirement benefits from ASRS for the same period.

If you enter DROP at 25 years and stay until 30 your retirement date is the first day of the month following your exit from DROP. Your period of employment is 30 years not 25. So this portion of the law would preclude you from purchasing credited service for any period of time during employment including while you were in DROP.

Thank you for the great question.

Remember, if you hear any rumors please call me for the facts.
Be safe.

L'il Ronnie

Contact Ron at 602-361-0803 or littletonnie@mac.com if you need some help, a visit or training. We are here to serve you.

