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**ELECTED OFFICIALS RETIREMENT PLAN (EORP)**  
**SUMMARY OF BENEFITS**

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**Summary Topics**

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**Average Yearly Salary**

Employees who became a member of the Plan on or before December 31, 2011: An average of your highest 36 consecutive months within the last 10 years of completed years of credited service as an elected official that yield the highest average. If an employee does not have three consecutive years of credited service as an elected official, the considered period is the employee's last consecutive period of employment with a Plan employer immediately before retirement. A.R.S. § 38-801(5).

Employees who became a member of the Plan on or after January 1, 2012: An average of your highest 60 consecutive months within the last 10 years of completed years of credited service as an elected official that yield the highest average. If an employee does not have five consecutive years of credited service as an elected official, the considered period is the employee's last consecutive period of employment with a Plan employer immediately before retirement. A.R.S. § 38-801(5).

**Benefit Increase / Cost of Living Adjustment (COLA)**

A retired member or survivor of a retired member may receive an increase (COLA) from the Plan if monies are available (See A.R.S. § 38-818 and Section 62). However, effective July 1, 2013 (A.R.S. § 38-818.01) and each July 1 thereafter, a COLA will be issued as long as the following criteria have been met:

- Retired members who became members on or before December 31, 2011, or the survivor of a retired member, who was receiving benefits on or before July 31 of the two previous years, OR was 55 or older on July 1 of the current year and receiving benefits on or before July 31 of the previous year.
- Employees who became a member on or after January 1, 2012, or the survivor of a retired member, was 55 or older on July 1 of the current year and is receiving benefits.

The increase will be calculated based on (if there are insufficient earnings to cover the maximum increases, the percentage increase is limited to the earnings available):

- If the ratio of the actuarial value of assets to liabilities is 60-64% and the total return is more than 10.5% for the prior fiscal year, 2% maximum increase to all eligible retirees and survivors.
- If the ratio of the actuarial value of assets to liabilities is 65-69% and the total return is more than 10.5% for the prior fiscal year, 2.5% maximum increase to all eligible retirees and survivors.

- If the ratio of the actuarial value of assets to liabilities is 70-74% and the total return is more than 10.5% for the prior fiscal year, 3% maximum increase to all eligible retirees and survivors.
- If the ratio of the actuarial value of assets to liabilities is 75-79% and the total return is more than 10.5% for the prior fiscal year, 3.5% maximum increase to all eligible retirees and survivor.
- If the ratio of the actuarial value of assets to liabilities is 80% or more and the total return is more than 10.5% for the prior fiscal year, 4% maximum increase to all eligible retirees and survivors

From and after December 31, 2015, legislature may enact permanent one-time benefit increases after an analysis of the effect of the increase on the Plan by the Joint Legislative Budget Committee (JLBC). A.R.S. § 38-818.02.

### **Contributions**

For fiscal year 2011-2012, each member shall contribute 10% of salary to the Plan on a pre-tax basis. The amount of the member's contribution that exceeds 7% of the member's compensation shall not be used to reduce the employer's contributions. A.R.S. § 38-810 (F and G).

The EORP employers shall contribute a level percent of salary as determined by actuarial valuation to ensure proper funding for the Plan (but not less than 10% of salary). In addition, the EORP will receive contributions from certain employers pursuant to A.R.S. §§ 12-119.01(B)(2), 12-120.31(D)(2), 12-284.03(A)(6), 22-281(C)(3) and 41-178 as stated in A.R.S. § 38-810.

The contribution rate for members will increase each fiscal year. A.R.S. § 38-810(F).

### **Credited Service**

Service for which contributions have been made, or transferred to the Plan from another retirement system for public employees of this state. A.R.S. § 38-801(7).

### **Death Benefits**

#### **ACTIVE or INACTIVE Member:**

- Spouse's Pension pursuant to A.R.S. § 38-807(B)  
Employees who became a member on or before December 31, 2011, the surviving spouse of an active or inactive member will receive a lifetime monthly benefit of 75% of the members pension benefit based on the calculation for a disability benefit calculated pursuant to A.R.S. § 38-806.

Employees who became a member on or after January 1, 2012, the surviving spouse of an active or inactive member will receive 50% of the members pension benefit based on the calculation for a disability benefit calculated pursuant to A.R.S. § 38-806.

OR

- Child/Guardian Benefit pursuant to A.R.S. § 38-807(C)  
If there is no surviving spouse, or the pension of the surviving spouse is terminated, the surviving spouse's pension may be paid to the guardian of the surviving, eligible (unmarried) child(ren) until the child(ren) is adopted, turns 18 or until the age of 23 if the attending full-time school between the ages of 18 and 23.

If the benefit is paid to a disabled child (the child's disability occurred prior to the age of 23) and remains a dependent of the guardian, the surviving spouse's pension is payable to the disabled child for lifetime.

OR

- Balance of Contributions pursuant to A.R.S. § 38-807(D)

If there is no eligible surviving spouse or eligible child(ren), the member's named beneficiary on file will receive the balance of the member's accumulated contributions.

#### **RETIRED Member:**

- Spouse's Pension pursuant to A.R.S. § 38-807(A)

Employees who became a member on or before December 31, 2011, as long as the surviving spouse was married to the retired member for at least two consecutive years at the time of the member's death, the surviving spouse will receive a lifetime monthly benefit of 75% of the pension at the time of the member's death.

Employees who became a member on or after January 1, 2012, the surviving spouse of a retired member will receive 50% of the pension at the time of the member's death, except that at the time of retirement, a member may elect an optional form of retirement benefit, as determined by the board, that provides for an actuarially reduced pension and an increased surviving spouse's benefit.

OR

- Child/Guardian Benefit pursuant to A.R.S. § 38-807(C)

If there is no surviving spouse, or the pension of the surviving spouse is terminated, the surviving spouse's pension benefit may be paid to the guardian of the surviving, eligible (unmarried) child(ren) until the child(ren) is adopted, turns 18 or until the age of 23 if the attending full-time school between the ages of 18 and 23.

If the benefit is paid to a disabled child (the child's disability occurred prior to the age of 23) and remains a dependent of the guardian, the surviving spouse's pension is payable to the disabled child for lifetime.

OR

- Balance of Contributions pursuant to A.R.S. § 38-807(D)

If there is no eligible surviving spouse or eligible child(ren), the member's named beneficiary on file will receive the balance of the member's accumulated contributions.

#### **Disability**

A member who becomes permanently mentally or physically incapacitated for the purpose of performing the duties of the member's office if the majority of the board of physicians certifies that the member is mentally or physically incapacitated and is expected to be for an indefinite duration. A.R.S. § 38-806.

Employees who became a member on or before December 31, 2011, the disability benefit is 20% of the member's average yearly salary with 4.99 or less years of credited service, or 40% of the member's average yearly salary with 5 but less than 9.99 years of credited service, or 80% of member's average yearly salary with 10 or more years of credited service. A.R.S. § 38-808(B)(2).

Pursuant to A.R.S. § 38-808(C), employees who became a member on or after January 1, 2012, the disability benefit is:

- 3% of the average yearly salary multiplied by 25 years of credited service if the member had 10 or more years of credited service
- 3% of the average yearly salary multiplied by 12.5 years of credited service if the member had 5.0 to 9.99 years of credited service
- 3% of the average yearly salary multiplied by 6.25 years of credited service if the member had 4.99 or less years of credited service

## **Divorce / Domestic Relations Order**

If the member has been involved in a divorce(s), please provide the EORP with a complete copy of the Divorce Decree(s) and any attachments or exhibits if referenced in the Decree(s). Upon receipt, additional correspondence will be provided to the parties. If the retirement account is required to be split, a Domestic Relations Order (DRO) will need to be prepared. To ensure that the language in the DRO is acceptable, it is recommended to provide the EORP with a draft copy of the DRO for review and approval prior to submitting it to the court. A.R.S. § 38-822.

## **Eligibility**

Every elected official is a member of the Plan, except full-time superior court commissioners who are members before July 1 of the first fiscal year after the Social Security Administration approves the inclusion of superior court commissioners on the state's Section 218 Agreement. A state elected official who is subject to term limits may elect not to participate in the Plan. A.R.S. §§ 38-801(15) and 38-804(A).

## **Health Insurance**

Pursuant to A.R.S. §§ 38-817, 38-651.01 and 38-782, retirees and survivors with 8 or more years of credited service\* that elect group health insurance and/or accident insurance coverage through the Arizona State Retirement System group plan (ASRS), the Arizona Department of Administration (ADOA) group plan, or a group plan through an employer of the PSPRS or EORP plans, the Plan will pay up to the following amount (i.e., Premium Benefit):

<b>Single</b>	<b>Premium Benefit</b>	<b>Family</b>	<b>Premium Benefit</b>
Not Medicare Eligible	\$150.00/month	All Not Medicare Eligible	\$260.00/month
Medicare Eligible	\$100.00/month	All Medicare Eligible	\$170.00/month
		One with or without Medicare	\$215.00/month

\*Members with 5 to 7.99 years of credited service will receive a proportionate share of the subsidy stated above.

## **Joinders**

Elected officials of an incorporated city or town may participate in the EORP if the governing body enters into a joinder agreement in accordance with the provisions of the Plan. Assets under any existing public employee defined benefit retirement program shall be transferred to the EORP within 60 days after the employer's effective date. A.R.S. § 38-815.

## **Refund**

**Employees who became a member on or before December 31, 2011**, pursuant to A.R.S. § 38-804(B), upon termination of employment (for any reason other than death or retirement) within 20 days after filing an application with the EORP, the member will receive a lump-sum payment of accumulated contributions (less any benefits paid or any amounts owed to the Plan) - thus, forfeiting all membership rights and credited service in the Plan upon receipt of refund of contributions. If the member has five or more years of credited service, an additional percentage of contributions will be refunded to the member according to the member's years of service as stated below:

- 5 to 5.9 years of service = 25% of additional member contributions
- 6 to 6.9 years of service = 40% of additional member contributions
- 7 to 7.9 years of service = 55% of additional member contributions
- 8 to 8.9 years of service = 70% of additional member contributions
- 9 to 9.9 years of service = 85% of additional member contributions
- 10 or more years of service = 100% of member contributions plus 3% interest if left on deposit after 30 days

**For an elected official who becomes a member on or after January 12, 2012**, pursuant to A.R.S. § 38-804(D), upon termination of employment (for any reason other than death or retirement) within 20 days after filing an application with EORP, shall receive a lump-sum payment of ONLY their accumulated contributions (less any benefits paid or any amounts owed to the Plan) - thus, forfeiting all membership rights and credited service in the Plan upon receipt of refund of contributions. The member will NOT receive the additional percentage of contributions as stated above.

Note: Arizona Revised Statutes do not allow an EORP member to borrow against your retirement account. A refund of your contributions can only be paid to you upon termination of your employment with the EORP employer.

## ***Retirement Eligibility and Calculation***

### **EMPLOYEES WHO BECAME A MEMBER ON OR BEFORE DECEMBER 31, 2011**

#### **EARLY RETIREMENT**

Pursuant to A.R.S. §§ 38-801(5, 7 and 15), 38-805(C) and 38-808, early retirement benefits will commence the first day of month following termination of employment to an elected official who has at least five years of credited service and who ceases to serve as an elected official may retire before meeting the age or service requirement for normal retirement. The amount of an early retirement pension is 4% of the member's average yearly salary multiplied by the years of the member's credited service, not to exceed 80% of the member's average yearly salary then reducing that amount by three-twelfths of one percent for each month early retirement precedes the member's normal retirement age. The maximum reduction is 30%.

#### **NORMAL RETIREMENT**

Pursuant to A.R.S. §§ 38-801(5, 7 and 15), 38-805(A) and 38-808, normal retirement will commence the first day of month following termination of employment to an elected official who ceases to hold office based the following age and service requirements:

- Age 65 years, with 5 or more years of credited service, or
- Age 62 years, with 10 or more years of credited service, or
- Twenty or more years of credited service (regardless of age)

The amount of a normal retirement pension is 4% of the member's average yearly salary multiplied by the years of the member's credited service, not to exceed 80% of the member's average yearly salary

### **EMPLOYEES WHO BECAME A MEMBER ON OR AFTER JANUARY 1, 2012**

#### **EARLY RETIREMENT**

Early Retirement is not available.

#### **NORMAL RETIREMENT**

Pursuant to A.R.S. §§ 38-801(5, 7 and 15), 38-805(B) and 38-808, normal retirement benefits will commence the first day of month following termination of employment and based upon the following:

- Age 65 years, with 5 or more years of credited service, or
- Age 62 years, with 10 or more years of credited service.

The amount of a normal retirement pension is 3% of the member's average yearly salary multiplied by the member's credited service, not to exceed 75% of the member's average yearly salary.

## ***Return to Work after Retirement***

Effective July 20, 2011, the employer is required to pay an **alternate contribution rate** on behalf of a retired member who returns to work in any capacity in a position ordinarily filled by an elected official. The current alternate contribution rate is 14.47%. A.R.S. § 38-810.04.

Effective July 20, 2011, the premium benefit (subsidy) will not apply if the retired member or survivor is reemployed and participates in health care coverage provided by the member's or survivor's new employer. A.R.S. § 38-817(E).

### **Service Purchase (also see Transfers)**

- **Purchase of Prior Active Military Service (Form 18)**

Members who have at least 10 years of credited service may purchase up to 60 months of credited service for periods of active military service performed before employment with their current employer. A.R.S. § 38-820.

Active members may also receive credited service limited to 60 months if ordered/volunteered to active military service while working for the current employer if the criteria is met pursuant to A.R.S. § 38-820. The member shall pay the members contributions, upon which the employer shall make employer contributions. If member performs military service due to presidential call-up, the employer shall make the employer and employee contributions not to exceed 48 months pursuant to A.R.S.38-820(G). For more information, contact your employer.

- **Purchase of Prior Service from an Out-of-State Agency (Form EOSS)**

Active members who have at least 10 years of credited service with the Plan that have previous service with an agency of the U.S. Government, a state of the U.S., or a political subdivision of a state of the U.S. as may elect to redeem up to 60 months of any part of the prior service if the prior service is not on account with any other retirement system. A.R.S. § 38-816.

- **Purchase of Prior Forfeited Service as an Elected Official**

If a former elected official terminates membership in the Plan and takes a refund of contributions and is later re-employed as an elected official may elect to purchase all of the previously forfeited credited service if the elected official signs a written election within 90 days after re-employment to reimburse the Plan within one year after the date of re-employment. The amount required to reinstate the credited service is the amount previously withdrawn plus interest at the rate of 9% compounded annually from the date of withdrawal to the date of repayment. A.R.S. § 38-804(H). (Form E1B)

OR

If the statutory requirements above are not met, the elected official may still purchase some or all of the previously forfeited credited service or of elected official service not covered by the Plan. The calculation is based on an amount computed by the Plan's actuary to equal the actuarial present value. A.R.S. § 38-816(B). (Form E2)

- **Purchase of Service Between the Arizona Retirement Plans/Systems (Form U2)**

Members of any of the four Arizona state retirement System/Plans that have credited service under another Arizona state retirement System/Plan may redeem the credited service to their current Arizona state retirement System/Plan by paying the full actuarial present value of the credited service into the current Arizona retirement System/Plan with the approval of the EORP or governing board. A.R.S. § 38-922.

### **Taxation of Retirement Benefits**

Effective tax year commencing January 1, 1989, all EORP retirement benefits in excess of \$2500 annually will be subject to Arizona state tax. A.R.S. §§ 38-811 and 43-1022.

### **Transfers (also see Service Purchase)**

- **Transfer of Service Between the Arizona Retirement Plans/Systems (Form U2):**

Members of any of the four Arizona state retirement System/Plans that have credited service under another Arizona state retirement System/Plan may transfer the credited service to their current Arizona state retirement System/Plan by transferring the full actuarial present value of the credited service into the current Arizona retirement System/Plan with the approval of the EORP or governing board. A reduced credited service amount

may be transferred based on the transfer of the actuarial present value of the credited service under the prior Arizona state System/Plan. A.R.S. §§ 38-921 and 38-922.

- ***Transfer of Service Between City Retirement Plans (Form U2E):***

A member of a charter city retirement system who is an elected official may apply for a transfer of service credits from the charter city retirement system to the EORP based on the actuarial present value of the service (with the member paying the difference), or the member may elect a reduced service amount to be transferred based on the actuarial present value. A.R.S. § 38-821.

This is not an official version of the Arizona Revised Statutes.  
If there are any differences or discrepancies, the official version will prevail.