

Public Safety Personnel Retirement System Retirement Instruction Manual

A manual of instructions, checklists and guidelines for completing a Deferred Retirement Option Plan (DROP), normal, or disability retirement in the Public Safety Personnel Retirement System.

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PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

DROP CHECKLIST

Forms and Documentation Required

Form P4 DROP	Copy of Member's Birth Certificate
Form P8 DROP	If Married:
Form P11	Copy of Marriage Certificate
Form P12 DROP	Copy of Spouse's Birth Certificate
Minutes from Local Board Approving DROP Participation	If Eligible Children:
Memorandum of Understanding and Agreement	Copy of Children's Birth Certificates
DROP Statutes (copy to employee and employer)	If Divorced during period of employment:
	Photocopy of complete Divorce Decree or
	Certified copy of Plan-approved Domestic Relations Order
	Medical Documentation for Disabled Children (If applicable)

IMPORTANT DEADLINE

To ensure sufficient time for processing for timely payment of the DROP account, all applications must be received by the Board of Trustee's Administrative Office by the 10th of the month in which the DROP applicant will begin their DROP payment. For example, if a DROP applicant's election to enter the DROP is in July, their DROP becomes effective August 1st and their DROP 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 enter DROP packet in order for our office to make participation effective in our system.

Form P4DROP - Application for DROP

Make sure this form is completely filled out, including necessary signatures. The date of election to participate in DROP on this form should agree with the ending service date on Form P11. The day after the election to participate date is the date when employer and employee contributions to the PSPRS stop. The member must have 20 years of credited service on the date of election to participate in order to be eligible to DROP. Any leaves without pay or industrial leaves should be noted and taken into consideration when computing credited service and the DROP benefit on Form P11. Remember that leaves without pay will affect one's credited service amount. The designated period to participate in DROP cannot exceed 60 months. Begin calculating the designated period to participate from the effective date of participation in DROP. For example, if a member elects to participate in DROP on August 2, 2001 and selects 6 months as their designated period, their effective date in DROP is September 1, 2001, their first payment will be credited on September 30, 2001 and he must terminate employment and retire on or before February 28, 2002. Assume he terminates employment February 14, 2002, their effective date of retirement will be March 1, 2002 and their first pension check and the DROP lump sum amount plus interest thru February will be paid to him on or about March 31, 2002.

The employer must be notified that the member is entering DROP. The local board needs to set up a chain of command to ensure that an official employer representative signs the bottom of the form. The date of election on the bottom of the form needs to be identical to the date prescribed at the top of the form.

Form P8DROP - Beneficiary Designation Form

This is a required document for DROP purposes under A.R.S. section 38-844.06.D. The law states that if the member dies during the DROP period, the designated beneficiary is entitled to receive the DROP account subject to the community property laws of this state. 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 be effective, only to the extent it complies with the Arizona Community Property Laws.

Form P11 - Benefit Calculations

Use this form for calculating the DROP pension amount. Be sure to verify the final contribution amount to PSPRS.

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 38-842.13:

"...the member's total period of service before the member's effective date of participation, plus those compensated periods of the member's service thereafter for which the member made contributions to the fund."

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 DROP 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 PSPRS did not receive contributions must be noted on the Form P4DROP and should be subtracted from the member's total service to come up with the length of credited service.

A leave without pay, however, is considered "Service" under the PSPRS as long as it is an "absence which is authorized by an employer...(and) the employee returns within the period of authorized absence" (A.R.S Section 38-842.43). However, be careful because authorized leaves without pay that are a FULL pay period or more will not count towards the 20 year credited service requirement for a DROP.

Compensation: In calculating a retiree's average monthly compensation, the current PSPRS statute allows the member to use "three consecutive years within the last twenty completed years of credited service which yield the highest average". (A.R.S. Section 38-842.7)

These 3 years 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 compensation the employee would have received in this job classification if the employee was not on industrial leave". Be careful in determining the three consecutive years of compensation. If the member's last day of work was June 26, 2010, the beginning of the 3 year period ending on that date would be June 27, 2007, not June 26, 2007.

Make sure that you only include compensation that is permitted by the PSPRS statute. A.R.S. Section 38-842.12, defines the allowable compensation as follows:

"Compensation" means, for the purpose of computing retirement benefits, base salary, overtime pay, shift differential pay, military differential wage pay, compensatory time used by an employee in lieu of overtime not otherwise paid by an employer and holiday pay paid to an employee by the employer on a regular monthly, semimonthly or biweekly payroll basis and longevity pay paid to an employee at least every six months for which contributions are made to the system pursuant to Section 38-843, subsection D. Compensation does not include, for the purpose of computing retirement benefits, payment for unused sick leave, payment in lieu of vacation, payment for unused compensatory time or payment for any fringe benefits. In addition, compensation does not include, for the purposes of computing retirement benefits, payments made directly or indirectly by the employer to the employee for work performed for a third party on a contracted basis or any other type of agreement under which the third party pays or reimburses the employer for the work performed by the employee for that third party, except for the third party contracts between public agencies for law enforcement, criminal, traffic and crime suppression activities training, or fire, wildfire emergency medical or emergency management activities or where the employer supervises the employee's performance of law enforcement, criminal, traffic and crime suppression activities, training or fire, wildfire, emergency medical or emergency management services. For the purposes of the paragraph, "base salary" means the amount of compensation each employee is regularly paid for personal services rendered to an employer before the addition of any extra monies, including overtime pay, shift differential pay, holiday pay, longevity pay, fringe benefit pay and similar extra payments.

Benefit Calculations: Make sure that you use the correct section of Form P11 to calculate the appropriate benefit calculation for each particular DROP applicant.

For retirement with 20 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 P11 and a new Form P12DROP with the member's signature must be submitted before the first DROP payment can be credited to the DROP applicant.

Form P12DROP - Notification of Benefits and Election

The "Date First DROP Benefit Credited" should be the last day of the next calendar month following the member's election to participate in the DROP. For example, if the member's election into the DROP were on December 23, 2000, the "Date First Benefit Credited" would be January 31, 2001.

Make sure the 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.

Make sure you calculate the correct "Date Last DROP Benefit Credited" based upon the member's election to participate in DROP on form P4DROP. The day should be the last day of the calendar month of the member's designated DROP period. For instance, if a member elects to participate in DROP on June 2, 2001 and selects 6 months as his designated period, his effective date in DROP is July 1, 2001, his first payment will be credited on July 31, 2001 and he must terminate employment and retire on or before December 31, 2001. The date last DROP benefit credited would be December 31, 2001. Note that this amount will be paid on the last business day of the following month.

Mail the original P12DROP to the board of trustees and keep a copy for your records. Use your copy once member is ready to exit DROP and terminate employment. Prior to the end of his DROP period the member will come to the Local Board and complete the bottom portion of this form. The member's signature and the signature of both the employer and the local board chairman authorizes us to begin the monthly pension payment as well as disbursing the DROP monies. Once the signatures are completed, make a copy for your records and mail the board of trustees the "hybrid" original.

Local Board Minutes Approving Deferred Retirement Option

The Local Board's initial authorization to the Administrative Office to begin DROP payments is on Form P12DROP - 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 DROP and DROP credits as shown above." This gives us the authority to begin the applicant's initial DROP credit. Similarly, when the member terminates employment and retires, the Local Board's authorization on the bottom of this form will allow us to begin disbursing the DROP monies as well as begin monthly pension payments.

A.R.S. Section 38-847.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" and 38-847.H requires that the decisions to be sent via certified mail.

In addition A.R.S. Section 38-847.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 and all necessary communications as prescribed by subsection G of this section."

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 DROP laws to the employee and the employer. This is important for the employer, as they need to adjust their payroll records to terminate employer and employee contributions to the PSPRS.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

RETIRING FROM DROP CHECKLIST

Forms and Documentation

Form 8 (Optional)	If not previously submitted with DROP application:
P12DROP	Copy of Member's Birth Certificate
Form 13	If Married:
Form U3 Benefits Lump Sum Distribution Election	Copy of Marriage Certificate
Special Tax Notice (copy to retiree)	Copy of Spouse's Birth Certificate
Federal Tax Withholding Preference Certificate Form W-4P	If Eligible Children:
State Tax Withholding Preference Certificate Form A-4P	Copy of Children's Birth Certificates
Minutes from Local Board Approving Retirement	If Divorced during period of employment:
	Photocopy of complete Divorce Decree or
	Certified copy of Plan-approved Domestic Relations Order
	Medical Documentation for Disabled Children (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 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 retiring from DROP packet in order for our office to make retirement effective in our system.

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.

Form P12DROP - Notification of DROP Benefits and Election

Your office should have a copy of form P12DROP, which was filled out when the member entered the DROP. Make another copy and fill out the bottom portion entitled "To Be Completed upon Termination of Employment at the End of the Drop Period."

Form 13 - Authorization To Start or Cancel Direct Deposit

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 P12DROP. 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, 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 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 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.

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.

Personal Documents not Previously Submitted

If any applicable birth certificates or other documents were not sent to this office, please forward those at this time.

Local Board Minutes Approving Retirement

The Local Board's initial authorization to the Administrative Office to pay retirement benefits is on Form P12DROP - Notification of DROP 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 payments as shown above." This gives us the authority to issue the retiree's initial retirement benefit.

A.R.S. Section 38-847.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" and 38-847.H requires that the decisions to be sent via certified mail.

In addition, A.R.S. Section 38-847.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 and all necessary communications as prescribed by Subsection G of this section."

An example of minutes noted for a DROP participant who is retiring could read as follows:

"[*Member Name*] has elected to term their participation in the DROP Program on June 30, 2011, and apply for Normal/Accidental/Disability Retirement."

Please include the monthly pension amount as a part of the local board minutes.

Health Insurance Plans and Subsidy Available to Retirees

Retiring Public Safety Personnel Retirement System (PSPRS) 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 PSPRS 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 PSPRS 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		ALL NOT MEDICARE ELIGIBLE	Member & Dependents	
	NOT MEDICARE ELIGIBLE	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.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

NORMAL RETIREMENT CHECKLIST

Forms and Documentation Required

- | | |
|--|---|
| Form P4 | Copy of Member's Birth Certificate |
| Form 8 (Optional) | If Married: |
| Form P11 | Copy of Marriage Certificate |
| Form P12 | Copy of Spouse's Birth 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 Retirement | Photocopy of complete Divorce Decree or |
| | Certified copy of Plan-approved Domestic Relations Order |
| | Medical Documentation for Disabled Children (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 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 retirement effective in our system.

Form P4 - 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 ending service date on Form P11. Any leaves without pay or industrial leaves should be noted and taken into consideration when computing credited service and the retirement benefit on Form P11.

Form 8 – Beneficiary Designation Form (Optional)

Retirement is a good time for members to update their beneficiary information. Many members are surprised to find who we have listed as their beneficiaries at the time of retirement (ex-spouses, deceased parents, etc.), so we would encourage retirees to submit this form along with their retirement applications.

Form P11 - Benefit Calculations

Use this document for calculating Normal Service Retirements. Be sure to verify and note the final contribution amount to PSPRS on this form.

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 38-842.13:

"...the member's total period of service before the member's effective date of participation, plus those compensated periods of the member's service thereafter for which the member made contributions to the fund."

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 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 PSPRS did not receive contributions must be noted on the Form P4 and should be subtracted from the member's total service to come up with the length of credited service.

A leave without pay, however, is considered "Service" under the PSPRS as long as it is an "absence which is authorized by an employer...(and) the employee returns within the period of authorized absence" (A.R.S Section 38-842.43). Authorized leaves without pay that are a FULL pay period or more will count toward the 20 year service requirement for a Normal Retirement, but may result in a member having less than 20 years of credited service.

Compensation: In calculating a retiree's average monthly compensation, the current PSPRS statute allows the member to use "three consecutive years within the last twenty completed years of credited service which yield the highest average". (A.R.S. Section 38-842.7)

These 3 years 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 compensation the employee would have received in this job classification if the employee was not on industrial leave". Be careful in determining the three consecutive years of compensation. If the member's last day of work was June 26, 2010, the beginning of the 3 year period ending on that date would be June 27, 2007, not June 26, 2007.

Make sure that you only include compensation that is permitted by the PSPRS statute. A.R.S. Section 38-842.12, defines the allowable compensation as follows:

"Compensation" means, for the purpose of computing retirement benefits, base salary, overtime pay, shift differential pay, military differential wage pay, compensatory time used by an employee in lieu of overtime not otherwise paid by an employer and holiday pay paid to an employee by the employer on a regular monthly, semimonthly or biweekly payroll basis and longevity pay paid to an employee at least every six months for which contributions are made to the system pursuant to Section 38-843, subsection D. Compensation does not include, for the purpose of computing retirement benefits, payment for unused sick leave, payment in lieu of vacation, payment for unused compensatory time or payment for any fringe benefits. In addition, compensation does not include, for the purposes of computing retirement benefits, payments made directly or indirectly by the employer to the employee for work performed for a third party on a contracted basis or any other type of agreement under which the third party pays or reimburses the employer for the work performed by the employee for that third party, except for the third party contracts between public agencies for law enforcement, criminal, traffic and crime suppression activities training, or fire, wildfire emergency medical or emergency management activities or where the employer supervises the employee's performance of law enforcement, criminal, traffic and crime suppression activities, training or fire, wildfire, emergency medical or emergency management services. For the purposes of the paragraph, "base salary" means the amount of compensation each employee is regularly paid for personal services rendered to an employer before the addition of any extra monies, including overtime pay, shift differential pay, holiday pay, longevity pay, fringe benefit pay and similar extra payments.

Benefit Calculations: Make sure that you use the correct section of Form P11 to calculate the appropriate benefit calculation for each particular retiree.

For retirement with 20 years of credited service but less than 25 years of credited service: Use Section D.

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

For retirement with 20 or more years of service, but less than 20 years of credited service: Use Section F.

If benefit calculations are incorrect when submitted, a corrected Form P11 and a new Form P12 with the member's signature must be submitted before the first benefit check can be released to the retiree.

Form P12 - 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, 2008, the "Date First Payment Due" should be January 31, 2009. Please note that the board shall not make a retroactive payment of a pension to a person that is more than ninety days before the date of the person's application for benefits (A.R.S. Section 38-845.02)

Make sure the retiree, applicant or 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 Start or Cancel Direct Deposit

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 P4. 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 bank 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, 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 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 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.

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- 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 Administrative Office to pay retirement benefits is on Form P12 - 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 payments as shown above." This gives us the authority to issue the retiree's initial retirement benefit.

A.R.S. Section 38-847.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" and 38-847.H requires that the decisions to be sent via certified mail.

In addition A.R.S. Section 38-847.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 and all necessary communications as prescribed by subsection G of this section."

Health Insurance Plans and Subsidy Available to Retirees

Retiring Public Safety Personnel Retirement System (PSPRS) 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 PSPRS 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.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

DEFERRED ANNUITY CHECKLIST

Forms and Documentation Required

Form P4D	Copy of Applicant's Birth Certificate
Form 8	If Married:
Deferred Annuity Calculation	Copy of Marriage Certificate
Form P12	Copy of Spouse's Birth 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 P4D - Application for Deferred Annuity

Make sure the application is completely filled out, including necessary signatures. Any leave without pay or industrial leave should be noted on page 2. Attach copies of the supporting documentation as required on the P4D.

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 spreadsheet **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 PSPRS Employer menu and by selecting "Spreadsheets". Select the "Retirement Forms" spreadsheet and fill in the Input Sheet with the required data.

Any 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 PSPRS 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 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 PSPRS did not receive contributions must be noted on the Form P4D and should be subtracted from the member's total service to come up with the length of credited service.

Form P12 - 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. Please note that the board shall not make a retroactive payment of a pension to a person that is more than ninety days before the date of the person's application for benefits (A.R.S. Section 38-845.02)

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 Start or Cancel Direct Deposit

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 P4D. 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, 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:

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

Line 2 - Federal withholding based on the applicant'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 applicant'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 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.

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- 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.

Annuitant's 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 Administrative Office to pay annuity benefits is on Form P12 - 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 annuity benefit payments as shown above." This gives us the authority to issue the applicant's initial annuity benefit.

A.R.S. Section 38-847.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" and 38-847.H requires that the decisions to be sent via certified mail.

In addition A.R.S. Section 38-847.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 and all necessary communications 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 section 38-845, subsection F, or section 38-846, 38-856, 38-856.02 or 38-857.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

SURVIVOR'S/GUARDIAN'S RETIREMENT CHECKLIST

Forms and Documentation Required

Form P7S	Copy of Member's Death Certificate
Form 8 (Optional)	Copy of Survivor's/Guardian's Birth Certificate
Form P11	Copy of Marriage Certificate (if applicable)
Form P12	Copy of Survivor's/Guardian's Social Security Card
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	Medical Documentation for Disabled Children (If applicable)
Minutes from Local Board Approving Survivor's Retirement and Terminating Member's Pension	Proof of Fulltime 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 pension becomes effective August 1st and the survivor/guardian 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 P7 - Application for a Survivor's Benefit

Make sure this form is completely filled out, including the necessary signatures and verification of receipt by the employer. The applicant must indicate the type of Survivor's Benefit they are applying for and complete the appropriate sections on this form.

SURVIVING SPOUSE: The PSPRS 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 on the date 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 consecutive years at the time of the member's death.

The State of Arizona does not recognize common law marriages and neither will the PSPRS. 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 OF DECEASED MEMBER'S ELIGIBLE CHILDREN: The applicant must be the legal guardian of the deceased member's "Eligible Child" as defined in A.R.S. Section 38-842.23:

- "Eligible Child" means an unmarried child of a deceased member or retired member who meets one of the following qualifications:
- (a) Is under the age of 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 a 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 deceased member or legally adopted. The applicant must supply proof of adoption.

A guardian's pension is payable only if there is no eligible surviving spouse receiving Survivor's Benefits and only until the youngest eligible child reaches age 23.

If there is an eligible Surviving Spouse and also a separate guardian for the deceased member's eligible children, both will need to complete a separate Form 7 - Application for a Survivor's Benefit and the applications will be processed independently. In such case, the guardian will be entitled to only the applicable child's portion of the survivor's benefit as long as a surviving spouse's pension is being paid.

Form P11 - Benefit Calculations

FOR DECEASED RETIRED MEMBERS WHO WERE RECEIVING NORMAL SERVICE RETIREMENT BENEFITS AT THE TIME OF DEATH, Use this form for calculating Surviving Spouse, Guardian and Eligible Child Benefits.

For deceased members already receiving normal service retirement benefits, you will not need to recalculate the member's pension. Complete the top section of the P11 giving the identification and service information on the deceased member and indicate the deceased member's monthly benefit at the time of death on the appropriate line, Line D3, E3 or F3. The Surviving Spouse or Guardian pension is calculated on Line G and the Eligible Child pension is calculated on Line H.

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 RETIRED MEMBERS WHO WERE RECEIVING DISABILITY RETIREMENT BENEFITS AT THE TIME OF DEATH, Use the P11D form for calculating Surviving Spouse, Guardian and Eligible Child Benefits.

Complete the top section of the P11D giving the identification and service information on the deceased member and indicate the deceased member's monthly disability at the time of death on the appropriate line, either Line D1 or D2. The Surviving Spouse or Guardian pension is calculated on Line H and the Eligible Child pension is calculated on Line I.

FOR DECEASED ACTIVE (NON-RETIRED) MEMBERS, Use the P11D form for calculating Surviving Spouse, Guardian and Eligible Child Benefits. Pursuant to A.R.S. Section 38-846, the surviving spouse of a deceased active member shall receive a monthly benefit computed as for the surviving spouse of a member under the assumption that the member had retired by reason of accidental disability immediately before death.

For deceased active members with less than 20 years of Credited Service, you will need to do the 3-year compensation (Section A through C) and compute the monthly benefit on Line D1. The Surviving Spouse and Guardian pension is calculated on Line H and the Eligible Child pension is calculated on Line I.

For deceased active members with 20 or more years of Credited Service, you will need to do a normal service retirement calculation on the P11 form and transfer it over to Line D2 on the P11D and proceed with the survivor calculations on Lines H and I.

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 PSPRS.

If benefit calculations are incorrect when submitted, a corrected Form P11D and a new Form P12 with the survivor's or guardian's signature must be submitted before the first benefit check can be released to the survivor or guardian.

Form P12 - Notification of Benefits and Election

The PSPRS member's name should go in the space requesting the "Member's Name" with the Surviving Spouse or Guardian's name listed on the line requesting "Payable to".

Make sure that you mark the Type of Benefit: Survivor or Guardian.

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, 1988, the "Date First Payment Due" should be January 31, 1989. Please note that the board shall not make a retroactive payment of a pension to a person that is more than ninety days before the date of the person's application for benefits (A.R.S. Section 38-845.02)

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 Start or Cancel Direct Deposit

A survivor'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 P7. 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.

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 survivor has three options on this form:

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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

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The survivor has 8 options on this form:

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- 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.

Survivor's 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

MAKE SURE YOUR LOCAL BOARD VOTES TO TERMINATE THE DECEASED MEMBER'S BENEFIT AS WELL AS APPROVE THE SURVIVOR BENEFITS. The Local Board's initial authorization to the Administrative Office to pay retirement benefits is on Form P12 - 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 payments as shown above." This gives us the authority to issue the survivor's initial retirement benefit.

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Health Insurance Plans and Subsidy Available to Retirees

Retiring Public Safety Personnel Retirement System (PSPRS) 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 PSPRS 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 PSPRS 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.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

DEATH BENEFICIARY CHECKLIST

Forms and Documentation Required

Form P7D	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 P7D- Application for a Death Benefit (A.R.S. 38-846.I)

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, Designated Beneficiary.

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

Form 13 - Authorization To Start or Cancel Direct Deposit

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 the Appendix A page 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 verifying a Designated Beneficiary's eligibility and approval for payment to PSPRS as prescribed in A.R.S. Section 38-847.M.

A.R.S. Section 38-847.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” and 38-847.H requires that the decisions to be sent via certified mail.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

DISABILITY RETIREMENT CHECKLIST

Forms and Documentation Required

Form P5-EE
Form P5-LB
Form P5-LB-A, O, C, or T (as applicable)
Form 8 (Optional)
Form P11D
Form P12
Form 13
Federal Tax Withholding Preference Certificate Form W-4P
State Tax Withholding Preference Certificate Form A-4P
Minutes from Local Board Approving Retirement
Medical Reports and Documentation Supporting Award of Disability

Copy of Member's Birth Certificate
If Married:
Copy of Marriage Certificate
Copy of Spouse's Birth Certificate
If Eligible Children:
Copy of Children's Birth Certificates
If Divorced during period of employment:
Photocopy of complete Divorce Decree or
Certified copy of Plan-approved Domestic Relations Order
Medical Documentation for Disabled Children (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 retiree will receive their first benefit payment. For example, if a member'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 P5-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. Per 38-847(D)(3):

"To make a determination as to the right of any claimant to a benefit and to afford any claimant or the board of trustees, or both, a right to a rehearing on the original determination. Unless all parties involved in a matter presented to the local board for determination otherwise agree, **the local board shall commence a hearing on the matter within ninety days after the date the matter is presented to the local board for determination**. If a local board fails to commence a hearing as provided in this paragraph, on a matter presented to the local board for determination, the relief demanded by the party petitioning the local board is deemed granted and approved by the local board. The granting and approval of this relief is considered final and binding unless a timely request for rehearing or appeal is made as provided in this article, unless the board of trustees determines that granting the relief requested would violate the internal revenue code or threaten to impair the system's status as a qualified plan under the internal revenue code. If the board of trustees determines that granting the requested relief would violate the internal revenue code or threaten to impair the system's status as a qualified plan, the board of trustees may refuse to grant the relief by issuing a written determination to the local board and the party petitioning the local board for relief. The decision by the board of trustees is subject to judicial review pursuant to title 12, chapter 7, article 6."

The ninety days starts with the date the local board receives the application.

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 the member from further employment with the PSPRS employer.

The applicant must designate the Type of Disability they are applying for:

An ORDINARY DISABILITY is a non-job-related physical condition which totally and permanently prevents the applicant from performing a reasonable range of duties within their department or a non-job-related mental condition which totally and permanently prevents the applicant from engaging in any substantial gainful activity.

An ACCIDENTAL DISABILITY is a job-related physical or mental condition which totally and permanently prevents the applicant from performing a reasonable range of duties within their job classification.

A TEMPORARY DISABILITY is a job-related physical or mental condition which totally and temporarily prevents the applicant from performing a reasonable range of duties within their department.

A CATASTROPHIC DISABILITY is a job-related physical and not a psychological condition that is not an accidental disability which totally and permanently prevents the applicant from engaging in any gainful employment.

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/her 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 at the top of page two 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 P5-LB – Local Board Determination For Disability Retirement

The Local Board will need to print and complete the disability questionnaire that is selected on the P5-EE 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 P5-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, catastrophic, or ordinary disability pension shall commence as of the first day of the month following the date of retirement or the expiration of a period during which the member is receiving sick leave payments or a temporary disability pension, whichever is later." (38-844.B, C & I.) Pursuant to A.R.S. 38-845.02, "The Board shall not make a retroactive payment of a pension of a person that is more than ninety days before the date of the person's application for benefits."

The Local Board must then forward to the Board of Trustees' office, the original P5-EE and required documents, P5-LB, Disability Questionnaire, a copy of the IME, and the Local Board meeting minutes sent via certified mail pursuant to A.R.S. 38-847.G.

Form P5-LB-A, P5-LB-T, P5-LB-C, or P5-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 good time for members to update their beneficiary information. Many members are surprised to find who we have listed as their beneficiaries at the time of retirement (ex-spouses, deceased parents, etc.), so we would encourage retirees to submit this form along with their retirement applications.

Form P11D – Disability Benefit Calculations

Use this form for calculating Disability Retirements. Be sure to verify and note the final contribution amount to PSPRS on this form.

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 38-842.13:

"...the member's total period of service before the member's effective date of participation, plus those compensated periods of the member's service thereafter for which the member made contributions to the fund."

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 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 PSPRS did not receive contributions must be noted on the Form P11D and should be subtracted from the member's total service to come up with the length of credited service.

A leave without pay, however, is considered "Service" under the PSPRS as long as it is an "absence which is authorized by an employer...(and) the employee returns within the period of authorized absence" (A.R.S Section 38-842.43).

Compensation: Make sure that you only include compensation that is permitted by the PSPRS statute. A.R.S. Section 38-842.12, defines the allowable compensation as follows:

"Compensation" means, for the purpose of computing retirement benefits, base salary, overtime pay, shift differential pay, military differential wage pay, compensatory time used by an employee in lieu of overtime not otherwise paid by an employer and holiday pay paid to an employee by the employer on a regular monthly, semimonthly or biweekly payroll basis and longevity pay paid to an employee at least every six months for which contributions are made to the system pursuant to Section 38-843, subsection D. Compensation does not include, for the purpose of computing retirement benefits, payment for unused sick leave, payment in lieu of vacation, payment for unused compensatory time or payment for any fringe benefits. In addition, compensation does not include, for the purposes of computing retirement benefits, payments made directly or indirectly by the employer to the employee for work performed for a third party on a contracted basis or any other type of agreement under which the third party pays or reimburses the employer for the work performed by the employee for that third party, except for the third party contracts between public agencies for law enforcement, criminal, traffic and crime suppression activities training, or fire, wildfire emergency medical or emergency management activities or where the employer supervises the employee's performance of law enforcement, criminal, traffic and crime suppression activities, training or fire, wildfire, emergency medical or emergency management services. For the purposes of the paragraph, "base salary" means the amount of compensation each employee is regularly paid for personal services rendered to an employer before the addition of any extra monies, including overtime pay, shift differential pay, holiday pay, longevity pay, fringe benefit pay and similar extra payments.

For calculating the benefit for an ACCIDENTAL, CATASTROPHIC or ORDINARY Disability, the current PSPRS statute allows the member to use "three consecutive years within the last twenty completed years of credited service which yield the highest average". (A.R.S. Section 38-842.7)

These 3 years **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 compensation the employee would have received in his job classification if the employee was not on industrial leave". Be careful in determining the three consecutive years of compensation. If the member's last day of work was June 26, 1989, the beginning of the 3 year period ending on that date would be June 27, 1986, not June 26, 1986.

For calculating the benefit for a TEMPORARY Disability, you will only need to calculate the one year of compensation received by the member immediately prior to the date on which his disability was incurred. **DO NOT USE THE 3-YEAR AVERAGING DESCRIBED ABOVE.** Just put one year of compensation on the lines provided in Section A of Form P11D.

Benefit Calculations: Make sure that you use the correct section on the Form P11D to calculate the appropriate benefit calculation for each particular retiree.

For Ordinary Disability Retirement: Use Section F.

For Accidental Disability Retirement: Use Section D.

For Temporary Disability Retirement: Use Section E.

For Catastrophic Disability Retirement: Use Section G.

If benefit calculations are incorrect when submitted, a corrected Form P11D and a new Form P12 with the members' signature must be submitted before the first benefit check can be released to the retiree.

Form P12 - Notification of Benefits and Election

Make sure that you mark the Type of Benefit: Ordinary Disability, Accidental Disability, Catastrophic Disability or Temporary Disability.

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 December 23, 1988, the "Date First Payment Due" should be January 31, 1989. Please note that the board shall not make a retroactive payment of a pension to a person that is more than ninety days before the date of the person's application for benefits (A.R.S. Section 38-845.02)

Make sure the retiree 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 Start or Cancel Direct Deposit

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 P5. 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 bank 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 PSPRS are tax-exempt at the federal level for disability retirees who retire with less than 20 years of credited service (Accidental and Temporary) or less than 25 years of credited service (Catastrophic). However, Accidental and Temporary Disability retirees with more than 20 years of credited service, Catastrophic Disability retirees with more than 25 years of credited service, and those retired under a non-job-related Ordinary Disability will be taxed on their retirement benefits at the federal level.

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.

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 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.

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 Administrative Office to pay disability retirement benefits is on Form P12 - 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 payments as shown above." This gives us the authority to issue the retiree's initial disability retirement benefit.

A.R.S. Section 38-847.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" and 38-847.H requires that the decisions to be sent via certified mail.

In addition A.R.S. Section 38-847.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 and all necessary communications 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.

Medical Reports and Documentation Supporting Award of Disability

Copies of all medical evidence, including the Independent Medical Evaluation considered by the Local Board in reaching its determination on eligibility must be forwarded to the Board of Trustee's Administrative Office for compliance review. The member's application packet should also be included with these documents.

Health Insurance Plans and Subsidy Available to Retirees

Retiring Public Safety Personnel Retirement System (PSPRS) 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 PSPRS 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.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

ACCIDENTAL DISABILITY PROCESS OUTLINE

1. Applicant files Application for Disability Retirement (Form P5-EE) with Local Board.
2. Local Board sets meeting to determine whether the applicant has filed the application after the disabling incident or within one year after the date the member ceases to be an employee. A member is eligible for an accidental disability if the member's employment is terminated by reason of accidental disability (38-844.B).
3. If medical evidence and application warrants appointment of the independent medical evaluation (IME), then the Local Board appoints a Medical Board to perform an IME of the applicant.
4. Local Board forwards a copy of claimant's P5-EE, Application for Disability Retirement, which includes a medical release authorization for prior treatment records, and a copy of the applicant's medical records to the appointed Medical Board. The Local Board must direct the Medical Board to complete Form P5-LB-A, Accidental Disability Questionnaire. In addition to the Form P5-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 his job classification? Providing the Medical Board with a description of the duties required of police officers or fire fighters with the particular employer should help the Medical Board address this issue.
 - b. Does the claimant's disability result from a physical or mental condition or injury that existed or occurred prior to the claimant's date of membership in the PSPRS?
 - c. Was the disabling condition or injury incurred in the performance of claimant's duty as a police officer or fire fighter? Any departmental accident reports or documentation of an on-the-job injury should be provided to the Medical Board.
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 three issues presented to the Medical Board above. Statutes requires that a Local Board's "finding of accidental disability shall be based on medical evidence by a doctor or clinic appointed by the local board...which establishes an accidental disability." Any motion to approve or disapprove a claimant's application for Accidental Disability should include a reference to the Medical Board evaluation upon which the determination is based. A Local Board can consider any medical evidence that the claimant may want to provide; however, the statute is clear that an award of an accidental disability shall be based on 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 Retirement is approved, the Local Board Chairman or Secretary completes the determination section on the Form P5-LB and forwards it to the Board of Trustees's Administrative Office together with completed Forms P5-EE, P5-LB-A Disability Questionnaire, P11D, P12 and 13, A-4P, W-4P and P8 (optional) and supporting documentation (birth certificates, marriage certificates, etc.) along with a copy of the Local Board meeting minutes approving the accidental disability. The Local Board must also forward 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.

A.R.S. Section 38-847.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" and 38-847.H requires that the decisions to be sent via certified mail.

7. Appeals for Rehearing of a Local Board's decision may be requested by the claimant or Board of trustees as set forth in statutes.
8. Payment of an accidental disability pension shall commence as of the first day of the month following the date of retirement or the expiration of a period during which the member is receiving sick leave payments or a temporary disability pension, whichever is later. The last payment shall be made as of the last day of the month in which the death of the retired member occurs, or if disability ceases prior to his normal retirement date, the first day of the month in which disability ceases. The monthly accidental disability pension amount is calculated like a normal retirement using actual credited service or 20 years, whichever is greater.
9. Accidental disability shall be considered to have ceased and an accidental disability pension terminates if the member:
 - a. has sufficiently recovered in the opinion of the Local Board, based on medical evidence from a Medical Board appointed by the Local Board, to be able to engage in a reasonable range of duties within his department and the member refuses an offer of employment by an employer in the PSPRS; or
 - b. refuses to undergo any medical examination requested by the Local Board (cannot be requested more than once in any calendar year)

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

TEMPORARY DISABILITY PROCESS OUTLINE

1. Applicant files Application for Temporary Disability (Form P5-EE) with Local Board.
2. Local Board sets meeting to determine whether the applicant has terminated employment prior to their normal retirement date by reason of temporary disability (38-844.I).
3. If medical evidence and application warrants appointment of the independent medical evaluation (IME), then the Local Board appoints a Medical Board to perform an IME of the applicant.
4. Local Board forwards a copy of claimant's P5-EE, Application for Disability Retirement, which includes a medical release authorization for prior treatment records, and a copy of the applicant's medical records to the appointed Medical Board. The Local Board must direct the Medical Board to complete Form P5-LB-T, Temporary Disability Questionnaire. In addition to the Form P5-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 temporarily prevents him from performing a reasonable range of duties within his department? Providing the Medical Board with a description of the duties required of police or fire fighters with the particular employer should help the Medical Board address this issue. The anticipated duration of the claimant's disability to perform a reasonable range of duties should be less than twelve months and should be so stated in the medical evaluation.
 - b. Was the disabling injury or condition incurred in the performance of claimant's duty as a police officer or fire fighter? Any departmental accident reports or documentation of an on-the-job injury should be provided to the Medical Board.
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 two issues presented to the Medical Board above. Statutes requires that a Local Board's "finding of disability shall be based on medical evidence by a doctor or clinic appointed by the local board...which establishes a temporary disability." Any motion to approve or disapprove a claimant's application for Temporary Disability should include a reference to the Medical Board evaluation upon which the determination is based. A Local Board can consider any medical evidence that the claimant may want to provide; however, the statute is clear that an award of a Temporary Disability shall be based on 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 Retirement is approved, the Local Board Chairman or Secretary completes the determination section on the Form P5-LB and forwards it to the Board of Trustees' Administrative Office together with completed Forms P5-EE, P5-LB-T Disability Questionnaire, P11D, P12 and 13, A-4P, W-4P and P8 (optional) and supporting documentation (birth certificates, marriage certificates, etc.) along with a copy of the Local Board meeting minutes approving the accidental disability. The Local Board must also forward 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.

A.R.S. Section 38-847.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" and 38-847.H requires that the decisions to be sent via certified mail.
7. Appeals for Rehearing of a Local Board's decision may be requested by the claimant or Board of trustees as set forth in statutes.
8. Payment of a Temporary Disability pension shall commence as of the first day of the month following the date of disability or the expiration of a period during which the member is receiving compensation and sick leave payments, whichever is later. The last payment shall be made as of the first day of the month in which either the death of the member occurs or the Local Board deems the member is no longer under Temporary Disability, whichever occurs first, provided that NO MORE THAN TWELVE MONTHLY TEMPORARY DISABILITY PAYMENTS shall be made in

total to the member. The monthly temporary disability pension amount is equal to one-twelfth of fifty per cent of his annual benefit compensation received immediately prior to the date on which his disability was incurred.

9. If upon the expiration of a Temporary Disability pension the Local Board finds upon application that the member has an Accidental or Ordinary Disability, the member shall thereupon be eligible for an Accidental or Ordinary Disability pension.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

ORDINARY DISABILITY PROCESS OUTLINE

1. Applicant files Application for Ordinary Disability (Form P5-EE) with Local Board.
 2. Local Board sets meeting to determine whether the applicant has filed the application after the disabling incident or within one year after the date the member ceases to be an employee. A member is eligible for an ordinary disability pension if the member's employment is terminated before the member's normal retirement date by reason of ordinary disability (38-844.B).
 3. If medical evidence and application warrants appointment of the independent medical evaluation (IME), then the Local Board appoints a Medical Board to perform an IME of the applicant.
 4. Local Board forwards a copy of claimant's P5-EE, Application for Disability Retirement, which includes a medical release authorization for prior treatment records, and a copy of the applicant's medical records to the appointed Medical Board. The Local Board must direct the Medical Board to complete Form P5-LB-O, Accidental Disability Questionnaire. In addition to the Form P5-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. (1) Does the claimant have a PHYSICAL CONDITION which totally and permanently prevents him from performing a reasonable range of duties within his department? Providing the Medical Board with a description of the duties required of police or fire fighters with the particular employer should help the Medical Board address this issue.

OR

 - (2) Does the claimant have a MENTAL CONDITION which totally and permanently prevents him from engaging in any substantial gainful activity? - b. Does the claimant's disability result from a physical or mental condition or injury that existed or occurred prior to the member's date of membership in the PSPRS?
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 above. Statutes requires that a Local Board's "finding of ordinary disability shall be based on medical evidence by a doctor or clinic appointed by the local board...which establishes an ordinary disability." Any motion to approve or disapprove a claimant's application for Ordinary Disability should include a reference to the Medical Board evaluation upon which the determination is based. A Local Board can consider any medical evidence that the claimant may want to provide; however, the statute is clear that an award of an ordinary disability shall be based on the appointed Medical Board's evaluation. Material conflicts in medical evidence shall be resolved by the findings of the Local Board. Disability determination by the State Comp Fund or other workers' compensation bodies are not binding on the Local Board.
6. Once an Application for Disability Retirement is approved, the Local Board Chairman or Secretary completes the determination section on the Form P5-LB and forwards it to the Board of Trustees' Administrative Office together with completed Forms P5-EE, P5-LB-O Disability Questionnaire, P11D, P12 and 13, A-4P, W-4P and P8 (optional) and supporting documentation (birth certificates, marriage certificates, etc.) along with a copy of the Local Board meeting minutes approving the accidental disability. The Local Board must also forward 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.

A.R.S. Section 38-847.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" and 38-847.H requires that the decisions to be sent via certified mail.

7. Appeals for Rehearing of a Local Board's decision may be requested by the claimant or Board of trustees as set forth in statutes.
8. Payment of an ordinary disability pension shall commence as of the first day of the month following the date of retirement or the expiration of a period during which the member is receiving sick leave payments or a temporary disability pension, whichever is later. The last payment shall be made as of the last day of the month in which the death of the retired member occurs, or if disability ceases prior to the member's normal retirement date, the first day of the month in which disability ceases.
9. The monthly ordinary disability pension amount is based on the claimant's actual credited service. The retiree receives a monthly amount equal to 50% of the member's average monthly salary multiplied by years of credited service and divided by twenty.
10. Ordinary disability shall be considered to have ceased and an ordinary disability pension terminates if the member:
 - a. Has sufficiently recovered in the opinion of the Local Board, based on medical evidence from a Medical Board appointed by the Local Board, to be able to engage in a reasonable range of duties within his department and the member refuses an offer of employment by an employer in the system;
or
 - b. Refuses to undergo any medical examination requested by the Local Board (cannot be requested more than once in any calendar year).

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

CATASTROPHIC DISABILITY PROCESS OUTLINE

1. Applicant files Application for Catastrophic Disability (Form P5-EE) with Local Board.
2. Local Board sets meeting to determine whether the applicant has filed the application after the disabling incident or within one year after the date the member ceases to be an employee. A member is eligible for a catastrophic disability pension if the member's employment is terminated by reason of catastrophic disability (38-844.C).
3. If medical evidence and application warrants appointment of the independent medical evaluation (IME), then the Local Board appoints a Medical Board to perform an IME of the applicant.
4. Local Board forwards a copy of claimant's P5-EE, Application for Disability Retirement, which includes a medical release authorization for prior treatment records, and a copy of the applicant's medical records to the appointed Medical Board. The Local Board must request the Medical Board to complete Form P5-LB-C, Accidental Disability Questionnaire. In addition to the Form P5-LB-C, 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 engaging in any gainful employment?
 - b. Does the claimant's disability result from a physical condition or injury that existed or occurred prior to the claimant's date of membership in the PSPRS?
 - c. Was the disabling condition or injury incurred in the performance of claimant's duty as a police officer or fire fighter? Any departmental accident reports or documentation of an on-the-job injury should be provided to the Medical Board.
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 three issues presented to the Medical Board above. Statutes requires that a Local Board's "finding of...catastrophic disability shall be based on medical evidence by a physician or clinic appointed by the local board...that establishes the disability." Any motion to approve or disapprove a claimant's application for Catastrophic Disability should include a reference to the Medical Board evaluation upon which the determination is based. A Local Board can consider any medical evidence that the claimant may want to provide; however, the statute is clear that an award of an catastrophic disability shall be based on 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 Retirement is approved, the Local Board Chairman or Secretary completes the determination section on the Form P5-LB and forwards it to the Board of Trustees's Administrative Office together with completed Forms P5-EE, P5-LB-C Disability Questionnaire, P11D, P12 and 13, A-4P, W-4P and P8 (optional) and supporting documentation (birth certificates, marriage certificates, etc.) along with a copy of the Local Board meeting minutes approving the accidental disability. The Local Board must also forward 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.

A.R.S. Section 38-847.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" and 38-847.H requires that the decisions to be sent via certified mail.
7. Appeals for Rehearing of a Local Board's decision may be requested by the claimant or Board of trustees as set forth in statutes.

8. Payment of a catastrophic disability pension shall commence as of the first day of the month following the date of retirement or the expiration of a period during which the member is receiving sick leave payments or a temporary disability pension, whichever is later. The last payment shall be made as of the last day of the month in which the death of the retired member occurs, or if the disability ceases because the member has sufficiently recovered and is able to engage in gainful employment. The monthly catastrophic disability pension amount is ninety per cent of the member's average monthly benefit compensation for the first sixty months. Thereafter, the local board shall reevaluate the member. If the member still qualifies for a catastrophic disability, the benefit is reduced to either sixty-two and one-half per cent of the member's average monthly benefits compensation or computed in the same manner as a normal pension using the member's actual credited service, whichever is greater.
9. Catastrophic disability shall be considered to have ceased and a catastrophic disability pension terminates if:
 - a. The local board determines that the member has sufficiently recovered and is able to engage in gainful employment based on a medical examination by a physician or a clinic appointed by the local board;
 - b. Refuses to undergo any medical examination requested by the Local Board (cannot be requested more than once in any calendar year).
10. A member whose catastrophic disability pension is terminated may apply for and if eligible, is entitled to receive an accidental disability pension.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

STRESS DISABILITY LEGAL GUIDELINES

Excerpts from the Arizona Court of Appeals Decision in Wills -v- Pima County Public Safety Personnel Retirement Board 154 Ariz. 435 (1987) regarding emotional stress disability applicants:

This decision requires an interpretation of A.R.S. Section 38-842 as it existed in 1970.

38-842. Definitions

In this article, unless the context otherwise requires:

1. "Accidental disability" means a physical or mental condition which, in the judgment of the board, totally and presumably permanently prevents an employee from performing his regularly assigned duties and was incurred in the performance of his duty. A determination of disability shall be based on medical evidence satisfactory to the board.

What did the legislature intend by the words, "incurred in the performance of the employee's duty?" Although "incurred" has many definitions, we believe that in the context of the statute defining "accidental disability" it can only mean "to occur as a result." Webster's Third New International Dictionary Unabridged at 1146 (1971). Therefore, entitlement to an accidental disability pension depends on evidence sufficient to establish a causal relationship between Wills' disability and his duties as a police officer.

Wills' medical expert testified that his job stress contributed to his condition but could not give an opinion as to any degree of contribution.... "We are prevented from re-weighing the evidence, and since there was substantial evidence to support the determination of no causal connection by the retirement board and the trial court, we must affirm...."

Wills argues that he is entitled to a disability pension "if (his) work as a police officer aggravates a condition to the extent it

"becomes disabling" and "the statute does not state that a mental or physical condition must be 'caused' by the policeman's work, but says it must be incurred in policeman's work." Wills supports this argument by citing cases involving workers' compensation...."

Workers' compensation is a statutory scheme peculiar to employer/employee relationships which has as its purpose compensation for work-related occurrences without regard to fault. The pension plan involved here is unrelated to workers' compensation and is a fund from which retired police officers are paid benefits after termination of employment and fulfillment of all statutory requirements by the member for the pension, A.R.S. Sections 38-841 and 38-842(19). It provides for payment of benefits before qualifying for normal retirement if a member is accidentally disabled. A.R.S. Section 38-842(1). Although Arizona workers' compensation cases are based on a very liberal interpretation of medical causation in order to entitle a worker to benefits, they are useful in assisting us in our determination that "incurred in the performance of his duty" means proof of a causal relationship between the disability and duties as a police officer. Arizona workers' compensation cases have held that heart-related disabilities allegedly caused by job stress are not compensable unless the job stress was a substantial contributing cause of the heart-related illness. A.R.S. Section 23-1043.01(a) See also Skyview Cooling Co. -v- Industrial Commission, 142 Ariz. 554, 559, 691 P.2d 320, 325 (App. 1984) (more than insubstantial or slight); Bush -v- Industrial Commission, 136 Ariz. 522, 524, 667 P.2d 222,224 (1983) (requiring a recognizable causal connection showing that the exertions or work of the job precipitated the heart attack): Sloss -v- Industrial Commission, 121 Ariz. 10, 588 P.2d 303 (1978) (exposure to nothing other than the usual, ordinary and expected incidents of a job as highway patrolman is not compensable)....

Causal connection means more than just a contribution factor.... The medical witnesses either could not find any causal connection between Wills' duties as a police officer and his heart condition or found that the job was only an

insignificant contributing factor. Therefore, there was sufficient medical evidence to support the finding of the retirement board and the superior court that Wills was not entitled to a permanent disability pension under the provisions of A.R.S. Section 38-842 because his job stress neither caused nor contributed to his heart condition or there was no causal connection between his employment and his heart condition.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

DUE PROCESS GUIDELINES FOR DISABILITY REHEARINGS

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

A.R.S. Section 38-847 provides, in part, as follows:

G. Any action by a majority vote of the members of a local board that is not inconsistent with the provisions of the system and the internal revenue code shall be final, conclusive and binding upon all persons affected by it, unless a timely application for rehearing or appeal is filed as provided in this article.

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

1. The applicant-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 system pursuant to the local board's original action, whichever occurs first.

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

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 applicant-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 Application with notification to the applicant of their statutory right to apply for a rehearing within the time period prescribed above. The PSPRS 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 insure 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 rehearsings should at least be tape recorded, if not transcribed, to preserve the record for possible appeal. In the event there is not an 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 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 reasons why they are entitled to the disability retirement. The burden of proof for establishing the disability rests with the applicant.

The PSPRS statute effectively limits the evidence upon which the Local Board can base their determination in disability applications by prescribing "a finding of...disability shall be based on medical evidence by a doctor or clinic appointed by the local board pursuant to section 38-847.D.9 which establishes a...disability". These same statutes provide that "material conflicts in medical evidence shall be resolved by the findings of the local board". 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.

In some cases, 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 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 re-evaluation by the Local Board's designated doctor or refer the applicant to a new doctor designated by the Local Board pursuant to the statutes.

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 board of trustees 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.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

A GUIDE TO PROCESSING AN ACCIDENTAL, CATASTROPHIC OR ORDINARY DISABILITY RETIREMENT

The following letters and procedures are intended to be a guide in processing an accidental, catastrophic or ordinary disability retirement under the Public Safety Personnel Retirement System.

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

August 22, 2011

Re: Disability Application - Public Safety Personnel Retirement System

Dear Mr. Smith:

Per your request of this date, I am enclosing an Application for Disability Retirement (Form P5-EE) and the applicable Public Safety Personnel Retirement System 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 section on page 2 of Form P5-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

August 29, 2011

Re: Application for Disability Retirement - Public Safety Personnel Retirement System

Dear Mr. Smith:

The Public Safety Personnel Retirement System Local Board for the City of xxxx has received your Application for Disability Retirement dated August 28, 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 PSPRS, A.R.S. Section 38-859, subsection B, 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 this 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

September 2, 2011

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

Re: Smith - Application for Disability Retirement - Public Safety Personnel Retirement System

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

September 9, 2011

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

Re: Mr. Smith - Disability Application - Public Safety Personnel Retirement System

Dear Doctor Young:

I represent the City of xxxx Public Safety Personnel Retirement System Local Board, a retirement system for city police officers and firefighters.

Mr. Smith, a _____ for the city of xxxx, has recently applied for a medical disability retirement under the Public Safety Personnel Retirement System. 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 August 8, 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: If the member is applying for an ordinary, catastrophic or temporary disability, use the applicable legal standard)

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 job classification? For your information I am enclosing a copy of the duties which are required of a _____ for the city 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 PSPRS? For your information, Mr. Smith began employment with the city as a full-time _____ on August 1, 1992.

Tony Young, M.D.

September 9, 2011

Page -2-

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

September 30, 2011

Re: Application for Disability Retirement - Public Safety Personnel Retirement System

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 October 14, 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 that 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 the open meeting 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

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

FORM P5-LB-A

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

08/2011

(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. §§ 38-842(1), 38-844 and 38-845, 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 job classification and that was incurred in the performance of the employee's duty.	LOCAL BOARD Initial Response
1. Did the employee terminate employment by reason of disability?	YES NO
2. Did the employee file the application after the disabling incident or within one year of ceasing to be an employee?	YES NO
3. Is the employee still working in a job the board believes is a reasonable range of duties?	YES NO
4. 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 NO
5. Has the member refused a job the board believes is a reasonable range of duties?	YES NO
6. Did the employer terminate the employee's employment based on a physical or mental condition?	YES NO
7. Did the employer terminate the employee's employment based on a disciplinary issue?	YES NO
8. Did the member terminate employment based on a physical or mental condition?	YES NO
9. Did the member terminate employment based on participation in DROP?	YES NO
10. Was the injury the result of an event incurred during the performance of the member's duty?	YES NO
11. Did the condition or injury occur prior to the member's membership in the Plan?	YES NO
LOCAL BOARD INSTRUCTIONS: If it is determined that the employee does not qualify, complete FORM P5-LB and forward to PSPRS. 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 NO
2. Does the member have the mental condition that is the basis for the disability application?	YES NO
3. Does the condition permanently prevent the member from performing a reasonable range of duties within the employee's job classification?	YES NO
4. Does the condition totally prevent the member from performing a reasonable range of duties within the employee's job classification?	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.	YES NO
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 NO
7. Are there conflicts in the medical evidence? If yes, address in IME report.	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

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

FORM P5-LB-O

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

08/2011

(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. §§ 38-842(34), 38-844 and 38-845, an "Ordinary disability" means a physical condition that the local board determines will prevent an employee totally and permanently from performing a reasonable range of duties within the employee's department, or a mental condition that the local board determines will prevent an employee totally and permanently from engaging in any substantial gainful activity and that was incurred in the performance of the employee's duty.	LOCAL BOARD Initial Response
1. Did the employee terminate employment by reason of disability?	YES <input type="checkbox"/> NO <input type="checkbox"/>
2. 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"/>
3. Is the member still working in a job the board believes is a reasonable range of duties?	YES <input type="checkbox"/> NO <input type="checkbox"/>
4. 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.)	YES <input type="checkbox"/> NO <input type="checkbox"/>
5. Has the member refused a job the board believes is a reasonable range of duties?	YES <input type="checkbox"/> NO <input type="checkbox"/>
6. Did the employer terminate the member's employment based on a physical or mental condition that is being applied for?	YES <input type="checkbox"/> NO <input type="checkbox"/>
7. Did the employer terminate the employee's employment based on a disciplinary issue?	YES <input type="checkbox"/> NO <input type="checkbox"/>
8. Did the member terminate employment based on a physical or mental condition?	YES <input type="checkbox"/> NO <input type="checkbox"/>
9. Did the member terminate employment based on participation in DROP?	YES <input type="checkbox"/> NO <input type="checkbox"/>
10. Was the condition a result of a non-duty related event?	YES <input type="checkbox"/> NO <input type="checkbox"/>
11. Did the condition or injury occur prior to the member's membership in the Plan?	YES <input type="checkbox"/> NO <input type="checkbox"/>
LOCAL BOARD INSTRUCTIONS: If it is determined that the employee does not qualify, complete FORM P5-LB and forward to PSPRS. 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. Does the physical 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. Does the physical 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. Does the mental condition permanently prevent the member from engaging in any substantial gainful activity?	YES <input type="checkbox"/> NO <input type="checkbox"/>
6. Does the mental condition totally prevent the member from engaging in any substantial gainful activity?	YES <input type="checkbox"/> NO <input type="checkbox"/>
7. 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"/>
8. Did any pre-existing conditions or injuries play a role in the disability claimed by the member? If yes, address in IME report.	YES <input type="checkbox"/> NO <input type="checkbox"/>
9. Did the condition or injury occur prior to the member's membership in the Plan?	YES <input type="checkbox"/> NO <input type="checkbox"/>
10. 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

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

FORM P5-LB-T

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

08/2011

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

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

Pursuant to A.R.S. §§ 38-842(46), 38-844 and 38-845, a "Temporary disability" means a physical or mental condition that the local board finds totally and temporarily prevents an employee from performing a reasonable range of duties within the employee's department and that was incurred in the performance of the employee's duty.	LOCAL BOARD Initial Response
1. Did the employee terminate employment by reason of temporary disability?	YES <input type="checkbox"/> NO <input type="checkbox"/>
2. Did the employee terminate employment before their normal retirement date?	YES <input type="checkbox"/> NO <input type="checkbox"/>
3. 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.)	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 participation in DROP?	YES <input type="checkbox"/> NO <input type="checkbox"/>
8. Is the member still working in a job the board believes is a reasonable range of duties?	YES <input type="checkbox"/> NO <input type="checkbox"/>
9. Has the member refused a job the board believes is a reasonable range of duties?	YES <input type="checkbox"/> NO <input type="checkbox"/>
10. Was the injury the result of an event incurred during the performance of the member's duty?	YES <input type="checkbox"/> NO <input type="checkbox"/>
LOCAL BOARD INSTRUCTIONS: If it is determined that the employee does not qualify, complete FORM P5-LB and forward to PSPRS. 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. Does the condition temporarily prevent the member from performing a reasonable range of duties within the employee's department?	YES <input type="checkbox"/> NO <input type="checkbox"/>
4. Does 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 determine the member may be able to return to work in the next 12 months? If no, address in IME report.	YES <input type="checkbox"/> NO <input type="checkbox"/>
7. Did any pre-existing conditions or injuries play a role in the disability claimed by the member? If yes, address in IME report	YES <input type="checkbox"/> NO <input type="checkbox"/>
8. Was the injury the result of an event incurred during the performance of the member's duty?	YES <input type="checkbox"/> NO <input type="checkbox"/>
9. 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

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

FORM P5-LB-C

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

08/2011

**CATASTROPHIC
DISABILITY QUESTIONNAIRE**

Completed by Local Board and Doctor (if applicable)

Pursuant to A.R.S. §§ 38-842(8), 38-844, 38-845 and Section 11, a "Catastrophic disability" means a physical and not a psychological condition that the local board determines prevents the employee from totally and permanently engaging in any gainful employment and that results from a physical injury incurred in the performance of the employee's duty.	LOCAL BOARD Initial Response
1. Did the employee terminate employment by reason of disability?	YES <input type="checkbox"/> NO <input type="checkbox"/>
2. 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"/>
3. Does the employer have any jobs available for the member the board believes is gainful employment?	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 this physical condition?	YES <input type="checkbox"/> NO <input type="checkbox"/>
7. Did the member terminate employment based on participation in DROP?	YES <input type="checkbox"/> NO <input type="checkbox"/>
8. Is the member working in a job the board believes is gainful employment?	YES <input type="checkbox"/> NO <input type="checkbox"/>
9. Has the member refused a job the board believes is gainful employment?	YES <input type="checkbox"/> NO <input type="checkbox"/>
10. Was the injury incurred in the performance of the employee's duty?	<input type="checkbox"/>
11. Was the injury the result of an event incurred during the performance of the member's duty?	YES <input type="checkbox"/> NO <input type="checkbox"/>
LOCAL BOARD INSTRUCTIONS: If it is determined that the employee does not qualify, complete FORM P5-LB and forward to PSPRS. 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 physical condition permanently prevent the member from engaging in any gainful employment?	YES <input type="checkbox"/> NO <input type="checkbox"/>
3. Does the physical condition totally prevent the member from engaging in any gainful employment?	YES <input type="checkbox"/> NO <input type="checkbox"/>
4. 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"/>
5. Did any pre-existing conditions or injuries play a role in the disability claimed by the member? If yes, address in IME report.	YES <input type="checkbox"/> NO <input type="checkbox"/>
6. Was the injury the result of an event incurred during the performance of the member's duty?	YES <input type="checkbox"/> NO <input type="checkbox"/>
7. 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

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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