

**FREQUENTLY ASKED QUESTIONS**  
**CORRECTIONS OFFICER RETIREMENT PLAN**  
**(REVISED DECEMBER 2011)**

**What is the Corrections Officer Retirement Plan (CORP)?**

The Corrections Officer Retirement Plan is a special retirement plan created by the state legislature for certain full-time state and county detention officers. The Plan provides a uniform, consistent and equitable statewide retirement program to these correctional officers and is designed to meet the special needs of personnel engaged in the prison environment. Correctional officers employed by the State Department of Corrections (DOC) or Youth correctional officers employed by the State Department of Juvenile Corrections (DOJC) are members of the Plan. Certain other designated positions within the DOC or DOJC are members of the Plan. Please see the statutes for a complete listing of these designated positions. Most county detention officers in this state are members of the Plan.

**What type of retirement plan is the CORP and how is it administered?**

The CORP is a governmental retirement plan qualified under 401 (a) of the Internal Revenue Code. It is a "defined benefit plan", which means your pension is determined by a formula, not by the amount of money in your account. In addition, the CORP is known as an agent multiple-employer retirement plan. This means that separate accounts are kept for each employer that is in the Plan. Benefit payments are not "shared" by all employers in the Plan. Monies in the entire Plan are pooled for investment purposes, but benefits and refunds are paid for by each employer only from the employer's separate account in the CORP.

**What is the Board of Trustees?**

The Board of Trustees is a seven-member policy making board that has statutory responsibility in investing the monies in the Plan, keeping records for each employee and employer in the Plan and paying out benefits and refunds to members. The Board of Trustees employs an administrator and his administrative staff to handle these functions. The administration of the Plan and responsibility for making the provisions of the Plan effective for each employer are vested in a local board that is created by each employer. Although the Board of Trustees receives contributions from each employer and makes payments of benefits and refunds at the direction of the various local boards, the Board of Trustees acts as a "gatekeeper" to ensure that monies received and disbursed are in accordance with state law.

**What is a local board?**

A local board is a five member board composed of three persons appointed by the employer and two persons who are members of the Plan and who are elected as local board members by the employees. Each employer has their own local board. The local boards have the authority to determine membership eligibility and payment of benefits, including eligibility for receipt of disability payments in accordance with the provisions of the retirement statutes.

### **What is the employer and employee contribution rate?**

Under the CORP, the employee contribution rate is fixed by statute at 8.41% of salary on a pre-tax basis for non-dispatchers and 7.96% for dispatchers. Before July 1, 2000, employee contributions were made to the CORP on an after tax basis. The employer contribution rates are different for each employer in the Plan and changes every fiscal year, based upon an actuarial valuation. If investment returns are better than expected or if benefit payments are lower than expected, the employer rate will generally decrease. Conversely, if investment returns are not as good as expected or if more benefits are paid than expected, the employer rate will generally increase.

### **When am I eligible to retire?**

Normal retirement for an employee who becomes a member of the plan before January 1, 2012, is the first day of the calendar month immediately following the employee's completion of twenty years of service, the member attains age 62 with ten or more years of service or the sum of the member's age and years of *credited* service equals at least eighty. For Dispatchers, a normal retirement requires the completion of twenty-five years of service, age 62 with ten or more years of service or the sum of the member's age and years of *credited* service equals at least eighty. For an employee who becomes a member of the plan on or after January 1, 2012, is the first day of the calendar month immediately following the employee's completion of twenty-five years of service if the employee is at least fifty-two and one-half years of age or the employee's sixty-second birthday and completion of ten years of service. Pension payments begin on the last business day of the retirement month.

### **How is my pension determined?**

Your pension amount is determined by years of credited service, based upon a formula. If you become a member of the plan before January 1, 2012, with 20 years of credited service, your pension is 50% of your highest consecutive three-year salary within the last 10 years. If you have more than 20 years of credited service your pension is increased by 2% of your three-year average salary for every year of credited service over 20 but less than 25. With 25 or more years of credited service, your pension is increased by 2.5% of your three-year average salary for every year of credited service over 20 years. If you have less than 20 years of credited service, then you will receive a pension equal to 2.5% of your average monthly salary times your years of credited service. The maximum amount of pension can not exceed 80% of your three-year average salary.

If you become a member of the plan on or after January 1, 2012, with 25 years of credited service, your pension is 62.5% of your highest consecutive five-year salary within the last 10 years. If you have less than 25 years of credited service, then you will receive a pension equal to 2.5% of your average monthly salary times your years of credited service. The maximum amount of pension can not exceed 80% of your three-year average salary.

### **How do I apply for retirement benefits including disability?**

Please contact your Local Board Secretary to obtain an application. If you do not know who your Local Board Secretary is, you may call our Benefits Department at 602-255-5575 for the current contact information.

**What is the difference between service and credited service?**

Service means that period of employment with an employer that is in the CORP as an employee while in a position that is covered by the CORP. Credited service is that period of service where you made contributions to the CORP or those periods of credited service that were transferred to the CORP from another state retirement system or plan.

**If I retire under the CORP when should I expect to receive my first pension benefit?**

Your effective date of retirement is the first day of the month following your termination of employment with your employer. The CORP will pay your pension benefits on the last business day of that month. We do not prorate pension benefits for partial months. Therefore, you should probably plan on terminating employment near the end of a month. Assuming your retirement paperwork is received by the 10<sup>th</sup> of the effective month by this office, your first pension benefit will be deposited on the last business day of the effective month.

**What if I decide to terminate employment with my CORP employer and forgo future retirement under the CORP? What am I entitled to receive?**

If you terminate employment with your employer you may apply to have your member contributions returned to you. If you have 0-5 years of credited service in the Plan, you are entitled to receive only your member contributions back. If you have 5 or more years of credited service in the Plan, you are entitled to receive your member contributions back *plus* an additional amount according to the following schedule:

<b>Years of Credited Service</b>	<b>Additional monies (% of contributions by payroll deduction)</b>
5.0 to 5.9	25%
6.0 to 6.9	40%
7.0 to 7.9	55%
8.0 to 7.9	70%
9.0 to 9.9	85%
10.0 or more	100%

**When can I expect to receive my member contributions when I terminate employment?**

A terminated member will receive their member contributions within twenty days after the Board of Trustees office receives a correctly completed refund application and the U3 form. Please bear in mind that the employer is required to complete a portion of the refund application. The employer may need two weeks to complete the necessary payroll information required on the refund application. For this reason, you should not expect to receive your refund monies until approximately one month after terminating your employment. Remember to correctly complete both the refund application and U3 form. Failure to correctly complete either form will further delay your receiving your refund monies.

### **Who should be named as my beneficiary under the CORP?**

There is an automatic surviving spouse's pension under the CORP for those eligible spouses. If you should die during your employment and were married for at least two years, your spouse would receive four-fifths of your pension that would be calculated as if you had 20 years of credited service. If you are retired and passed away, provided that you were married to your spouse for at least two consecutive years, your surviving spouse would receive four-fifths of your pension. If you pass away and do not have a spouse or eligible children, then your named beneficiary is entitled to receive any accumulated contributions of employee money that remains in your account.

### **When I retire, are there any cost of living adjustments?**

There may be post-retirement benefit increases to eligible retirees under the CORP. If the fund receives a return on its investments that is over the expected actuarial return (currently 9%), one-half of this excess money goes into an excess investment earnings account. This money is then available for benefit increases to eligible retirees based upon a statutory formula. The maximum benefit increase is limited to the equivalent of four per cent of the benefit being received on the preceding June 30. The benefit increase is a monthly flat dollar amount that is the same for all retirees and survivors. The benefit increase is not guaranteed but is dependent on the availability of money in the excess investment earnings account. A retiree is eligible for the increase if he has been receiving benefits on or before July 31 of the two previous years. If the member is 55 years of age or older on July 1 of the current year and was receiving benefits on or before July 31 of the previous years, the retiree is entitled to receive the increase. Therefore, when you terminate employment to retire may be important to you for purposes of receiving the benefit increase. Assuming you are under the age of 55 and you terminate employment on June 30, 2000 your effective date of retirement will be July 1, 2000. If monies are available, your first benefit increase will be July 31, 2002. If you terminate employment on July 31, 2000 your effective date of retirement will be August 1, 2000 and you would become eligible for the benefit increase on July 31, 2003.

### **I am in the military reserves. What happens to my retirement if I am called up to serve in the active military?**

Your employer will make both member and employer contributions for you for up to 48 months if:

1. You are a member of the Arizona National Guard or a reserve in any branch of the military.
2. You volunteer into active duty or are called into active duty as a result of a presidential call-up.
3. You are honorably separated from active duty and returns to your same employer within 90 days after separation.

You will receive credited service for this active military service. Employers will base the contributions on the salary being received by the member immediately before active service. We prefer that the employer make contributions on a regular payroll basis as if the member were still with the employer. However, the law does allow the employer to make the contributions in a lump sum without any penalty for a late contribution.

See A. R. S section 38-907, subsections C, D, E, and G.

**Will the retirement office accept personal information changes over the phone?**

No, you must submit any changes to your record in writing on the appropriate change request form. Change request forms are available on-line or by calling 602-255-5575.

**I am retired and no longer residing in Arizona, can the Retirement System withhold taxes for other states?**

No.

**Please submit any questions you have to Bonnie Brown and we will be glad to add them to this list.**