

Corrections Officer Retirement Plan Retirement Instruction Manual

A manual of instructions, checklists and guidelines for completing normal, survivor's, and disability retirements in the Corrections Officer Retirement Plan.

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CORRECTIONS OFFICER RETIREMENT PLAN

NORMAL RETIREMENT CHECKLIST

Forms and Documentation Required

- | | |
|---|--|
| Form C4 | Copy of Member's Birth Certificate |
| Form 8 (Optional) | If Married: |
| Form C11 or | Copy of Spouse's Birth Certificate |
| Form C11A (if applicable) | Copy of Marriage Certificate |
| Form C12 | If Eligible Children: |
| Form 13 | Copy of Children's Birth Certificates |
| Federal Tax Withholding Preference Certificate
(Form W-4P) | Medical Documentation for Disabled Children (If applicable) |
| State Tax Withholding Preference Certificate
(Form A-4P) | If Divorced during period of employment: |
| Minutes from Local Board Approving Retirement | Photocopy of complete Divorce Decree, or
Certified copy of Plan-approved Domestic Relations Order |

IMPORTANT DEADLINE

To ensure sufficient time for processing for timely payment of retirement benefits, all applications must be received by the Board of Trustee's Administrative Office by the 10th of the month in which the retiree will receive their first benefit payment. For example, if a retiree's last day of work is in July, their retirement becomes effective August 1st and their retirement application should be submitted to the board of trustees no later than August 10th. Information should be double checked for accuracy before submitting the application. Please note, a Local Board meeting must be conducted prior to the submission of the Normal Retirement packet in order for our office to make payments effective in our system.

Form C4 - Application for Normal Retirement

Make sure this form is completely filled out, including necessary signatures. The retirement date on this form should agree with the member's last day of work or the date in which the member meets the minimum requirements for a normal retirement at time of termination; namely, 20 or more years of service, age 62 with 10 or more years of service or the eighty-point rule.

Form 8 - Beneficiary Designation Form (Optional)

Retirement is a critical time for members to update their beneficiary information. Many members are surprised to find who we have listed as their beneficiaries (ex-spouses, deceased parents, etc.), so we would encourage retirees to submit this form along with their retirement applications, to ensure that all benefit payments are made to the correct person(s).

Form C11 - Benefit Calculations

Be sure to verify the final contribution amount to CORP.

Credited Service: In calculating the length of the member's credited service, make sure that you use the statutory definition of "Credited Service" in A.R.S. Section 38-881.11:

“...credited service transferred to the retirement plan from another retirement system or plan for public employees of this state, plus those compensated periods of service as a member of the retirement plan for which member contributions are on deposit in the fund.”

By definition, a "leave without pay" is not "credited service as a member of the retirement plan for which member contributions are on deposit in the fund" and therefore cannot be considered as credited service for purposes of computing a member's retirement benefit on this form. The "period" to be considered is a FULL pay period. Do not record individual days or hours as leave without pay. Any FULL pay period(s) where the member did not receive compensation and CORP did not receive contributions must be noted on the Form C4 and should be subtracted from the member's total service to come up with the length of credited service.

Average monthly salary: In calculating a retiree's average monthly salary, the current CORP statute allows the member to use a period of thirty-six (36) consecutive months of service in which the member received the highest salary within the last one hundred twenty (120) months of service. Average monthly salary means the aggregate amount of salary that is paid a member divided by the member's months of service if the member has less than 36 months of service.

These 36 months do not have to be calendar years. If the 36 months considered years include periods of non-paid or partially paid industrial leave, you should include "the salary the employee would have received in this job classification if the employee was not on industrial leave". Be careful in determining the 36 consecutive months of salary. If the member's last day of work was June 26, 2010, the beginning of the 36 month period ending on that date would be June 27, 2007, not June 26, 2007.

Benefit Calculations: For retirees who worked with the employer before the CORP joinder date of 1986 and who are retiring under the ASRS law, please use Form C11a for benefit calculations. Please note that the member must have worked with the employer prior to the employer's joinder date with CORP. If the member was hired after the employer's joinder date, Form C11a could not be used.

If benefits are being calculated using the prior statutes, please use the correct factor tables provided to determine the correct benefit amounts as indicated on the Form C11a.

If benefits are being calculated using the 80 point rule, please note the calculation formula will vary depending on how many years of credited service the member has and whether or not the member worked prior to 8/9/01. If the member worked prior to 8/9/01, the member is entitled to receive an amount equal to 2.5% of the average monthly salary times credited service (section G of Form C11). If the member worked after this date, then the formula used will be based on the years of credited service as outlined on Form C11 in sections D-F.

If benefit calculations are incorrect when submitted, a corrected Form C11 and a new Form C12 with the member's signature must be submitted before the first benefit check can be released to the retiree.

Form C12 - Notification of Benefits and Election

Make sure that you mark the type of benefit: Normal Retirement.

The "Date First Payment Due" should be the last business day of the next calendar month following the retiree's last day of employment. For example, if the retiree's last day of work is on December 23, 1989, the "Date First Payment Due" should be January 31, 1990.

Make sure the member initials the appropriate election line on the bottom section of the form and then signs the Election and Acceptance in the presence of a witness.

Form 13 - Authorization to Direct Deposit Benefit Payment

A retiree's first monthly benefit can be issued either in check form or by direct deposit, if the direct deposit authorization is received by the 10th of the month. The Direct Deposit option enables us to electronically transfer monthly benefits into a retiree's bank or credit union account. The check will be mailed to the retiree's address indicated on Form C4. The retiree may view the direct deposit notice on the Members Only section of our website at www.psprs.com.

Have the retiree complete Form 13 and attach a voided check for the bank or credit union account into which the benefits are to be deposited. This office relies on the retiree to provide correct routing and account information for the direct deposit and any incorrect information will result in a delay in the direct deposit.

Federal Tax Withholding Preference Certificate (Form W-4P)

With the enactment of the Tax Reform Act of 1986, CORP retirement benefits became taxable upon retirement except for a small percent monthly that is excludable as recapture of the retiree's after-tax contributions under rules established by the IRS.

The retiree has three options on this form:

Line 1 - No federal withholding will be deducted from the benefit check.

Line 2 - Federal withholding based on the retiree's marital status and claimed allowances will be deducted from the benefit check.

Line 3 - The amount of federal withholding will be the amount based on the retiree's marital status and claimed allowances plus the ADDITIONAL AMOUNT indicated on Line 3 over and above the amount calculated based on marital status and allowances. Retiree's must select a marital status and fill in the number of allowances in order to have an additional amount. Our office will not accept incomplete forms or forms that just have a flat dollar amount written in.

Please note that we are required by federal regulations to withhold based upon married status with 3 exemptions if we do not have a correctly completed form on file.

State Tax Withholding Preference Certificate (Form A-4P)

Legislative changes provide for state taxation of CORP retirement benefits in excess of \$2500 annually effective retroactive to tax year commencing January 1, 1989.

The retiree has 8 options on this form:

Line 1 – Check one option:

- An amount equal to zero point eight percent (0.8%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to one point three percent (1.3%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to one point eight percent (1.8%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to two point seven percent (2.7%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to three point six percent (3.6%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to four point two percent (4.2%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to five point one percent (5.1%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

Line 2 - No State Withholding will be deducted from the benefit check.

Retirees must select a percentage in order to have an additional amount withheld. Our office will not accept incomplete forms or forms that just have a flat dollar amount written in.

Local Board Minutes Approving Retirement

The Local Board's initial authorization to the Board of Trustee's Administrative Office to pay retirement benefits is on Form C12 - Notification of Benefits and Election wherein the Local Board Chairman certifies that the Local Board "has met and determined that the applicant...is eligible for the benefit payment as shown above." This gives us the authority to issue the retiree's initial retirement benefit.

A.R.S. Section 38-893.G, provides "No later than twenty days after taking action, the local board shall submit to the board of trustees the minutes from the local board meeting that include the name of the member affected by its decision, a description of the action taken and an explanation of the reasons and documents supporting the local board's action.

In addition, A.R.S. Section 38-893.M., provides "The secretary of the local board shall keep a record and prepare minutes of all meetings in compliance with Chapter 3, Article 3.1 of this title and forward the minutes to the Board of trustees as prescribed by Subsection G of this section.

Health Insurance Plans and Subsidy Available to Retirees

Retiring Corrections Officer Retirement Plan (CORP) members and their eligible dependents may be eligible to enroll in one of the two State of Arizona retiree group health insurance programs which offer Medical and Dental coverage. The retiring member may also have an option to continue the coverage with their employer. The prospective retiree would need to contact their employer insurance liaison to find out if they are eligible.

The two State programs are:

1. The Benefits Options plan, this plan is administered by the Arizona Department of Administration (ADOA) and is available to any retiring members **whose employer is the state of Arizona**. Please note that ADOA only offers their coverage at the time of retirement and will not allow anyone who declines their coverage to join at a later date. A survivor is only eligible to take the ADOA coverage if the member was qualified for retirement before death or already receiving a monthly benefit and she is on the plan with the member at time of death.
2. The Arizona State Retirement System (ASRS) plan, this plan is administered by Arizona State Retirement System and is available to all CORP retirees. Enrollment is handled by the PSPRS office for their retirees. The ASRS plans are offered to survivors regardless of whether on the plan before death of member or not. Retirees may join this plan during any open enrollment period or qualified life event.

Information packets regarding available insurance coverage under these plans can be obtained by contacting the offices shown below:

The Department of Administration
Benefits Office
100 N. 15th Ave. #103
Phoenix, AZ 85007
Phone numbers:
(602)-542-5008
(800)-304-3687
Website: www.hr.state.az.us/benefits

Public Safety Personnel Retirement System
3010 E Camelback Rd., Suite 200
Phoenix, AZ 85016
Phone Number:
(602)-255-5575
Fax Number:
(602)-296-2370
Website: www.psprs.com

Health Insurance Premium Benefit (Subsidy)

State statute provides a subsidy from PSRPRS to retired members and survivors receiving a monthly retirement pension and who are enrolled in a qualified retiree health insurance programs from their employer or the state. The following table is a breakdown of the amounts available.

	Members Only		Member & Dependents		
	NOT MEDICARE ELIGIBLE	MEDICARE ELIGIBLE	ALL NOT MEDICARE ELIGIBLE	ALL MED. ELIGIBLE	ONE WITH MEDICARE
Elected Officials' Retirement Plan (EORP)					
5 – 5.9	\$90.00	\$60.00	\$156.00	\$102.00	\$129.00
6 – 6.9	\$112.50	\$75.00	\$195.00	\$127.50	\$161.25
7 – 7.9	\$135.00	\$90.00	\$234.00	\$153.00	\$193.50
8 – 8.9	\$150.00	\$100.00	\$260.00	\$170.00	\$215.00

Corrections Officer Retirement Plan (CORP)

not applicable	\$150.00	\$100.00	\$260.00	\$170.00	\$215.00
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Public Safety Personnel Retirement System (PSPRS)

not applicable	\$150.00	\$100.00	\$260.00	\$170.00	\$215.00
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Note that there are new provisions regarding the provision of health insurance by the employer to survivors of police officers, corrections officers or probation officers killed in the line of duty. The new statute follows.

Legislation from the State of Arizona
House of Representatives
Forty-ninth Legislature
Second Regular Session
2010

CHAPTER 148

HOUSE BILL 2296

38-1103. Health insurance payments for spouse or dependents of law enforcement officer killed in the line of duty; definition

A. NOTWITHSTANDING ANY OTHER LAW, THE SURVIVING SPOUSE OF A DECEASED LAW ENFORCEMENT OFFICER IS ENTITLED TO RECEIVE PAYMENTS FOR HEALTH INSURANCE PREMIUMS FROM PUBLIC MONIES OF THE EMPLOYER OF THE LAW ENFORCEMENT OFFICER FOR THE FIRST YEAR AFTER THE DEATH OF THE LAW ENFORCEMENT OFFICER IF:

1. THE LAW ENFORCEMENT OFFICER WAS KILLED IN THE LINE OF DUTY OR DIED FROM INJURIES SUFFERED IN THE LINE OF DUTY.
2. THE LAW ENFORCEMENT OFFICER WAS ENROLLED IN THE EMPLOYER'S HEALTH INSURANCE PLAN AT THE TIME OF DEATH.
3. THE SURVIVING SPOUSE IS ENTITLED TO CONTINUE TO PARTICIPATE IN THE EMPLOYER'S HEALTH INSURANCE PLAN.

B. THIS SECTION APPLIES TO THE DEPENDENTS OF THE DECEASED LAW ENFORCEMENT OFFICER IF THE DEPENDENTS WERE ENROLLED IN THE EMPLOYER'S HEALTH INSURANCE PLAN AT THE TIME OF THE LAW ENFORCEMENT OFFICER'S DEATH.

C. PAYMENTS SHALL BE REDUCED FOR MONIES PAID FOR HEALTH INSURANCE PREMIUMS FOR THE SURVIVING SPOUSE OR DEPENDENTS OF THE SURVIVING SPOUSE FROM THE RETIREMENT PLAN FROM WHICH THE SURVIVING SPOUSE IS RECEIVING BENEFITS.

D. FOR THE PURPOSES OF THIS SECTION, "LAW ENFORCEMENT OFFICER" MEANS:

1. A PEACE OFFICER WHO IS CERTIFIED BY THE ARIZONA PEACE OFFICERS STANDARDS AND TRAINING BOARD.
2. A DETENTION OFFICER OR CORRECTIONS OFFICER WHO IS EMPLOYED BY THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE.
3. A PROBATION OFFICER OR SURVEILLANCE OFFICER WHO IS EMPLOYED BY THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE.

Sec. 3. Short title

This act may be cited as "Harrolle's Law".

Sec. 4. Retroactivity

This act is effective retroactively to from and after December 31, 2009.

Sec. 5. Emergency

This act is an emergency measure that is necessary to preserve the public peace, health or safety and is operative immediately as provided by law.

APPROVED BY THE GOVERNOR APRIL 26, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 27, 2010.

CORRECTIONS OFFICER RETIREMENT PLAN

DEFERRED ANNUITY CHECKLIST

Forms and Documentation Required

- | | |
|---|--|
| Form C4D | Copy of Applicant's Birth Certificate |
| Form C8 (Optional) | If Married: |
| Deferred Annuity Calculation | Copy of Spouse's Birth Certificate |
| Form C12 | Copy of Marriage Certificate |
| Form 13 | If Eligible Children: |
| Federal Tax Withholding Preference Certificate
(Form W-4P) | Copy of Children's Birth Certificates |
| State Tax Withholding Preference Certificate
(Form A-4P) | If Divorced during period of employment: |
| Minutes from Local Board Approving Annuity | Photocopy of complete Divorce Decree, or |
| | Certified copy of Plan-approved Domestic Relations Order |

IMPORTANT DEADLINE

To ensure sufficient time for processing for timely payment of annuity benefits, all applications must be received by the Board of Trustee's Administrative Office by the 10th of the month in which the applicant will receive their first annuity payment. Please note, a Local Board meeting must be conducted prior to the submission of the Deferred Annuity packet in order for our office to make payments effective in our system.

Form C4D - Application for Deferred Annuity

Make sure this application is completely filled out, including necessary signatures. Attach copies of the supporting documentation as required on the C4D.

Form 8 - Beneficiary Designation Form (Optional)

The Deferred Annuity option does not offer surviving spouse or child benefits, however, if there are any contributions left on account at the time of death, a named beneficiary would be paid the remaining balance of the contributions as outlined in the statutes.

Deferred Annuity Calculation

In order to calculate a Deferred Annuity, the electronic retirement spreadsheets **MUST** be used due to the factors used in computing age, credited service time, and total contributions made by the member. The spreadsheets are located at www.psprs.com under the CORP Employer menu and by selecting "Spreadsheets". Select the "Retirement Forms" spreadsheet and fill in the Input Sheet with the required data.

Any periods of leave without pay or industrial leave should be noted and taken into consideration when computing credited service and the annuity benefit when filling in the required fields in the Deferred Annuity spreadsheet located at www.psprs.com under the CORP Employer menu in "Spreadsheets".

By definition, a "leave without pay" is not a "compensated period of service" and therefore cannot be considered as credited service for purposes of computing a member's annuity on this form. The "period" to be considered is a FULL pay period. Do not record individual days or hours as leave without pay. Any FULL pay period(s) where the member did not receive compensation and CORP did not receive contributions must be noted on the Form C4D and should be subtracted from the member's total service to come up with the length of credited service.

Form C12 - Notification of Benefits and Election

The Type of Benefit should reflect: Deferred Annuity

The "Date First Payment Due" should be the last business day of the next calendar month following the date of application.

Make sure the applicant initials the appropriate election line (first option) on the bottom section of the form and then signs the Election and Acceptance in the presence of a witness.

Form 13 - Authorization to Direct Deposit Annuity Payment

Annuity payments can be issued either in check form or by direct deposit, if the direct deposit authorization is received by the 10th of the month. The Direct Deposit option enables us to electronically transfer monthly benefits into a member's bank or credit union account. The check will be mailed to the member's address indicated on Form C4D. The member may view the direct deposit notice on the Members Only section of our website at www.psprs.com.

Have the applicant complete Form 13 and attach a voided check for the bank or credit union account into which the annuity benefits are to be deposited. This office relies on the applicant to provide correct routing and account information and any incorrect information may result in a delay in the direct deposit.

Federal Tax Withholding Preference Certificate (Form W-4P)

With the enactment of the Tax Reform Act of 1986, CORP retirement benefits became taxable upon retirement except for a small percent monthly that is excludable as recapture of the retiree's after-tax contributions under rules established by the IRS.

The applicant has three options on this form:

Line 1 - No federal withholding will be deducted from the benefit check.

Line 2 - Federal withholding based on the retiree's marital status and claimed allowances will be deducted from the benefit check.

Line 3 - The amount of federal withholding will be the amount based on the retiree's marital status and claimed allowances plus the ADDITIONAL AMOUNT indicated on Line 3 over and above the amount calculated based on marital status and allowances. Applicants must select a marital status and fill in the number of allowances in order to have an additional amount. Our office will not accept incomplete forms or forms that just have a flat dollar amount written in.

Please note that we are required by federal regulations to withhold based upon married status with 3 exemptions if we do not have a correctly completed form on file.

State Tax Withholding Preference Certificate (Form A-4P)

Legislative changes provide for state taxation of PSPRS retirement benefits in excess of \$2500 annually effective retroactive to tax year commencing January 1, 1989.

The applicant has 8 options on this form:

Line 1 – Check one option:

- An amount equal to zero point eight percent (0.8%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to one point three percent (1.3%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to one point eight percent (1.8%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to two point seven percent (2.7%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to three point six percent (3.6%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to four point two percent (4.2%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to five point one percent (5.1%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

Line 2 - No State Withholding will be deducted from the benefit check.

Applicants must select a percentage in order to have an additional amount withheld. Our office will not accept incomplete forms or forms that just have a flat dollar amount written in.

Local Board Minutes Approving Deferred Annuity

The Local Board's initial authorization to the Board of Trustee's Administrative Office to pay retirement benefits is on Form C12 - Notification of Benefits and Election wherein the Local Board Chairman certifies that the Local Board "has met and determined that the applicant...is eligible for the benefit payment as shown above." This gives us the authority to issue the applicant's initial annuity payment.

A.R.S. Section 38-893.G, provides "No later than twenty days after taking action, the local board shall submit to the board of trustees the minutes from the local board meeting that include the name of the member affected by its decision, a description of the action taken and an explanation of the reasons and documents supporting the local board's action.

In addition, A.R.S. Section 38-893.M., provides "The secretary of the local board shall keep a record and prepare minutes of all meetings in compliance with Chapter 3, Article 3.1 of this title and forward the minutes to the Board of trustees as prescribed by Subsection G of this section.

Special Notice about Deferred Annuity

The Deferred Annuity is not a retirement benefit and annuitant's are not entitled to receive any amount prescribed by sections 38-887, 38-888, 38-904, 38-905, 38-905.02 or 38-906.

CORRECTIONS OFFICER RETIREMENT PLAN

REVERSE DROP CHECKLIST

Forms and Documentation Required

- | | |
|---|---|
| Form C4 RDROP | Retirement Verification of Final Contributions to CORP |
| Form C8 RDROP | Copy of Member's Birth Certificate |
| Form C11 RDROP | If Married: |
| Form C12 RDROP | Copy of Spouse's Birth Certificate |
| Form 13 | Copy of Marriage Certificate |
| Form U3 Benefits Lump Sum Distribution Election | If Eligible Children: |
| Special Tax Notice (copy to retiree) | Copy of Children's Birth Certificates |
| Federal Tax Withholding Preference Certificate | Medical Documentation for Disabled Children (If applicable) |
| (Form W-4P) | If Divorced during period of employment: |
| State Tax Withholding Preference Certificate | Photocopy of complete Divorce Decree, or |
| (Form A-4P) | Certified copy of Plan-approved Domestic Relations Order |
| Memorandum and Understanding and Agreement | |
| Minutes from Local Board Approving Reverse DROP | |

IMPORTANT DEADLINE

To ensure sufficient time for processing for timely payment of retirement benefits, all applications must be received by the Board of Trustee's Administrative Office by the 10th of the month in which the retiree will receive their first benefit payment. For example, if a retiree's last day of work is in July, their retirement becomes effective August 1st and their retirement application should be submitted to the board of trustees no later than August 10th. Information should be double checked for accuracy before submitting the application. Please note, a Local Board meeting must be conducted prior to the submission of the Reverse DROP packet in order for our office to make participation effective in our system.

Form C4RDROP - Application for Reverse DROP

Make sure this form is completely filled out on both sides, including necessary signatures. The date of election to participate in Reverse DROP should agree with the retirement date. The Reverse DROP date should agree with the ending service date on the Form C11RDROP. The member elects a Reverse DROP date that is the first day of the month immediately following completion of 24 years of credited service (25 years of credited service required for dispatchers) or a date not more than 60 consecutive months before the date the member elects to participate in the Reverse DROP, whichever is later. Any leaves without pay or industrial leaves should be noted and taken into consideration when computing credited service and the Reverse DROP benefit on the Form C11RDROP. Remember that leaves without pay will affect one's credited service amount.

Form C8RDROP – Beneficiary Designation

The designated beneficiary is entitled to receive the Reverse DROP monies if the member dies after making application but before receiving the first payment. If no designation were made, the estate would get the monies. If a person other than the spouse is listed, the spouse must also sign the document with the appropriate witness. If the spouse does not sign the document, the prescribed designated beneficiary will still be effective; however, if there were a dispute, it would be between the spouse and the designated beneficiary.

Form C11RDROP - Benefit Calculations

Be sure to verify the final contribution amount to CORP.

Credited Service: In calculating the length of the member's credited service, make sure that you use the statutory definition of "Credited Service" in A.R.S. Section 38-881.11:

"...credited service transferred to the retirement plan from another retirement system or plan for public employees of this state, plus those compensated periods of service as a member of the retirement plan for which member contributions are on deposit in the fund."

By definition, a "leave without pay" is not "credited service as a member of the retirement plan for which member contributions are on deposit in the fund" and therefore cannot be considered as credited service for purposes of computing a member's retirement benefit on this form. The "period" to be considered is a FULL pay period. Do not record individual days or hours as leave without pay. Any FULL pay period(s) where the member did not receive compensation and CORP did not receive contributions must be noted on the Form C4RDROP and should be subtracted from the member's total service to come up with the length of credited service.

Average monthly salary: In calculating a retiree's average monthly salary, the current CORP statute allows the member to use a period of thirty-six (36) consecutive months of service in which the member received the highest salary within the last one hundred twenty (120) months of service. Average monthly salary means the aggregate amount of salary that is paid a member divided by the member's months of service if the member has less than thirty-six months of service.

These 36 months do not have to be calendar years. Be careful in determining the 36 consecutive months of compensation. If the member's last day of work was June 26, 2010, the beginning of the 36 month period ending on that date would be June 27, 2007, not June 26, 2007.

Benefit Calculations: Make sure that you use the correct section of Form C11RDROP to calculate the appropriate benefit calculation for each individual Reverse DROP applicant.

For retirement with 24 or more years of credited service: Use Section D.

For retirement with 25 or more years of credited service: Use Section E.

If benefit calculations are incorrect when submitted, a corrected Form C11RDROP and a new Form C12RDROP with the member's signature must be submitted before the lump sum Reverse DROP payment check and first pension benefit can be released to the retiree.

If benefits are being calculated using the prior statutes, please use the correct factor tables provided to determine the correct benefit amounts.

Form C12RDROP - Notification of Reverse DROP Benefits and Election

The "Date First Reverse DROP Benefit Credited" should be the first day of the month following the Reverse DROP date. The "Date Last Reverse DROP Benefit Credited" is the first day of the month of retirement.

For example:

Date Elected to Participate: 09/30/2008 (this is the retirement date)
Service Dates: 03/15/1979 to 9/30/2008
Reverse DROP Date = 10/01/2003

Date First Reverse DROP Benefit Credited: 10/01/2003
Date Last Reverse DROP Benefit Credited: 09/30/2008

If the member's Reverse DROP date was 10/1/2003, the beginning of the 3 year period ending on that date would be 10/2/2000, not 10/1/2000. The 60 months the member has chosen to participate in Reverse DROP is not considered in the calculation of the member's monthly benefit amount.

Make sure the Reverse DROP applicant initials the election line on the bottom section of the form and then signs the Election and Acceptance in the presence of a witness.

Form 13 - Authorization to Direct Deposit Benefit Payment

A retiree's first monthly benefit can be issued either in check form or by direct deposit, if the direct deposit authorization is received by the 10th of the month. The Direct Deposit option enables us to electronically transfer monthly benefits into a retiree's bank or credit union account. The check will be mailed to the retiree's address indicated on Form C4RDROP. The retiree may view the direct deposit notice on the Members Only section of our website at www.psprs.com.

Have the retiree complete Form 13 and attach a voided check for the bank or credit union account into which the benefits are to be deposited. This office relies on the retiree to provide correct routing and account information for the direct deposit and any incorrect information will result in a delay in the direct deposit.

Form U3 – Benefits Lump Sum Distribution Election Form

Without Form U3 Benefits, the retirement cannot be processed. Any references to a 30-day grace period for submission of this form are false. Members and Local Board staff are not authorized to sign in place of the Financial Institution Representative or have the rollover check mailed directly to them on page 2 of the Form U3 Benefits.

If the retiree elects to rollover the monies to a qualified IRA account, then a check will be mailed to the address as indicated on the Form U3 Benefits page 2. Our office is currently in the process of setting up the option to direct deposit rollover monies. The Form U3 Benefits page 2 will be updated once this option is available.

Special Tax Notice

Provide a copy of the Special Tax Notice to the retiree.

Federal Tax Withholding Preference Certificate (Form W-4P)

With the enactment of the Tax Reform Act of 1986, CORP retirement benefits became taxable upon retirement except for a small percent monthly that is excludable as recapture of the retiree's after-tax contributions under rules established by the IRS.

The retiree has three options on this form:

Line 1 - No federal withholding will be deducted from the benefit check.

Line 2 - Federal withholding based on the retiree's marital status and claimed allowances will be deducted from the benefit check.

Line 3 - The amount of federal withholding will be the amount based on the retiree's marital status and claimed allowances plus the ADDITIONAL AMOUNT indicated on Line 3 over and above the amount calculated based on marital status and allowances. Retirees must select a marital status and fill in the number of allowances in order to have an additional amount. Our office will not accept incomplete forms or forms that just have a flat dollar amount written in.

Please note that we are required by federal regulations to withhold based upon married status with 3 exemptions if we do not have a correctly completed form on file.

State Tax Withholding Preference Certificate (Form A-4P)

Legislative changes provide for state taxation of PSPRS retirement benefits in excess of \$2500 annually effective retroactive to tax year commencing January 1, 1989.

The retiree has 8 options on this form:

Line 1 – Check one option:

- An amount equal to zero point eight percent (0.8%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to one point three percent (1.3%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to one point eight percent (1.8%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to two point seven percent (2.7%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to three point six percent (3.6%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to four point two percent (4.2%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to five point one percent (5.1%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

Line 2 - No State Withholding will be deducted from the benefit check.

Retirees must select a percentage in order to have an additional amount withheld. Our office will not accept incomplete forms or forms that just have a flat dollar amount written in.

Reverse DROP Memorandum of Understanding and Agreement

Make sure the employee initials all of the statements and that the employer signs the memo. Provide a copy of the Reverse DROP laws to the employee and the employer. This is important for the employer, as they need to adjust their payroll records to terminate the employer and employee contributions to CORP.

Local Board Minutes Approving Retirement

The Local Board's initial authorization to the Board of Trustee's Administrative Office to pay retirement benefits is on Form C12RDROP - Notification of Benefits and Election wherein the Local Board Chairman certifies that the Local Board "has met and determined that the applicant...is eligible for the benefit payment as shown above." This gives us the authority to issue the retiree's initial retirement benefit.

A.R.S. Section 38-893.G, provides "No later than twenty days after taking action, the local board shall submit to the board of trustees the minutes from the local board meeting that include the name of the member affected by its decision, a description of the action taken and an explanation of the reasons and documents supporting the local board's action.

In addition, A.R.S. Section 38-893.M., provides "The secretary of the local board shall keep a record and prepare minutes of all meetings in compliance with Chapter 3, Article 3.1 of this title and forward the minutes to the Board of trustees as prescribed by Subsection G of this section.

Health Insurance Plans and Subsidy Available to Retirees

Retiring Corrections Officer Retirement Plan (CORP) members and their eligible dependents may be eligible to enroll in one of the two State of Arizona retiree group health insurance programs which offer Medical and Dental coverage. The retiring member may also have an option to continue the coverage with their employer. The prospective retiree would need to contact their employer insurance liaison to find out if they are eligible.

The two State programs are:

1. The Benefits Options plan, this plan is administered by the Arizona Department of Administration (ADOA) and is available to any retiring members **whose employer is the state of Arizona**. Please note that ADOA only offers their coverage at the time of retirement and will not allow anyone who declines their coverage to join at a later date. A survivor is only eligible to take the ADOA coverage if the member was qualified for retirement before death or already receiving a monthly benefit and she is on the plan with the member at time of death.

2. The Arizona State Retirement System (ASRS) plan, this plan is administered by Arizona State Retirement System and is available to all CORP retirees. Enrollment is handled by the PSPRS office for their retirees. The ASRS plans are offered to survivors regardless of whether on the plan before death of member or not. Retirees may join this plan during any open enrollment period or qualified life event.

Information packets regarding available insurance coverage under these plans can be obtained by contacting the offices shown below:

The Department of Administration
Benefits Office
100 N. 15th Ave. #103
Phoenix, AZ 85007
Phone numbers:
(602)-542-5008
(800)-304-3687
Website: www.hr.state.az.us/benefits

Public Safety Personnel Retirement System
3010 E Camelback Rd., Suite 200
Phoenix, AZ 85016
Phone Number:
(602)-255-5575
Fax Number:
(602)-296-2370
Website: www.psprs.com

Health Insurance Premium Benefit (Subsidy)

State statute provides a subsidy from PSRPRS to retired members and survivors receiving a monthly retirement pension and who are enrolled in a qualified retiree health insurance programs from their employer or the state. The following table is a breakdown of the amounts available.

	Members Only		Member & Dependents		
	NOT MEDICARE ELIGIBLE	MEDICARE ELIGIBLE	ALL NOT MEDICARE ELIGIBLE	ALL MED. ELIGIBLE	ONE WITH MEDICARE
Elected Officials' Retirement Plan (EORP)					
5 – 5.9	\$90.00	\$60.00	\$156.00	\$102.00	\$129.00
6 – 6.9	\$112.50	\$75.00	\$195.00	\$127.50	\$161.25
7 – 7.9	\$135.00	\$90.00	\$234.00	\$153.00	\$193.50
8 – 8.9	\$150.00	\$100.00	\$260.00	\$170.00	\$215.00
Corrections Officer Retirement Plan (CORP)					
not applicable	\$150.00	\$100.00	\$260.00	\$170.00	\$215.00
Public Safety Personnel Retirement System (PSPRS)					
not applicable	\$150.00	\$100.00	\$260.00	\$170.00	\$215.00

Note that there are new provisions regarding the provision of health insurance by the employer to survivors of police officers, corrections officers or probation officers killed in the line of duty. The new statute follows.

Legislation from the State of Arizona
House of Representatives
Forty-ninth Legislature
Second Regular Session
2010

CHAPTER 148

HOUSE BILL 2296

38-1103. Health insurance payments for spouse or dependents of law enforcement officer killed in the line of duty; definition

A. NOTWITHSTANDING ANY OTHER LAW, THE SURVIVING SPOUSE OF A DECEASED LAW ENFORCEMENT OFFICER IS ENTITLED TO RECEIVE PAYMENTS FOR HEALTH INSURANCE PREMIUMS FROM PUBLIC MONIES OF THE EMPLOYER OF THE LAW ENFORCEMENT OFFICER FOR THE FIRST YEAR AFTER THE DEATH OF THE LAW ENFORCEMENT OFFICER IF:

1. THE LAW ENFORCEMENT OFFICER WAS KILLED IN THE LINE OF DUTY OR DIED FROM INJURIES SUFFERED IN THE LINE OF DUTY.
2. THE LAW ENFORCEMENT OFFICER WAS ENROLLED IN THE EMPLOYER'S HEALTH INSURANCE PLAN AT THE TIME OF DEATH.
3. THE SURVIVING SPOUSE IS ENTITLED TO CONTINUE TO PARTICIPATE IN THE EMPLOYER'S HEALTH INSURANCE PLAN.

B. THIS SECTION APPLIES TO THE DEPENDENTS OF THE DECEASED LAW ENFORCEMENT OFFICER IF THE DEPENDENTS WERE ENROLLED IN THE EMPLOYER'S HEALTH INSURANCE PLAN AT THE TIME OF THE LAW ENFORCEMENT OFFICER'S DEATH.

C. PAYMENTS SHALL BE REDUCED FOR MONIES PAID FOR HEALTH INSURANCE PREMIUMS FOR THE SURVIVING SPOUSE OR DEPENDENTS OF THE SURVIVING SPOUSE FROM THE RETIREMENT PLAN FROM WHICH THE SURVIVING SPOUSE IS RECEIVING BENEFITS.

D. FOR THE PURPOSES OF THIS SECTION, "LAW ENFORCEMENT OFFICER" MEANS:

1. A PEACE OFFICER WHO IS CERTIFIED BY THE ARIZONA PEACE OFFICERS STANDARDS AND TRAINING BOARD.
2. A DETENTION OFFICER OR CORRECTIONS OFFICER WHO IS EMPLOYED BY THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE.
3. A PROBATION OFFICER OR SURVEILLANCE OFFICER WHO IS EMPLOYED BY THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE.

Sec. 3. Short title

This act may be cited as "Harrolle's Law".

Sec. 4. Retroactivity

This act is effective retroactively to from and after December 31, 2009.

Sec. 5. Emergency

This act is an emergency measure that is necessary to preserve the public peace, health or safety and is operative immediately as provided by law.

APPROVED BY THE GOVERNOR APRIL 26, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 27, 2010.

CORRECTIONS OFFICER RETIREMENT PLAN
SURVIVOR'S/GUARDIAN'S RETIREMENT CHECKLIST

Forms and Documentation Required

Form C7	
Form C8 (Optional)	Copy of Member's Death Certificate
Form C11	Copy of Survivor's/Guardian's Birth Certificate
Form C12	Copy of Marriage Certificate (If applicable)
Form 13	Copy of Survivor's/Guardian's Social Security Card
Form C14 (if applicable)	If Eligible Children:
Federal Tax Withholding Preference Certificate Form W-4P	Copy of Children's Birth Certificates
State Tax Withholding Preference Certificate Form A-4P	Medical Documentation for Disabled Children (If applicable)
Minutes from Local Board Approving Survivor's Retirement and Terminating Member's Pension	Proof of Full-time School Enrollment (If applicable)
	Proof of Legal Guardianship (if applicable)

IMPORTANT DEADLINE

To ensure sufficient time for processing for timely payment of retirement benefits, all applications must be received by the Board of Trustee's Administrative Office by the 10th of the month in which the survivor/guardian will receive their first benefit payment. For example, if a retiree's date of death is in July, the survivor/guardian retirement becomes effective August 1st and the retirement application should be submitted to the board of trustees no later than August 10th. Information should be double checked for accuracy before submitting the application. Please note, a Local Board meeting must be conducted prior to the submission of the Survivor/Guardian Benefit packet in order for our office to make payments effective in our system.

Form C7 - Application for a Survivor's Benefit

Make sure this form is completely filled out, including the necessary signatures.

SURVIVING SPOUSE: The CORP statute prescribes the following eligibility requirements for a Surviving Spouse Benefit:

- a) Surviving Spouse of a deceased active, (non-retired) member - the applicant must be the legal spouse of the active member at the time of the member's death.
- b) Surviving Spouse of a deceased retired member - the applicant must be the legal spouse of the retired member at the time of the member's death and said marriage must have been for a period of at least two years prior to the retired member's date of death.

The State of Arizona does not recognize common-law marriages and neither will the CORP. A divorce or annulment in progress at the time of death will not affect the surviving spouse's rights to benefits unless they have become final prior to the member's death.

GUARDIAN/CHILD'S BENEFIT: The applicant must be the legally-appointed guardian or custodian of the deceased member's eligible child as defined in A.R.S. Section 38-881.19:

- "Eligible Child" means an unmarried child of a deceased active or retired member who meets one of the following qualifications:
- (a) Is under eighteen years of age
 - (b) Is at least eighteen years of age and under twenty-three years of age only during any period that the child is full-time student.
 - (c) Is under a disability that began before the child attained twenty-three years of age and remains a dependent of the surviving spouse or guardian.

An eligible child must be the natural offspring of the member or legally adopted by the member. The applicant must show proof of adoption. Pursuant to section 38-904.B a child's pension terminates if the child is adopted.

A guardian/child's pension is payable only if there is no eligible surviving spouse receiving Survivor's Benefits.

Form C11 - Benefit Calculations

FOR DECEASED RETIRED MEMBERS:

For deceased members already receiving normal service retirement benefits, or disability retirement benefits, you will not need to recalculate the member's pension. Complete the top section, giving the identification and service information on the deceased member, and indicate the deceased member's monthly benefit at the time of death on Line D.3, E.3, F G, or H whichever is applicable. The Surviving Spouse or Guardian/Child's pension is calculated on Line I.

If you are unsure of the monthly pension being received by a retired member at the time of death, contact the Administrative Office and ask for the Benefits Department.

FOR DECEASED ACTIVE (NON-RETIRED) MEMBERS:

Pursuant to A.R.S. Section 38-888, the surviving spouse of a deceased active member shall receive a monthly benefit that is 40% of the deceased member's average monthly salary.

Please note: In calculating the credited service and average monthly benefit compensation for deceased active members, follow the guidelines for credited service and compensation contained in the Normal Retirement Checklist. Be sure to verify the final contribution amount to CORP.

If benefit calculations are incorrect when submitted, a corrected Form C11 and a new Form C12 with the member's signature must be submitted before the first benefit check can be released to the retiree.

Form C12 - Notification of Benefits and Election

The CORP member's name should go in the space requesting the "Member's Name" with the Surviving Spouse's name listed on the line requesting "Payable To".

Make sure that you mark the Type of Benefit "Survivor".

The "Date First Payment Due" should be the last business day of the next calendar month following the date of death. For example, if the member died on December 23, 1989, the "Date of First Payment Due" should be January 31, 1990.

Make sure the survivor initials the appropriate election line on the bottom section of the form and then signs the Election and Acceptance in the presence of a witness.

Form 13 - Authorization to Direct Deposit Benefit Payment

A survivor's/guardian's first monthly benefit can be issued either in check form or by direct deposit, if the direct deposit authorization is received by the 10th of the month. The Direct Deposit option enables us to electronically transfer monthly benefits into a survivor's bank or credit union account. The check will be mailed to the survivor's address indicated on Form C7. The survivor may view the direct deposit notice on the Members Only section of our website at www.psprs.com.

Have the survivor complete Form 13 and attach a voided check for the bank or credit union account into which the benefits are to be deposited. This office relies on the survivor to provide correct routing and account information for the direct deposit and any incorrect information will result in a delay in the direct deposit.

Form 14 - Certification of Marital Status

This form must be completed if the survivor is not able to produce a copy of the marriage certificate. Make sure the survivor fills out this form completely and signs it in front of a notary.

Federal Tax Withholding Preference Certificate (Form W-4P)

With the enactment of the Tax Reform Act of 1986, CORP retirement benefits became taxable upon retirement except for a small percent monthly that is excludable as recapture of the retiree's after-tax contributions under rules established by the IRS.

The survivor/guardian has three options on this form:

Line 1 - No federal withholding will be deducted from the benefit check.

Line 2 - Federal withholding based on the survivor's marital status and claimed allowances will be deducted from the benefit check.

Line 3 - The amount of federal withholding will be the amount based on the retiree's marital status and claimed allowances plus the ADDITIONAL AMOUNT indicated on Line 3 over and above the amount calculated based on marital status and allowances. Survivors/Guardians must select a marital status and fill in the number of allowances in order to have an additional amount. Our office will not accept incomplete forms or forms that just have a flat dollar amount written in.

Please note that we are required by federal regulations to withhold based upon married status with 3 exemptions if we do not have a correctly completed form on file.

State Tax Withholding Preference Certificate (Form A-4P)

Legislative changes provide for state taxation of PSPRS retirement benefits in excess of \$2500 annually effective retroactive to tax year commencing January 1, 1989.

The survivor/guardian has 8 options on this form:

Line 1 – Check one option:

- An amount equal to zero point eight percent (0.8%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to one point three percent (1.3%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to one point eight percent (1.8%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to two point seven percent (2.7%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to three point six percent (3.6%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to four point two percent (4.2%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

- An amount equal to five point one percent (5.1%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

Line 2 - No State Withholding will be deducted from the benefit check.

Survivors/Guardians must select a percentage in order to have an additional amount withheld. Our office will not accept incomplete forms or forms that just have a flat dollar amount written in.

Local Board Minutes Approving Retirement

The Local Board's initial authorization to the Board of Trustee's Administrative Office to pay retirement benefits is on Form C12 - Notification of Benefits and Election wherein the Local Board Chairman certifies that the Local Board "has met and determined that the applicant...is eligible for the benefit payment as shown above." This gives us the authority to issue the survivor's/guardian's initial retirement benefit.

A.R.S. Section 38-893.G, provides "No later than twenty days after taking action, the local board shall submit to the board of trustees the minutes from the local board meeting that include the name of the member affected by its decision, a description of the action taken and an explanation of the reasons and documents supporting the local board's action.

In addition, A.R.S. Section 38-893.M., provides "The secretary of the local board shall keep a record and prepare minutes of all meetings in compliance with Chapter 3, Article 3.1 of this title and forward the minutes to the Board of trustees as prescribed by Subsection G of this section.

Health Insurance Plans and Subsidy Available to Retirees

Retiring Corrections Officer Retirement Plan (CORP) members and their eligible dependents may be eligible to enroll in one of the two State of Arizona retiree group health insurance programs which offer Medical and Dental coverage. The retiring member may also have an option to continue the coverage with their employer. The prospective retiree would need to contact their employer insurance liaison to find out if they are eligible.

The two State programs are:

1. The Benefits Options plan, this plan is administered by the Arizona Department of Administration (ADOA) and is available to any retiring members **whose employer is the state of Arizona**. Please note that ADOA only offers their coverage at the time of retirement and will not allow anyone who declines their coverage to join at a later date. A survivor is only eligible to take the ADOA coverage if the member was qualified for retirement before death or already receiving a monthly benefit and she is on the plan with the member at time of death.
2. The Arizona State Retirement System (ASRS) plan, this plan is administered by Arizona State Retirement System and is available to all CORP retirees. Enrollment is handled by the PSPRS office for their retirees. The ASRS plans are offered to survivors regardless of whether on the plan before death of member or not. Retirees may join this plan during any open enrollment period or qualified life event.

Information packets regarding available insurance coverage under these plans can be obtained by contacting the offices shown below:

The Department of Administration
Benefits Office
100 N. 15th Ave. #103
Phoenix, AZ 85007
Phone numbers:
(602)-542-5008
(800)-304-3687
Website: www.hr.state.az.us/benefits

Public Safety Personnel Retirement System
3010 E Camelback Rd., Suite 200
Phoenix, AZ 85016
Phone Number:
(602)-255-5575
Fax Number:
(602)-296-2370
Website: www.psprs.com

Health Insurance Premium Benefit (Subsidy)

State statute provides a subsidy from PSRPRS to retired members and survivors receiving a monthly retirement pension and who are enrolled in a qualified retiree health insurance programs from their employer or the state. The following table is a breakdown of the amounts available.

	Members Only		Member & Dependents		
	NOT MEDICARE ELIGIBLE	MEDICARE ELIGIBLE	ALL NOT MEDICARE ELIGIBLE	ALL MED. ELIGIBLE	ONE WITH MEDICARE
Elected Officials' Retirement Plan (EORP)					
5 - 5.9	\$90.00	\$60.00	\$156.00	\$102.00	\$129.00
6 - 6.9	\$112.50	\$75.00	\$195.00	\$127.50	\$161.25
7 - 7.9	\$135.00	\$90.00	\$234.00	\$153.00	\$193.50
8 - 8.9	\$150.00	\$100.00	\$260.00	\$170.00	\$215.00
Corrections Officer Retirement Plan (CORP)					
not applicable	\$150.00	\$100.00	\$260.00	\$170.00	\$215.00
Public Safety Personnel Retirement System (PSPRS)					
not applicable	\$150.00	\$100.00	\$260.00	\$170.00	\$215.00

Note that there are new provisions regarding the provision of health insurance by the employer to survivors of police officers, corrections officers or probation officers killed in the line of duty. The new statute follows.

Legislation from the State of Arizona
House of Representatives
Forty-ninth Legislature
Second Regular Session
2010

CHAPTER 148

HOUSE BILL 2296

38-1103. Health insurance payments for spouse or dependents of law enforcement officer killed in the line of duty; definition

A. NOTWITHSTANDING ANY OTHER LAW, THE SURVIVING SPOUSE OF A DECEASED LAW ENFORCEMENT OFFICER IS ENTITLED TO RECEIVE PAYMENTS FOR HEALTH INSURANCE PREMIUMS FROM PUBLIC MONIES OF THE EMPLOYER OF THE LAW ENFORCEMENT OFFICER FOR THE FIRST YEAR AFTER THE DEATH OF THE LAW ENFORCEMENT OFFICER IF:

1. THE LAW ENFORCEMENT OFFICER WAS KILLED IN THE LINE OF DUTY OR DIED FROM INJURIES SUFFERED IN THE LINE OF DUTY.
2. THE LAW ENFORCEMENT OFFICER WAS ENROLLED IN THE EMPLOYER'S HEALTH INSURANCE PLAN AT THE TIME OF DEATH.
3. THE SURVIVING SPOUSE IS ENTITLED TO CONTINUE TO PARTICIPATE IN THE EMPLOYER'S HEALTH INSURANCE PLAN.

B. THIS SECTION APPLIES TO THE DEPENDENTS OF THE DECEASED LAW ENFORCEMENT OFFICER IF THE DEPENDENTS WERE ENROLLED IN THE EMPLOYER'S HEALTH INSURANCE PLAN AT THE TIME OF THE LAW ENFORCEMENT OFFICER'S DEATH.

C. PAYMENTS SHALL BE REDUCED FOR MONIES PAID FOR HEALTH INSURANCE PREMIUMS FOR THE SURVIVING SPOUSE OR DEPENDENTS OF THE SURVIVING SPOUSE FROM THE RETIREMENT PLAN FROM WHICH THE SURVIVING SPOUSE IS RECEIVING BENEFITS.

D. FOR THE PURPOSES OF THIS SECTION, "LAW ENFORCEMENT OFFICER" MEANS:

1. A PEACE OFFICER WHO IS CERTIFIED BY THE ARIZONA PEACE OFFICERS STANDARDS AND TRAINING BOARD.
2. A DETENTION OFFICER OR CORRECTIONS OFFICER WHO IS EMPLOYED BY THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE.

3. A PROBATION OFFICER OR SURVEILLANCE OFFICER WHO IS EMPLOYED BY THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE.

Sec. 3. Short title

This act may be cited as "Harrolle's Law".

Sec. 4. Retroactivity

This act is effective retroactively to from and after December 31, 2009.

Sec. 5. Emergency

This act is an emergency measure that is necessary to preserve the public peace, health or safety and is operative immediately as provided by law.

APPROVED BY THE GOVERNOR APRIL 26, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 27, 2010.

**CORRECTIONS OFFICER RETIREMENT PLAN
DEATH BENEFICIARY CHECKLIST**

Forms and Documentation Required

- | | |
|--|--|
| Form C7D | Copy of Member's Death Certificate |
| Form 13 | Certified Personal Representative letter (if applicable) |
| Federal Tax Withholding Preference Certificate (Form W-4P) | Copy of Designated Beneficiary's Driver's License |
| State Tax Withholding Preference Certificate (Form A-4P) | Copy of Designated Beneficiary's Social Security Card |
| Form U3 Benefits Lump Sum Distribution Election | |
| Special Tax Notice (copy to Beneficiary) | |
| Minutes from Local Board Approving Death Benefit | |

IMPORTANT DEADLINE

To ensure sufficient time for processing for timely payment of benefits, all applications must be received by the Board of Trustee's Administrative Office by the 10th of the month in which the Designated Beneficiary will receive payment. Information should be double-checked for accuracy before submitting the application. Please note, a Local Board meeting must be conducted prior to the submission of the Death Beneficiary packet in order for our office to make payments effective in our system.

Form C7D- Application for a Death Benefit

Make sure this form is completely filled out, including the necessary signatures and verification of receipt by the employer. The applicant must check the appropriate description and provide the proof to confirm Personal Representative of Decedent's Estate if the applicant is not identified as the beneficiary on the Form 8, Beneficiary Designation.

If the member was active in the system, verification of final contributions from the local board is required before payment can be made to the beneficiary to CORP.

Form 13 - Authorization to Direct Deposit Benefit Payment

A beneficiary may request either a check or direct deposit for the lump sum payment if we are paying directly to the beneficiary. The direct deposit authorization must be received by the 10th of the month. If the beneficiary elects to rollover the monies to a qualified IRA account, then a check will be mailed to the address as indicated on the Form U3 Benefits page 2. Our office is currently in the process of setting up the option to direct deposit rollover monies. The Form U3 Benefits page 2 will be updated once this option is available.

Federal Tax Withholding Preference Certificate (Form W-4P)

With the enactment of the Tax Reform Act of 1986, PSPRS retirement benefits became taxable upon retirement except for a small percent monthly that is excludable as recapture of the retiree's after-tax contributions under rules established by the IRS.

The applicant has three options on this form with the exception noted below:

- Line 1 - No federal withholding will be deducted from the benefit check.
- Line 2 - Federal withholding based on the retiree's marital status and claimed allowances will be deducted from the benefit check.
- Line 3 - The amount of federal withholding will be the amount based on the retiree's marital status and claimed allowances plus the ADDITIONAL AMOUNT indicated on Line 3 over and above the amount calculated based on marital status and allowances. Applicants must select a marital status and fill in the number of allowances in order to

have an additional amount. Our office will not accept incomplete forms or forms that just have a flat dollar amount written in.

Note: Non-spouse applicants who do not rollover the taxable distribution will be required to have a mandatory twenty percent (20%) of federal taxes withheld at a minimum.

State Tax Withholding Preference Certificate (Form A-4P)

Legislative changes provide for state taxation of PSPRS retirement benefits in excess of \$2500 annually effective retroactive to tax year commencing January 1, 1989.

The applicant has 8 options on this form:

Line 1 – Check one option:

- An amount equal to zero point eight percent (0.8%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to one point three percent (1.3%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to one point eight percent (1.8%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to two point seven percent (2.7%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to three point six percent (3.6%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to four point two percent (4.2%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to five point one percent (5.1%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

Line 2 - No State Withholding will be deducted from the benefit check.

Applicants must select a percentage in order to have an additional amount withheld. Our office will not accept incomplete forms or forms that just have a flat dollar amount written in.

Form U3 – Benefits Lump Sum Distribution Election Form

If the beneficiary is a surviving spouse or an alternate payee (non-spouse) receiving a one-time lump sum death benefit payment, the beneficiary may choose to have the payment paid in a DIRECT ROLLOVER to a qualified “inherited” IRA or paid to them directly, or both. Thus, the beneficiary has the same the same choices as the deceased employee. See Special Tax Notice handout for more information. Beneficiaries are not generally subject to the additional 10% tax described in the Special Tax Notice handout, even if they are younger than age 59½.

Beneficiaries and Local Board staff are not authorized to sign in place of the Financial Institution Representative or have the rollover check mailed directly to them on Appendix A of the Form U3 Benefits.

Special Tax Notice

Provide a copy of the Special Tax Notice to the beneficiary.

Local Board Minutes Approving the Designated Beneficiary

The Local Board must forward the minutes or letter verifying a Designated Beneficiary's eligibility and approval for payment to CORP as prescribed in A.R.S. Section 38-893.M.

A.R.S. Section 38-893.G, provides “No later than twenty days after taking action, the local board shall submit to the board of trustees the minutes from the local board meeting that include the name of the member affected by its decision, a description of the action taken and an explanation of the reasons and documents supporting the local board's action.

**CORRECTIONS OFFICER RETIREMENT PLAN
DISABILITY RETIREMENT CHECKLIST**

Forms and Documentation Required

- | | |
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| Form C5-EE | Copy of Member's Birth Certificate |
| Form C5-LB | If Married: |
| Form C5-LB-A, T, or O (as applicable) | Copy of Spouse's Birth Certificate |
| Form C8 (Optional) | Copy of Marriage Certificate |
| Form C11D | If Eligible Children: |
| Form C12 | Copy of Children's Birth Certificates |
| Form 13 | Medical Documentation for Disabled Children (If applicable) |
| Federal Tax Withholding Preference Certificate
(Form W-4P) | If Divorced during period of employment: |
| State Tax Withholding Preference Certificate
(Form A-4P) | Photocopy of complete Divorce Decree, or |
| Minutes from Local Board Approving Retirement | Certified copy of Plan-approved Domestic Relations Order |
| Medical Reports and Documentation Supporting Award of
Disability Retirement | |

IMPORTANT DEADLINE

To ensure sufficient time for processing for timely payment of retirement benefits, all applications must be received by the Board of Trustee's Administrative Office by the 10th of the month in which the retiree will receive their first benefit payment. For example, if a retiree's last day of work is in July, their retirement becomes effective August 1st and their retirement application should be submitted to the board of trustees no later than August 10th. Information should be double checked for accuracy before submitting the application. Please note, a Local Board meeting must be conducted prior to the submission of the Disability Retirement packet in order for our office to make payments effective in our system.

Form C5-EE - Application for Disability Retirement

Make sure that the applicant has completely filled out the application (pages 1 & 2) and a local board representative must sign on page 2 verifying the application is completed. The bottom of page 2 requires an acknowledgement of "received stamp or signature of local board representative and date" be filled in.

The Date of Disability should be the date of the member's injury or the date the member's physical or mental condition was first diagnosed as to preclude him from further employment with the CORP employer.

By definition, "accidental disability" means a physical or mental condition that the local board finds totally and permanently prevents an employee from performing a reasonable range of duties within the employee's department, was incurred in the performance of the employee's duties and was the result of either physical contact with inmates, responding to a confrontational situation with inmates or a job-related motor vehicle accident.

By definition, "total and permanent disability" means a physical or mental condition which the local board finds totally and permanently prevents a member from engaging in any gainful employment and which is the direct and proximate result of the member's performance of their duty as an employee of an employer.

By definition, "ordinary disability" means a physical condition that the local board determines will prevent an employee from totally and permanently performing a reasonable range of duties within the employee's department or a mental condition that the local board determines will prevent an employee from totally and permanently engaging in any substantial gainful activity.

The applicant should provide a brief description of the Nature and Cause of the Disability as well as a listing of all doctors and hospitals which have treated him for the disability and three years prior. The applicant should be encouraged to provide as much medical information as is appropriate to assist the Local Board in making its determination. The Authorizations on the top of page 2 should give the Local Board and its designated physician access to the applicant's

complete medical history when necessary. It also gives the Local Board and Board of Trustees access to all information related to leave(s) of absence without pay and/or application(s) for and/or receipt of Worker's Compensation Benefits. The applicant must also confirm that they understand that the Board of Trustees may perform a review of the disability application to ensure that the applicant and Local Board are in compliance with statutory requirements.

Form C5-LB – Local Board Determination For Disability Retirement

The Local Board will need to print and complete the disability questionnaire that is selected on the C5-EE, Application for Disability Application. The questionnaire will also need to be completed by the Independent Medical Examination (IME) physician, if the Local Board appoints a medical board.

The first section of the C5-LB is requires the local board to verify service dates, termination date if applicable, and the current work status of the applicant.

The second section requires the Local Board Chairman or Secretary to complete indicating the action taken by the Local Board. Please note: "Payment of an accidental disability pension, a total and permanent disability pension, or an ordinary disability pension commences on the first day of the calendar month next following the member's date of retirement." (38-890(A))

The Local Board must then forward to the Board of Trustees' office, the original C5-EE and required documents, C5-LB, Disability Questionnaire, a copy of the IME, and the Local Board meeting minutes sent via certified mail pursuant to A.R.S. 38-893.G.

Form C5-LB-A, C5-LB-T, or C5-LB-O Disability Questionnaires

The applicable Disability Questionnaire must be completed by both the Local Board and the Medical Board as appointed by the Local Board.

Form 8 - Beneficiary Designation Form (Optional)

Retirement is a critical time for members to update their beneficiary information. Many members are surprised to find who we have listed as their beneficiaries (ex-spouses, deceased parents, etc.), so we would encourage retirees to submit this form along with their retirement applications to ensure that all benefit payments are made to the correct person(s)

Form C11D - Benefit Calculations

Be sure to verify the final contribution amount to CORP.

Credited Service: In calculating the length of the member's credited service, make sure that you use the statutory definition of "Credited Service" in A.R.S. Section 38-881.11:

"...credited service transferred to the retirement plan from another retirement system or plan for public employees of this state, plus service as a member of the retirement plan for which member contributions are on deposit in the fund."

By definition, a "leave without pay" is not "credited service as a member of the retirement plan for which member contributions are on deposit in the fund" and therefore cannot be considered as credited service for purposes of computing a member's retirement benefit on this form. The "period" to be considered is a FULL pay period. Do not record individual days or hours as leave without pay. Any FULL pay period(s) where the member did not receive compensation and CORP did not receive contributions must be noted on the Form C5 and should be subtracted from the member's total service to come up with the length of credited service.

Average monthly salary: In calculating a retiree's average monthly salary, the current CORP statute allows the member to use a period of thirty-six (36) consecutive months of credited service in which the member received the highest salary within the last one hundred twenty (120) months of service. Average monthly salary means the aggregate amount of salary that is paid a member divided by the member's months of credited service if the member has less than thirty-six months of credited service.

For calculating the benefit for an Accidental, Total and Permanent Disability, and Ordinary Disability, the current CORP statute allows the member to use "thirty-six consecutive months of service in which the member received the highest salary within the last one hundred twenty months of service". (A.R.S. Section 38-881.7)

These 36 months do not have to be calendar years. Also if these 3 considered years include periods of non-paid or partially paid industrial leave, you should include "the salary the employee would have received in this job classification if the employee was not on industrial leave". Be careful in determining the 36 consecutive months of salary. If the member's last day of work was June 26, 2010, the beginning of the 36 month period ending on that date would be June 27, 2007, not June 26, 2007.

If benefit calculations are incorrect when submitted, a corrected Form C11D and a new Form C12 with the member's signature must be submitted before the first benefit check can be released to the retiree.

Form C12 - Notification of Benefits and Election

Make sure that you mark the type of benefit: Accidental Disability Retirement, Total and Permanent Disability Retirement, or Ordinary Disability.

The "Date First Payment Due" should be the last day of the next calendar month following the retiree's last day of employment. For example, if the retiree's last day of work is on December 23, 1989, the "Date First Payment Due" should be January 31, 1990 (last business day of the month).

Make sure the member initials the appropriate election line on the bottom section of the form and then signs the Election and Acceptance in the presence of a witness.

Form 13 - Authorization to Direct Deposit Benefit Payment

A retiree's first monthly benefit can be issued either in check form or by direct deposit, if the direct deposit authorization is received by the 10th of the month. The Direct Deposit option enables us to electronically transfer monthly benefits into a retiree's bank or credit union account. The check will be mailed to the retiree's address indicated on Form C5. The retiree may view the direct deposit notice on the Members Only section of our website at www.psprs.com.

Have the retiree complete Form 13 and attach a voided check for the bank or credit union account into which the benefits are to be deposited. This office relies on the retiree to provide correct routing and account information for the direct deposit and any incorrect information will result in a delay in the direct deposit.

Federal Tax Withholding Preference Certificate (Form W-4P)

As a general rule, the job-related disability pensions available under the CORP are tax-exempt at the federal level for disability retirees who retire with less than twenty years of credited service. However, disability retirees with more than twenty years of service and ordinary disability retirees will be taxed on their retirement benefits at the federal level.

With the enactment of the Tax Reform Act of 1986, CORP retirement benefits became taxable upon retirement except for a small percent monthly that is excludable as recapture of the retiree's after-tax contributions under rules established by the IRS.

REGARDLESS OF WHETHER THE BENEFIT IS TAXABLE, ALL RETIREES MUST COMPLETE A W-4P.

The retiree has three options on this form:

Line 1 - No federal withholding will be deducted from the benefit check.

Line 2 - Federal withholding based on the retiree's marital status and claimed allowances will be deducted from the benefit check.

Line 3 - The amount of federal withholding will be the amount based on the retiree's marital status and claimed allowances plus the ADDITIONAL AMOUNT indicated on Line 3 over and above the amount calculated based on marital status and allowances. Retiree's must select a marital status and fill in the number of allowances in order to have an additional amount. Our office will not accept incomplete forms or forms that just have a flat dollar amount written in.

State Tax Withholding Preference Certificate (Form A-4P)

Legislative changes provide for state taxation of PSPRS retirement benefits in excess of \$2500 annually effective retroactive to tax year commencing January 1, 1989.

The retiree has 8 options on this form:

Line 1 – Check one option:

- An amount equal to zero point eight percent (0.8%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to one point three percent (1.3%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to one point eight percent (1.8%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to two point seven percent (2.7%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to three point six percent (3.6%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to four point two percent (4.2%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.
- An amount equal to five point one percent (5.1%) of the member's taxable amount of distribution in Box 2a of the federal Form 1099-R will be deducted from the benefit check.

Line 2 - No State Withholding will be deducted from the benefit check.

Retirees must select a percentage in order to have an additional amount withheld. Our office will not accept incomplete forms or forms that just have a flat dollar amount written in.

Local Board Minutes Approving Retirement

The Local Board's initial authorization to the Board of Trustee's Administrative Office to pay retirement benefits is on Form C12 - Notification of Benefits and Election wherein the Local Board Chairman certifies that the Local Board "has met and determined that the applicant...is eligible for the benefit payment as shown above." This gives us the authority to issue the retiree's initial retirement benefit.

A.R.S. Section 38-893.G, provides "No later than twenty days after taking action, the local board shall submit to the board of trustees the minutes from the local board meeting that include the name of the member affected by its decision, a description of the action taken and an explanation of the reasons and documents supporting the local board's action.

In addition, A.R.S. Section 38-893.M., provides "The secretary of the local board shall keep a record and prepare minutes of all meetings in compliance with Chapter 3, Article 3.1 of this title and forward the minutes to the Board of trustees as prescribed by Subsection G of this section.

The minutes of the Local Board meeting at which a disability determination is made should include a concise statement of the medical evidence upon which the Local Board based its findings, identified simply by document dates and author. If a conflict exists in the medical evidence presented to the Local Board, the minutes should contain a brief statement as to how the Local Board resolved the conflict. A copy of the minutes of the Local Board meeting at which a retiree's disability retirement benefit was approved must be placed in the retiree's file to complete the application process.

Health Insurance Plans and Subsidy Available to Retirees

Retiring Corrections Officer Retirement Plan (CORP) members and their eligible dependents may be eligible to enroll in one of the two State of Arizona retiree group health insurance programs which offer Medical and Dental coverage. The retiring member may also have an option to continue the coverage with their employer. The prospective retiree would need to contact their employer insurance liaison to find out if they are eligible.

The two State programs are:

1. The Benefits Options plan, this plan is administered by the Arizona Department of Administration (ADOA) and is available to any retiring members **whose employer is the state of Arizona**. Please note that ADOA only offers their coverage at the time of retirement and will not allow anyone who declines their coverage to join at a later date. A survivor is only eligible to take the ADOA coverage if the member was qualified for retirement before death or already receiving a monthly benefit and she is on the plan with the member at time of death.

2. The Arizona State Retirement System (ASRS) plan, this plan is administered by Arizona State Retirement System and is available to all CORP retirees. Enrollment is handled by the PSPRS office for their retirees. The ASRS plans are offered to survivors regardless of whether on the plan before death of member or not. Retirees may join this plan during any open enrollment period or qualified life event.

Information packets regarding available insurance coverage under these plans can be obtained by contacting the offices shown below:

The Department of Administration
Benefits Office
100 N. 15th Ave. #103
Phoenix, AZ 85007
Phone numbers:
(602)-542-5008
(800)-304-3687
Website: www.hr.state.az.us/benefits

Public Safety Personnel Retirement System
3010 E Camelback Rd., Suite 200
Phoenix, AZ 85016
Phone Number:
(602)-255-5575
Fax Number:
(602)-296-2370
Website: www.psprs.com

Health Insurance Premium Benefit (Subsidy)

State statute provides a subsidy from PSRPRS to retired members and survivors receiving a monthly retirement pension and who are enrolled in a qualified retiree health insurance programs from their employer or the state. The following table is a breakdown of the amounts available.

	Members Only		Member & Dependents		
	NOT MEDICARE ELIGIBLE	MEDICARE ELIGIBLE	ALL NOT MEDICARE ELIGIBLE	ALL MED. ELIGIBLE	ONE WITH MEDICARE
Elected Officials' Retirement Plan (EORP)					
5 – 5.9	\$90.00	\$60.00	\$156.00	\$102.00	\$129.00
6 – 6.9	\$112.50	\$75.00	\$195.00	\$127.50	\$161.25
7 – 7.9	\$135.00	\$90.00	\$234.00	\$153.00	\$193.50
8 – 8.9	\$150.00	\$100.00	\$260.00	\$170.00	\$215.00
Corrections Officer Retirement Plan (CORP)					
not applicable	\$150.00	\$100.00	\$260.00	\$170.00	\$215.00
Public Safety Personnel Retirement System (PSPRS)					
not applicable	\$150.00	\$100.00	\$260.00	\$170.00	\$215.00

Note that there are new provisions regarding the provision of health insurance by the employer to survivors of police officers, corrections officers or probation officers killed in the line of duty. The new statute follows.

Legislation from the State of Arizona
House of Representatives
Forty-ninth Legislature
Second Regular Session
2010

CHAPTER 148

HOUSE BILL 2296

38-1103. Health insurance payments for spouse or dependents of law enforcement officer killed in the line of duty: definition

A. NOTWITHSTANDING ANY OTHER LAW, THE SURVIVING SPOUSE OF A DECEASED LAW ENFORCEMENT OFFICER IS ENTITLED TO RECEIVE PAYMENTS FOR HEALTH INSURANCE PREMIUMS FROM PUBLIC MONIES OF THE EMPLOYER OF THE LAW ENFORCEMENT OFFICER FOR THE FIRST YEAR AFTER THE DEATH OF THE LAW ENFORCEMENT OFFICER IF:

1. THE LAW ENFORCEMENT OFFICER WAS KILLED IN THE LINE OF DUTY OR DIED FROM INJURIES SUFFERED IN THE LINE OF DUTY.
2. THE LAW ENFORCEMENT OFFICER WAS ENROLLED IN THE EMPLOYER'S HEALTH INSURANCE PLAN AT THE TIME OF DEATH.
3. THE SURVIVING SPOUSE IS ENTITLED TO CONTINUE TO PARTICIPATE IN THE EMPLOYER'S HEALTH INSURANCE PLAN.

B. THIS SECTION APPLIES TO THE DEPENDENTS OF THE DECEASED LAW ENFORCEMENT OFFICER IF THE DEPENDENTS WERE ENROLLED IN THE EMPLOYER'S HEALTH INSURANCE PLAN AT THE TIME OF THE LAW ENFORCEMENT OFFICER'S DEATH.

C. PAYMENTS SHALL BE REDUCED FOR MONIES PAID FOR HEALTH INSURANCE PREMIUMS FOR THE SURVIVING SPOUSE OR DEPENDENTS OF THE SURVIVING SPOUSE FROM THE RETIREMENT PLAN FROM WHICH THE SURVIVING SPOUSE IS RECEIVING BENEFITS.

D. FOR THE PURPOSES OF THIS SECTION, "LAW ENFORCEMENT OFFICER" MEANS:

1. A PEACE OFFICER WHO IS CERTIFIED BY THE ARIZONA PEACE OFFICERS STANDARDS AND TRAINING BOARD.
2. A DETENTION OFFICER OR CORRECTIONS OFFICER WHO IS EMPLOYED BY THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE.
3. A PROBATION OFFICER OR SURVEILLANCE OFFICER WHO IS EMPLOYED BY THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE.

Sec. 3. Short title

This act may be cited as "Harrolle's Law".

Sec. 4. Retroactivity

This act is effective retroactively to from and after December 31, 2009.

Sec. 5. Emergency

This act is an emergency measure that is necessary to preserve the public peace, health or safety and is operative immediately as provided by law.

APPROVED BY THE GOVERNOR APRIL 26, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 27, 2010.

CORRECTIONS OFFICER RETIREMENT PLAN

DISABILITY PROCEDURE

1. The applicant files Application for Disability (Form C5-EE) with the Local Board.
2. The Local Board sets meeting to determine whether the applicant either filed the application after the disabling incident or has applied for a disability retirement within one year after the date the member ceases to be an employee. For Ordinary disability dispatcher applicants, the date of disability must have occurred on or after 9/21/2006 and for all other CORP members the date of disability must have occurred on or after 9/26/2008.
3. If medical evidence and application warrants appointment of an independent medical evaluation (IME), then the Local Board appoints a Medical Board to perform an IME of the applicant.
4. The Local Board forwards a copy of the claimant's C5-EE, Application for Disability, which includes a medical release authorization for prior treatment records, and a copy of the applicant's medical records to the appointed medical board.

For an Accidental Disability Application, the Local Board must direct the medical board to complete Form C5-LB-A, Accidental Disability Questionnaire. In addition to the completion of Form C5-LB-A, the Local Board should request the medical board to prepare a written report that specifically addresses the following statutory requirements in its report:

- a. Does the claimant have a physical or mental condition which totally and permanently prevents him from performing a reasonable range of duties within their department?
- b. Does the claimant's disability result from a physical or mental condition or injury that existed or occurred before the claimant's date of membership in the CORP?
- c. Was the disabling condition or injury incurred in the performance of the employee's duties and was it the result of any of the following:
 - i. physical contact with inmates, prisoners, parolees or persons on probation.
 - ii. responding to a confrontational situation with inmates, prisoners, parolees or persons on probation.
 - iii. a job-related motor vehicle accident while on official business for the claimant's employer. Note that a job-related motor vehicle accident does not include an accident that occurs to or from work, nor does it include the situation where the claimant is found guilty of violating a personnel rule, a rule established by the employer or a state or federal law in connection with the job-related motor vehicle accident.

Any departmental accident reports or documentation of an on-the-job injury should be provided to the medical board. Although you should ask your medical board to answer this question, the Local Board may be in a better position to answer this question through examination of the departmental reports or documentation as well as direct testimony from persons familiar with the incident.

For a Total and Permanent Disability Application:

The Local Board must direct the medical board to complete Form C5-LB-T, Total and Permanent Disability Application Questionnaire. In addition to the completion of Form C5-LB-T, the Local Board should request the medical board to prepare a written report that specifically addresses the following statutory requirements in its report:

- a. Does the claimant have a physical or mental condition which totally and permanently prevents him from engaging in any gainful employment? In this context, the term "gainful employment" means the capability of performing a moderate amount of work with reasonable regularity without restriction to the type of work performed before the impairment. See *Cleland v. CORP* 818 P.2d 237; 169 Ariz 252 (Ariz. App. 1991) and the enclosed memorandum on this subject.

- b. Does the claimant's disability result from a physical or mental condition or injury that existed or occurred before the claimant's date of membership in the CORP?
- c. Was the disabling condition or injury incurred as a direct and proximate result of the member's performance of their duty as an employee of the employer? Any departmental accident reports or documentation of an on-the-job injury should be provided to the medical board.

For an Ordinary Disability Application:

The Local Board must direct the medical board to complete Form C5-LB-O, Ordinary Disability Questionnaire. In addition to the completion of Form C5-LB-O, the Local Board should request the medical board to prepare a written report that specifically addresses the following statutory requirements in its report:

- a. Does the claimant have a physical condition which totally and permanently prevents him from performing a reasonable range of duties within the employee's department or a mental condition that totally and permanently prevents him from engaging in any substantial gainful activity? In this context, the term "gainful employment" means the capability of performing a moderate amount of work with reasonable regularity without restriction to the type of work performed before the impairment. See *Cleland v. CORP* 818 P.2d 237; 169 Ariz 252 (Ariz. App. 1991) and the enclosed memorandum on this subject.
 - b. Does the claimant's disability result from a physical or mental condition or injury that existed or occurred before the claimant's date of membership in the CORP?
- 5. After receipt of the medical board's medical evaluation, the Local Board sets a meeting to consider the claimant's application and the medical board's report. The Local Board will need to make a determination on each of the issues presented to the medical board. Any motion to approve or disapprove a claimant's application for disability should include a reference to the medical board evaluation upon which the determination was based. A Local Board can consider any medical evidence that the claimant may want to provide; however, the statutes are clear that an award of an accidental disability or total and permanent disability shall be based upon the appointed Medical Board's evaluation. Material conflicts in medical evidence shall be resolved by the findings of the Local Board. Disability determinations by the State Comp Fund or other workers' compensation bodies are not binding on the Local Board.
 - 6. Once an application for disability is approved, the Local Board Chairman or Secretary completes the determination section on the Form C5-LB and forwards it to the Board of Trustees' Administrative Office together with completed Forms C5-EE, C5-LB-A, T, or O Disability Questionnaire, C11, C12, Form 13, A-4P, W-4P, Form C8 (optional) and supporting documentation (birth certificates, marriage certificates, etc.), along with a copy of the Local Board meeting minutes approving the retirement. The Local Board must also forward to the copies of all medical evidence including the Independent Medical Evaluation considered by the Local Board in reaching its decision. If conflicts in medical evidence were resolved by the Local Board, the Minutes forwarded to the Board of Trustees must explain how such conflicts were resolved.
 - 7. The Claimant or the Board of Trustees may request a Rehearing on the Local Board's decision pursuant to statutory provisions.
 - 8. Payment of an accidental, total and permanent, or an ordinary disability pension shall commence as of the first day of the month following the member's date of retirement. The effective date of an accidental, total and permanent, or an ordinary disability retirement shall not predate the date of disability or the date the member ceases to be an employee. Termination of payment of the accidental, total and permanent, or ordinary disability pension occurs at the end of the calendar month in which the event causing the termination occurred. The payment shall be made for the full month of termination. The monthly accidental and total and permanent disability pension amount is equal to fifty per cent of the member's average monthly salary. Except for a full-time dispatcher, the amount of an ordinary disability pension is equal to a fraction times the member's normal retirement pension that is computed as if the member had twenty years of credited service. The fraction is the result obtained by dividing the member's actual years of credited service, not to exceed twenty years of credited service, by twenty. For a full-time dispatcher, the amount of an ordinary disability pension is equal to a fraction times the member's normal retirement pension that is computed as if the member had twenty-five years of credited service. The fraction is the result obtained by dividing the member's actual years of credited service, not to exceed twenty-five years of credited service, by twenty-five.

9. An accidental, total and permanent, or an ordinary disability pension is terminated if the Local Board finds the retired member no longer meets the requirements for disability retirement. During the period between the effective date of an accidental, total and permanent, or an ordinary disability retirement and the date the disabled retired member attains age sixty-two, the Local Board may require an accidental, total and permanent, or an ordinary disability retired member to undergo periodic re-evaluation of the continuation of disability benefits. If the member refuses to submit to re-evaluation, the Local Board may suspend payment of the pension. If the refusal continues for one year, the Local Board may revoke the accidental, total and permanent, or ordinary disability retired member's right to the pension.

TOTAL AND PERMANENT DISABILITY MEMORANDUM

TO: All Corrections Officer Retirement Plan Members
FROM: The
DATE: February 15, 2007
RE: Total and Permanent Disability under the Corrections Officer Retirement Plan

Among other things, a member qualifies for disability benefits if he can demonstrate that his physical or mental condition (1) totally and permanently prevents him "from engaging in any gainful employment" and (2) is the direct and proximate result of his job duties. See A.R.S. § 38-881 (36). The term "any gainful employment" means the capability of performing a moderate amount of work with reasonable regularity, or more specifically, at least four (4) hours of work (4) four days a week for which the claimant earns at least \$300 monthly and/or the minimum hourly wage. "Gainful employment" is not restricted to the type of work performed before impairment, nor is it limited to job opportunities actually available and/or located near the claimant's home.

**CORRECTIONS OFFICER RETIREMENT PLAN
DUE PROCESS GUIDELINES FOR DISABILITY REHEARINGS**

The interest of an applicant in obtaining a disability benefit, if he meets the qualifications, has generally been held to be a property interest entitled to due process protections, including some form of hearing right.

A.R.S. Section 38-893 provides, in part, as follows:

G. An action by a majority vote of the members of a local board that is not inconsistent with the provisions of the plan is final, conclusive and binding on all persons affected by it, unless a timely application for a rehearing or appeal is filed as provided in this article. No later than 20 days after taking action, the local board shall submit to the board of trustees the minutes from the local board meeting that include the name of the member affected by its decision, a description of the action taken and an explanation of the reasons and documents supporting the local board's action. The board of trustees may not implement and comply with any local board action that does not comply with the internal revenue code or that threatens to jeopardize the plan's status as a qualified plan under the internal revenue code.

H. A claimant or the board of trustees may apply for a rehearing before the local board within the time period prescribed in this subsection, except that if a decision of a local board violates the internal revenue code or threatens to jeopardize the plan's status as a qualified plan under the internal revenue code, no limitation period for the board of trustees to seek a rehearing of a local board decision applies. A claimant or the board of trustees shall file an application for rehearing in writing with a member of the local board or its secretary within sixty days after:

1. The claimant receives notification of the local board's original action by certified mail, by attending the meeting at which the action is taken or by receiving benefits from the plan pursuant to the local board's original action, whichever occurs first.

2. The board of trustees receives notification of the local board's original action as prescribed by subsection G of this section.

I. A hearing before a local board on a matter remanded from the superior court is not subject to rehearing before the local board.

J. Decisions of local boards are subject to judicial review pursuant to Title 12, Chapter 7, Article 6.

The important aspect of the above-referenced statutes are: first, the requirement of proper notice to the board of trustees of the local board's original action; and second, the time period set for applying for a rehearing. The Arizona courts have construed these requirements quite literally.

The basic requirements for an adequate rehearing process are as follows:

1. NOTICE OF OPPORTUNITY FOR REHEARING

A. Notice of Local Board's Original Action on the Application with notification to the applicant of their statutory right to apply for a rehearing within the time period prescribed above. The CORP statute requires this notice to be by certified mail or the applicant's attendance at the Local Board meeting at which the action takes place.

B. Notice to Applicant of Scheduled Rehearing. This notice requirement for a rehearing is intended to ensure that the applicant is made fully aware of the time, place and subject matter of the rehearing so as to have a reasonable opportunity to prepare their case. This second notice should also be by certified mail.

2. TRANSCRIPTION OF REHEARING

Because of the likelihood of an adverse decision by the Local Board being challenged through the court system, all rehearings should at least be tape recorded, if not transcribed, to preserve the record for possible appeal. If there is no adequate record preserved of the rehearing, the Arizona courts have tended to grant a trial de novo (a new trial) at the Superior Court level to determine the applicant's eligibility for the disability. With an adequate record of the rehearing proceedings, an applicant can only challenge the Local Board's determination as "arbitrary and capricious"--a difficult legal standard to prove. With a trial de novo, the issue of the applicant's eligibility for the disability is reopened to a trial by a

judge or jury--a much more expensive proposition for the Local Board. The money spent on transcribing or recording the rehearing can be saved many times over in the event of an appeal to the Superior Court.

3. AN IMPARTIAL DECISION-MAKER

Due process requires that Local Board members make their decision on the basis of the medical evidence before them, not on the basis of personal prejudices and information obtained outside the scope of the rehearing. Extraneous personnel information should not be considered in determining the applicant's eligibility for a disability retirement. Any Local Board member should disqualify himself from the determination if he feels there is any type of conflict of interest.

4. THE RIGHT TO PRESENT EVIDENCE AND ARGUMENT ORALLY

The fact that due process requires that the applicant be allowed a rehearing does not necessarily require a full-scale adversarial quasi-judicial hearing. It may be enough that the applicant has the opportunity to appear before the Local Board to present to it reasons why he is entitled to the disability retirement. The burden of proof for establishing the disability rests with the applicant.

The CORP statute requires that Local Boards shall base "a finding of total and permanent disability, accidental disability, and ordinary disability on medical evidence obtained by a medical doctor or clinic selected by the local board." (A.R.S. Section 38-886.F) Therefore, although the Local Board can hear medical evidence from doctors other than the doctor appointed by the Local Board, they must base their determination on their designated doctor's report.

For an accidental or total and permanent disability application, the Local Board will be called on to make the determination of whether or not the disability is service-related. The Local Board can rely on lay information to make this determination if the designated doctor does not adequately address the issue.

In a case where the Local Board determines that their designated doctor or clinic may not have had access to new medical evidence provided at the rehearing by the applicant that may alter the designated doctor's opinion regarding the application, the Local Board can determine that the case is a "special case" and refer the new medical information for reevaluation by the Local Board's designated doctor or refer the applicant to a new doctor designated by the Local Board pursuant to A.R.S. Section 38-893.D.6.

Disability hearings and rehearing are subject to Arizona's open meeting laws. However, the local boards should review and discuss a member's confidential medical records in executive session only. However, a final decision on a member's entitlement to benefits must be made in an open public meeting. See Fund Manager's Opinion 1998-2. To allow a member to present their case to the local board in an orderly manner and to prevent the necessity of having to go into executive session numerous times, the member may wish to waive the confidentiality requirements. This waiver is included in the disability application.

5. THE RIGHT TO BE ACCOMPANIED BY COUNSEL

If the applicant chooses to be represented by an attorney at a rehearing, the Local Board should explain to the attorney the nature and procedure of the rehearing so the attorney will know what to expect and how to prepare their case.

6. THE RIGHT TO HAVE THE DETERMINATION BE BASED SOLELY UPON EVIDENCE ADDUCED AT THE REHEARING.

All evidence being considered should be adequately identified during the rehearing--documents by date, title and author, as well as oral testimony. Any evidence not specifically documented in the transcript or record of the rehearing should not be considered in the Local Board's determination.

7. A STATEMENT BY THE LOCAL BOARD OF THE REASONS FOR THEIR DECISION AND THE REHEARING EVIDENCE RELIED UPON FOR THAT PURPOSE.

After the determination at the rehearing, the Local Board should again give formal written notice by certified mail to the applicant detailing the Local Board's decision and the evidence relied upon by the Local Board in reaching their decision. The minutes of the rehearing should also include specific findings of the Local Board supporting their decision with a thorough explanation of how the Local Board resolved any conflicts in the medical evidence.

CORRECTIONS OFFICER RETIREMENT PLAN

A GUIDE TO PROCESSING AN ACCIDENTAL, TOTAL AND PERMANENT, OR AN ORDINARY DISABILITY RETIREMENT

The following letters and procedures are intended to be a guide in processing an accidental, total and permanent, or an ordinary disability retirement under the Corrections Officer Retirement Plan.

You are free to use or modify these letters and procedures as you wish. They are not intended to supersede any current letters or procedures that you, as the Local Board, may have already implemented.

STEP I

July 1, 2011

Re: Disability Application – Corrections Officer Retirement Plan

Dear Mr. Smith:

Per your request of this date, I am enclosing an Application for Disability Retirement (Form C5-EE) and the applicable Corrections Officer Retirement Plan statutes pertaining to disability benefits available under the System. Please review the highlighted areas of the statutes provided and if you feel that you are eligible to apply for a disability pension, complete and return the application to my attention at the address above. Please be sure that you indicate on the form the type of disability for which you are applying.

Please be advised that the local board can review and discuss your confidential records only in executive session. However, a final decision on your entitlement to a disability benefit will be made in an open public meeting. To allow you to present your case to the local board in an orderly manner and to prevent the necessity of having to go into executive session numerous times, please complete the waiver of confidentiality on page 2 of Form C5-EE, Application for Disability Retirement.

If you have any further questions regarding the above, do not hesitate to contact me.

Sincerely,

Local Board Secretary

Enclosures

STEP II

July 6, 2011

Re: Application for Disability Retirement - Corrections Officer Retirement Plan

Dear Mr. Smith:

The Corrections Officer Retirement Plan Local Board for xxxx has received your Application for Disability Retirement dated July 5, 2011. We have recently requested copies of your medical files from the treating physicians that you listed on your application.

Pursuant to the statutes governing disability applications under the CORP, Section 38-886, the Local Board requests that you be examined by Dr. Young, a specialist in occupational medicine, in order to provide the Local Board with an independent medical evaluation of your present condition. We have notified Dr. Young of our request and you will need to contact Dr. Young's office at your earliest convenience to set up an appointment for his examination. Costs of this examination will be billed directly to this office.

Dr. Young's office address and telephone number are as follows:

Dr. Young, M.D.
123 East Cortez
Phoenix, Arizona 85008
(602) 296-9229

If you have any questions regarding this matter, do not hesitate to contact me.

Sincerely,

Local Board Secretary

Enclosure

STEP III

July 9, 2011

Dr. Jones, M.D.
Southwest Disabilities
650 Apuwai Place
Tucson, Arizona

Re: Smith - Application for Disability Retirement - Corrections Officer Retirement Plan

Dear Doctor Jones:

Pursuant to the attached Medical Authorization, request is hereby made for copies of any and all information, records, reports and x-rays regarding your past medical treatment of the above-named patient. This person has applied for a medical disability retirement under our retirement program and, by statute, the Local Board is required to base its determination of eligibility on medical information from a physician appointed by the Local Board. In this case, the Local Board has appointed the following doctor to examine the applicant:

Dr. Young, M.D.
123 Cortez
Phoenix, Arizona 85008

Please forward the requested medical information at your earliest convenience directly to my attention at 500 East Chandler, Phoenix, Arizona 85014. Please bill any costs associated with making copies of the requested medical information directly to this office.

Sincerely,

Local Board Secretary

Enclosure

STEP IV

July 25, 2011

Dr. Young, M.D.
123 Cortez
Phoenix, Az. 85008

Re: Mr. Smith - Disability Application – Corrections Officer Retirement Plan

Dear Doctor Young:

I represent the County of xxxx Corrections Officer Retirement Plan Local Board, a retirement system for state correctional officers.

Mr. Smith, a _____ for the county of xxxx, has recently applied for a medical disability retirement under the Corrections Officer Retirement Plan A.R.S. 38-886. On behalf of the Local Board, I hereby request that you conduct a medical evaluation of Mr. Smith in order to determine his eligibility for such a medical disability. Please bill all costs of the evaluation directly to this office at the above address.

I am enclosing a copy of Mr. Smith's Application for Disability Retirement dated July 5, 2011. I will request copies of all prior medical information, records, reports and x-rays relating to Mr. Smith's physical or mental condition and treatment from the physicians he has listed on his disability application and forward this information to you as soon as I receive it.

I am also enclosing a copy of the pertinent statutes relating to Mr. Smith's eligibility for a disability retirement and request that you complete the attached Disability Questionnaire and prepare a written report that specifically addresses the following statutory requirements:

(NOTE: What follows are the statutory requirements for an accidental disability. If applying for a total and permanent or an ordinary disability make sure you prescribe the statutory requirements for that type of disability.)

1. Does Mr. Smith have a physical or mental condition which totally and permanently prevents him from performing a reasonable range of duties within the employee's department. For your information I am enclosing a copy of the duties which are required of a _____ for the county of xxxx.
2. Do you feel that Mr. Smith's disabling condition or injury was incurred in the performance of Mr. Smith's duty as a _____?
3. Does Mr. Smith's disability result from a physical condition or injury that existed or occurred before the claimant's date of membership in the CORP? For your information, Mr. Smith began employment with the city as a full-time _____ on August 1, 1988.

Tony Young, M.D.
July 25, 2011
Page -2-

4. Was Mr. Smith's disability a result of any of the following:
- (a) Physical contact with inmates, prisoners, parolees or persons on probation
 - (b) Responding to a confrontational situation with inmates, prisoners, parolees or persons on probation
 - (c) A job related motor vehicle accident while on official business for the employee's employer. A job related motor vehicle accident does not include an accident that occurs on the way to or from work. Persons found guilty of violating a personnel rule, a rule established by the employee's employer or a state or federal law in connection with a job related motor vehicle accident do not meet the conditions for accidental disability.

In your written evaluation of Mr. Smith's condition, feel free to give a narrative of Mr. Smith's past medical history, the incidents leading to his injury for which he seeks medical retirement, and his current medical condition. The Local Board is required by law to base its decision on whether or not to grant Mr. Smith a medical retirement based on medical evidence by a doctor appointed by the Local Board. For this reason, it is imperative that you answer the questions posed above and complete and return the enclosed Disability Questionnaire.

I am simultaneously mailing a letter to Mr. Smith instructing him to contact your office at his earliest convenience to set up an appointment to be examined by you.

If you have any questions regarding this matter, do not hesitate to contact me.

Sincerely,

Local Board Secretary

Enclosures

STEP V

August 31, 2011

Re: Application for Disability Retirement - Corrections Officer Retirement Plan

Dear Mr. Smith:

Please be advised that the matter of your Application for Disability Retirement, based on a disability related to your back injury, is scheduled to be heard at the next regular meeting of the Local Board scheduled for 1:00 p.m. on September 22, 2011, at city hall, 123 E. North Street, Ocotillo, Arizona. A copy of the notice and the agenda for the meeting is enclosed.

A copy of Doctor Young's medical report, on which the Local Board will base their decision to approve or deny your application, is enclosed for your information. I would estimate that your matter will not be heard prior to 1:30 p.m.

At the hearing, the Local Board will convene in open session to consider your application. In making their determination, the Local Board will consider and discuss the medical evidence as well as other evidence which has been presented to them. Please be advised that the local board will discuss your confidential medical records only in executive session unless you have previously executed a waiver of confidentiality.

At the hearing, you may present any witnesses or evidence that you desire. I request that you submit any additional medical evidence to me as soon as possible so that this evidence can be given to the board members in advance of the meeting.

Although the board members will be supplied all the available medical evidence prior to the hearing, they will not discuss that evidence or meet about it before the meeting. The board members will actually discuss the medical evidence only at the hearing and you may be present during that discussion.

At the conclusion of the hearing, the board members will vote in open session on whether your Accidental Disability Application should be approved or denied.

If you have any further questions in this matter, please feel free to contact me.

Sincerely,

Local Board Secretary

Enclosures

FORM C5-LB-A
08/11

CORRECTIONS OFFICER RETIREMENT PLAN
3010 E. Camelback Rd., Suite 200, Phoenix, AZ 85016
(602) 255-5575 FAX (602) 296-2369 www.psprs.com

**ACCIDENTAL
DISABILITY QUESTIONNAIRE**
Completed by Local Board and Doctor (if applicable)

Pursuant to A.R.S. §§ 38-881(1) and 38-886, an "Accidental disability" means a physical or mental condition that the local board finds totally and permanently prevents an employee from performing a reasonable range of duties within the employee's department, was incurred in the performance of the employee's duties and was a result of physical contact with inmates, prisoners, parolees or persons on probation, responding to a confrontational situation with inmates, prisoners, parolees or persons on probation, or a job-related motor vehicle accident while on official business for the employee's employer.	LOCAL BOARD Initial Response
1. Did the employee file the application after the disabling incident or within one year of ceasing to be an employee?	YES <input type="checkbox"/> NO <input type="checkbox"/>
2. Is the employee still working in a job the board believes is a reasonable range of duties?	YES <input type="checkbox"/> NO <input type="checkbox"/>
3. Does the employer have any jobs available for the employee the board believes is a reasonable range of duties position? (Submit job descriptions and duties to the doctor if sent for IME.)	YES <input type="checkbox"/> NO <input type="checkbox"/>
4. Did the employer terminate the employee's employment based on a physical or mental condition?	YES <input type="checkbox"/> NO <input type="checkbox"/>
5. Did the employer terminate the employee's employment based on a disciplinary issue?	YES <input type="checkbox"/> NO <input type="checkbox"/>
6. Did the member terminate employment based on a physical or mental condition?	YES <input type="checkbox"/> NO <input type="checkbox"/>
7. Did the member terminate employment based on election to participate in Reverse DROP?	YES <input type="checkbox"/> NO <input type="checkbox"/>
8. Has the member refused a job the board believes is a reasonable range of duties?	YES <input type="checkbox"/> NO <input type="checkbox"/>
9. Was the injury the result of an event incurred during the performance of the member's duty detailed above?	YES <input type="checkbox"/> NO <input type="checkbox"/>
LOCAL BOARD INSTRUCTIONS: If it is determined that the employee does not qualify, complete FORM C5-LB and forward to CORP. If evidence exists that the employee may qualify and no reasonable range of duty jobs are available, a medical examination (IME) will need to be performed. Sign/date this questionnaire and forward the ORIGINAL (along with the all medical evidence and any additional questions) to the doctor.	
DOCTOR INSTRUCTIONS: In addition to the IME report, answer the following questions, sign/date and return the ORIGINAL to the Local Board. Provide additional comments in the IME report.	DOCTOR Initial Response
1. Does the member have the physical condition that is the basis for the disability application?	YES <input type="checkbox"/> NO <input type="checkbox"/>
2. Does the member have the mental condition that is the basis for the disability application?	YES <input type="checkbox"/> NO <input type="checkbox"/>
3. Did the condition permanently prevent the member from performing a reasonable range of duties within the employee's department?	YES <input type="checkbox"/> NO <input type="checkbox"/>
4. Did the condition totally prevent the member from performing a reasonable range of duties within the employee's department?	YES <input type="checkbox"/> NO <input type="checkbox"/>
5. Did your review include a medical report describing any conditions or injuries that existed prior to membership in the pension system? If yes, address in IME report.	YES <input type="checkbox"/> NO <input type="checkbox"/>
6. Did your review find any pre-existing conditions or injuries that played a role in the disability claimed by the member? If yes, address in IME report.	YES <input type="checkbox"/> NO <input type="checkbox"/>
7. Was the injury a result of an event incurred during the performance of the member's duty detailed above?	YES <input type="checkbox"/> NO <input type="checkbox"/>
8. Are there conflicts in the medical evidence? If yes, address in IME report.	YES <input type="checkbox"/> NO <input type="checkbox"/>
LOCAL BOARD: If conflicts in the medical evidence, address if and how they were resolved in the Local Board meeting minutes. LOCAL BOARD AND DOCTOR: By my signature below, I attest that the medical records have been thoroughly reviewed, each section/questions have been answered by the appropriate party indicated above, and the information contained herein is true, complete and correct to the best of my knowledge and belief.	
PRINT Name of Local Board Secretary or Chairman	Signature
	Date
PRINT Doctor Name	Signature
	Date

CORRECTIONS OFFICER RETIREMENT PLAN

FORM C5-LB-TP

3010 E. Camelback Rd., Suite 200, Phoenix, AZ 85016

08/11

(602) 255-5575 FAX (602) 296-2369 www.psprs.com

**TOTAL AND PERMANENT
DISABILITY QUESTIONNAIRE**

Completed by Local Board and Doctor (if applicable)

Pursuant to A.R.S. §§ 38-881(44) and 38-886, a "Total and Permanent disability" means a physical condition or mental condition (<i>that is not an accidental disability</i>) that the local board finds totally and permanently prevents a member from engaging in any gainful employment and is in the direct and proximate result of the member's performance of the member's duties.	LOCAL BOARD Initial Response				
1. Did the employee file the application after the disabling incident or within one year of ceasing to be an employee?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
2. Did the employer terminate the member's employment based on a physical or mental condition that is being applied for?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
3. Did the employer terminate the employee's employment based on a disciplinary issue?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
4. Did the member terminate employment based on a physical or mental condition?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
5. Did the member terminate employment based on election to participate in Reverse DROP?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
6. Is the member still working in a job the board believes is gainful employment?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
7. Has the member refused a job the board believes is gainful employment?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
8. Was the condition the direct and proximate result of the member's duty?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
9. Did the condition or injury occur prior to the member's membership in the Plan?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
LOCAL BOARD INSTRUCTIONS: If it is determined that the employee does not qualify, complete FORM C5-LB and forward to CORP. If evidence exists that the employee may qualify and no reasonable range of duty jobs are available, a medical examination (IME) will need to be performed. Sign/date this questionnaire and forward the ORIGINAL (along with the all medical evidence and any additional questions) to the doctor.					
DOCTOR INSTRUCTIONS: In addition to the IME report, answer the following questions, sign/date and return the ORIGINAL to the Local Board. Provide additional comments in the IME report.	DOCTOR Initial Response				
1. Does the member have the physical condition that is the basis for the disability application?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
2. Does the member have the mental condition that is the basis for the disability application?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
3. Does the condition totally prevent the member from engaging in any gainful employment?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
4. Does the condition permanently prevent the member from engaging in any gainful employment?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
5. Did your review include a medical report describing any conditions or injuries that existed prior to membership in the pension system? If yes, address in IME report.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
6. Did any pre-existing conditions or injuries play a role in the disability claimed by the member? If yes, address in IME report.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
7. Did your review determine the member may be able to return to work in the next 12 months? If no, address in the IME report.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
8. Was the condition or injury in the direct and proximate result of the member's performance of their duties?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
9. Are there conflicts in the medical evidence? If yes, address in IME report.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">YES</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">NO</td> </tr> </table>	YES			NO
YES			NO		
LOCAL BOARD: If conflicts in the medical evidence, address if and how they were resolved in the Local Board meeting minutes. LOCAL BOARD AND DOCTOR: By my signature below, I attest that the medical records have been thoroughly reviewed, each section/questions have been answered by the appropriate party indicated above, and the information contained herein is true, complete and correct to the best of my knowledge and belief.					
PRINT Name of Local Board Secretary or Chairman	Signature	Date			
PRINT Doctor Name	Signature	Date			

CORRECTIONS OFFICER RETIREMENT PLAN

FORM C5-LB-O

3010 E. Camelback Rd., Suite 200, Phoenix, AZ 85016

08/11

(602) 255-5575 FAX (602) 296-2369 www.psprs.com

**ORDINARY
DISABILITY QUESTIONNAIRE**

Completed by Local Board and Doctor (if applicable)

Pursuant to A.R.S. §§ 38-881(30) and 38-886.01, an "Ordinary disability" means a physical condition that the local board determines will totally and permanently prevent an employee from performing a reasonable range of duties within the employee's department or a mental condition that the local board determines will totally and permanently prevent an employee from engaging in any substantial gainful activity.		LOCAL BOARD Initial Response	
1. Did the employee file the application after the disabling incident or within one year of ceasing to be an employee?	<input type="checkbox"/>	YES	<input type="checkbox"/>
2. Does the employer have any jobs available for the member the board believes is a reasonable range of duties position? (Submit job descriptions and duties to doctor.)	<input type="checkbox"/>	YES	<input type="checkbox"/>
3. Has the member refused a job the board believes is a reasonable range of duties?	<input type="checkbox"/>	YES	<input type="checkbox"/>
4. Did the employer terminate the employee's employment based on a physical or mental condition that is being applied for?	<input type="checkbox"/>	YES	<input type="checkbox"/>
5. Did the employer terminate the employee's employment based on a disciplinary issue?	<input type="checkbox"/>	YES	<input type="checkbox"/>
6. Did the member terminate employment based on a physical or mental condition?	<input type="checkbox"/>	YES	<input type="checkbox"/>
7. Did the member terminate employment based on election to participate in Reverse DROP?	<input type="checkbox"/>	YES	<input type="checkbox"/>
8. Does the physical condition totally prevent the member from performing a reasonable range of duties within the employee's department?	<input type="checkbox"/>	YES	<input type="checkbox"/>
9. Does the physical condition permanently prevent the member from performing a reasonable range of duties within the employee's department?	<input type="checkbox"/>	YES	<input type="checkbox"/>
10. Does the mental condition totally prevent the member from engaging in any substantial gainful activity?	<input type="checkbox"/>	YES	<input type="checkbox"/>
11. Does the mental condition permanently prevent the member from engaging in any substantial gainful activity?	<input type="checkbox"/>	YES	<input type="checkbox"/>
LOCAL BOARD INSTRUCTIONS: If it is determined that the employee does not qualify, complete FORM C5-LB and forward to CORP. If evidence exists that the employee may qualify and no reasonable range of duty jobs are available, a medical examination (IME) will need to be performed. Sign/date this questionnaire and forward the ORIGINAL (along with the all medical evidence and any additional questions) to the doctor.			
DOCTOR INSTRUCTIONS: In addition to the IME report, answer the following questions, sign/date and return the ORIGINAL to the Local Board. Provide additional comments in the IME report.		DOCTOR Initial Response	
1. Does the member have the physical or mental condition that is the basis for the disability application?	<input type="checkbox"/>	YES	<input type="checkbox"/>
2. Does the physical condition permanently prevent the member from performing a reasonable range of duties within the employee's department?	<input type="checkbox"/>	YES	<input type="checkbox"/>
3. Does the physical condition totally prevent the member from performing a reasonable range of duties within the employee's department?	<input type="checkbox"/>	YES	<input type="checkbox"/>
4. Does the mental condition totally prevent the member from engaging in any substantial gainful activity?	<input type="checkbox"/>	YES	<input type="checkbox"/>
5. Does the mental condition permanently prevent the member from engaging in any substantial gainful activity?	<input type="checkbox"/>	YES	<input type="checkbox"/>
6. Are there conflicts in the medical evidence? If yes, address in IME report.	<input type="checkbox"/>	YES	<input type="checkbox"/>
LOCAL BOARD: If conflicts in the medical evidence, address if and how they were resolved in the Local Board meeting minutes. LOCAL BOARD AND DOCTOR: By my signature below, I attest that the medical records have been thoroughly reviewed, each section/questions have been answered by the appropriate party indicated above, and the information contained herein is true, complete and correct to the best of my knowledge and belief.			
PRINT Name of Local Board Secretary or Chairman	Signature		Date
PRINT Doctor Name	Signature		Date

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice explains how you can continue to defer federal income tax on your retirement savings in the Public Safety Personnel Retirement System, Corrections Officer Retirement Plan or Elected Officials' Retirement Plan (the "Plan") and contains important information you will need before you decide how to receive your Plan benefits. Because PSPRS cannot provide you with tax advice and tax rules are complex, you may wish to consult a qualified tax professional before you made a withdrawal decision.

Your Right to Waive the 30-Day Notice Period. After receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election on the appropriate application indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical.

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the "Plan" is eligible to be rolled over to an IRA or an eligible employer plan. This notice is intended to help you decide whether to do such a rollover. The term "IRA" as used in this notice includes only traditional IRAs and individual retirement annuities. It does not include Roth IRAs, SIMPLE IRAs or Coverdell Education Savings Accounts. An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(b) tax sheltered annuity plan; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

Rules that apply to most payments from a plan are described in the "General Information about Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59 ½ and do not rollover, you will also have to pay a 10% additional income tax on early

distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59 ½ (or if an exception applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy.
- Required minimum distributions after age 70 ½ (or after death).
- Corrective distributions of contributions that exceed tax law limitations.

- After-tax contributions. (At this time the Plan has not been amended to allow such contributions to be rolled over).

The Plan administrator or the payer can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59 1/2, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of separation
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59 1/2, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are

the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. You will receive a separate payment for the after-tax contributions. At this writing the Plan does not have the authority to allow a direct rollover of your after-tax contributions.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59 ½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70 ½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking

required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70 ½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

Other special rules

If your payments for the year are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payer, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; and IRS Publication 590, Individual Retirement Arrangements (IRAs). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

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