

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
CORRECTIONS OFFICER RETIREMENT PLAN
ELECTED OFFICIALS' RETIREMENT PLAN**

3010 East Camelback Road, Suite 200
Phoenix, Arizona 85016-4416
(602) 255-5575 | Fax (602) 296-2368 or (602) 255-5572
www.psprs.com

Ryan Parham
CIO

James M. Hacking
Administrator

Tracey D. Peterson
Assistant Administrator-COO

TO: Payroll Supervisors
FROM: LaDawn Toger, Active Members Manager
RE: Contribution Rates to the Elected Officials' Retirement Plan
DATE: June 2011

We are enclosing the transmittal to be used for the first pay period ending **on or after** July 1, 2011. The following contribution rates will be in effect for the next fiscal year, July 1, 2011 through June 30, 2012.

MEMBER:	10.00%	EMPLOYER – State and Counties:	17.96%
		EMPLOYER – Cities and towns:	32.99%

A.R.S. 38-810 Section D requires that the fund manager receive all contributions within ten working days after each payroll date. Contributions received after the due date shall include a penalty of ten per cent per annum, compounded annually, for each day that the contributions are late.

The penalty for late contributions will be ENFORCED. If the contributions are late, i.e. received by EORP after ten working days from the payroll date, you will be contacted and instructed to pay the late penalty.

FURLOUGH & LWOP

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

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

COVERED COMPENSATION

The general rules guiding contributions to the EORP system (A.R.S. Section 38-810) indicate the amount and timing of contributions to the system. Generally, it requires that contributions be made on “gross salary”. There is no further definition of this term in the Elected Officials' Retirement Plan statutes.

Therefore, this office has interpreted the statutes to mean just that. Contributions are accepted only as related to “salary”. For Elected Officials, salaries are set by legislation or other governing body. **No other form of compensation** (i.e. travel allowance, payment in lieu of vacation, or various other fringe benefits) can be included in the pensionable compensation base. Any contributions made on other than “salary” as designated by the governing body will be returned and will not be included for purposes of the retirement calculation.

MILITARY SERVICE

Several of you have asked for guidance regarding the contributions for members who were called up for active duty (A.R.S. Section 38-820). The employer shall make employer and employee contributions for anyone who was an active member of the system, not to exceed 48 months, if the following requirements were met: a) is a member of the Arizona national guard or is a member of the reserves of any military establishment of the United States; AND, b) volunteers or is ordered into active military service of the United States as part of a presidential call-up; AND, c) is honorably separated from active military service and returns to employment for the same employer from which he left for active military service within 90 days after the date active military service is terminated.

Basically, the statute says that the employer shall make all the employer and employee contributions **after** the member returns from active military service. The contributions will be based on the member's salary before they left for duty. The employer is responsible for making sure that the member was honorably separated from military service.

Additionally, if the member is absent from a position of employment by reason of service in the uniformed services (**not** as part of a presidential call-up as required under Section 38-858) the USERRA specifies that periods of military service must be considered credited service for pension purposes. Therefore, contributions must be made by the employer for active duty, training for active duty and inactive duty, and full time National Guard duty if the member chooses to make up the employee contribution.

PAYROLL LOGIN AND WIRE TRANSFERS

If you are not sending your contribution data in to us via the website, please begin to do so now. You can go to Employer Payrolls and then Payroll Login under www.psprs.com. Our goal for this fiscal year is to go paperless and transition all employers to electronic submission of contribution data. Also, PSPRS is set up to receive contribution payments through Wire transfer. Please contact our office for more information on this option.

STATUS REQUIREMENTS FOR ACTIVE MEMBERS

We are requesting that employers inform us when active members are placed on a status other than that of a full-time employee. This information is essential when calculating "credited service" for retirements, actuarial valuations, refunds or transfers. When the status is changed we are asking that payroll/Human Resources furnish a status report to us that would list only those employees who are on a status other than full-time, active. We will need the date the status begins as well as when it ends. Here is the status codes listed below:

- **M** (Military) – Members of national guard/reserves during period of presidential call-up. Contributions required upon return to full-time employment.
- **L** (LWOP) – Authorized leave without pay. This includes, but is not limited to, those employees who are on FMLA (family leave), military leave that is not part of a presidential call-up, employer sponsored short- or long-term disability, industrial leave and not contributing, or are temporarily working part-time and will return to full-time status. Please indicate on report the reason for LWOP.
- **T** (Termed) – Termination date must be given.

We have implemented programming and procedures to monitor contributions to insure that member's contributions are accurate and complete. By providing this status information at the time of the event, you will help to eliminate needless and inefficient work for both the Administrative and Local Board offices.

ALTERNATE CONTRIBUTION RATE

Alternate contribution rate is required from the employer for any member that retires and returns to work. The alternate rate is determined by the actuary, consisting of amortization of unfunded liabilities for normal cost and health subsidy. Please see separate memo letter in regards to the Alternative Contribution.