PSPRS/CORP administers retirement benefits in the Defined Benefit Plan (DB Plan), wherein retirement benefit payments are determined using a formula based on salary, years of service and the members age, as applicable. PSPRS/CORP also administers a 401(a) Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP or DC Plan), managed through Nationwide Retirement Solutions (https://www.psprsdcplan.com), in which benefit provisions are determined based on employee/employer contributions and investment earnings on those contributions.

As a participant in CORP, Plan Provisions are determined based on the membership (hire) date with a participating employer:

<table>
<thead>
<tr>
<th>Tier 1 Members</th>
<th>Tier 2 Members</th>
<th>Tier 3 Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>DB Plan Only</td>
<td>DB Plan Only</td>
<td>DB and DC Plans</td>
</tr>
<tr>
<td>Hired into a CORP position before January 1, 2012</td>
<td>Hired into a CORP position on/after January 1, 2012</td>
<td>Hired into a CORP position on/after July 1, 2018</td>
</tr>
</tbody>
</table>

**Average Monthly Salary**

Salary means the base salary, shift differential pay, military differential wage pay and holiday pay paid a member for personal services rendered in a designated position to a participating employer on a regular monthly, semimonthly or biweekly payroll basis. Salary includes amounts that are subject to deferred compensation or tax shelter agreements. Salary does not include payment for any remuneration or reimbursement other than as prescribed by this paragraph. For the purposes of this paragraph, "base salary" means the amount of compensation each member 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, fringe benefit pay and similar extra payments. A.R.S. §§ 38-881 (7 and 43).

**Tier 1 Members:** Average of your highest 36 consecutive months of salary within the last 10 years of service.

**Tier 2 Members:** Average of your highest 60 consecutive months of salary within the last 10 years of service.

**Tier 3 DB Members:** Average of your highest 60 consecutive months of salary within the last 10 years of service.
Benefit Increase

**Tier 1, 2 and 3 DB Members:** In accordance with Proposition 125 passed by the State of Arizona voters in November 2018, the Cost of Living Adjustment (COLA) increases for correction officer retirees and survivors will be determined based on the Consumer Price Index (CPI) for the metropolitan Phoenix-Mesa area for the calendar year ending prior to each July payout and is capped at 2%. In the first year of a member’s retirement, the increase shall be prorated based on the date of retirement. Since Proposition 125 became law, it overrides all prior calculation methods for increases for correction officer retirees. The law also states that the System must prefund this COLA before any payment is made, which means that the first time a COLA may be granted is with the July 2020 benefit check, contingent on the CPI. A.R.S. §§ 38-905.05 and 38-905.06.

**Additional Requirement for Tier 3 DB Members:** The increase will be payable after 7 years of retirement, or at age 60, whichever is first, and will be determined based on the funding level of the CORP. A.R.S. § 38-905.06.

<table>
<thead>
<tr>
<th>Funding Level</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>70% to &lt; 80%</td>
<td>1.0% cap</td>
</tr>
<tr>
<td>80% to &lt; 90%</td>
<td>1.5% cap</td>
</tr>
<tr>
<td>90% or more</td>
<td>2.0% cap</td>
</tr>
</tbody>
</table>

Cancer Insurance

The Public Safety Cancer Insurance Policy Program is administered by PSPRS for eligible fire fighters, certified peace officers, corrections officers, detention officers, or other members as defined by statute. A.R.S. §§ 38-641 through 38-645.

Contributions

During your career and as a requirement of membership, you must contribute a percentage of your pensionable wages each paycheck. Your contribution rate may vary each fiscal year depending on your Membership Tier and if you are in the DB or DC Plan. For contribution rate information, please visit our website. A.R.S. §§ 38-881, 38-891, 38-865 and 38-868.

**Tier 1 and 2 Members:** For contribution rate information, please visit our website.

**Tier 3 DB Members of AOC Probation/Surveillance that Elect to Participate in the DB Plan:** The contribution rate varies each fiscal year for each employer. For contribution rate information, please visit our website.

**Tier 3 DC Members of Correction/Detention, plus AOC Probation/Surveillance that Elect to Participate in the DC Plan:** A member may elect a contribution rate as low as 5% and as high as the IRS limit, plus 0.7% disability contribution rate; default rate is 7%.

Credited Service

**Tier 1, 2 and 3 DB Members:** Your eligibility to receive a pension under the DB Plan is based on your total service within the Plan; however, your pension benefit is calculated using your “credited service,” which is service time that the Plan has received contributions. If you have any pay periods during an unpaid leave (i.e., leave without pay), it is not considered credited service and cannot be used towards the calculation of your benefit. A.R.S. § 38-881(11).

Death Benefits

**Tier 1, 2 and 3 DB Members:** Pursuant to statutes, an AUTOMATIC survivor benefit will pay your eligible spouse and eligible child(ren). If there is no eligible spouse or eligible child(ren), the balance of the applicable contributions, if any, will be paid to the named beneficiary(ies) on file. If there is no beneficiary, your Local Board will determine the next-of-kin. A.R.S. § 38-904(A).

**Tier 3 Members within the First 90 Days of Employment:** If the employee was killed in the line of duty, the surviving spouse will receive a surviving spouse pension based on the calculation for a DB Member (100% of the average monthly compensation at the time of death). A.R.S. § 38-881.01 (D).
**Tier 3 DC Members:** If the employee was killed in the line of duty, the surviving spouse will receive a surviving spouse pension based on the calculation for a DB Member (100% of the average monthly compensation at the time of death) reduced by an amount equal to the monthly annuitized value of the annuity account.

**Tier 3 DC Members Dies before 3 Years of Service:** Employer contributions are immediately vested. A.R.S. § 38-867 (K).

Note: Divorce automatically terminates the ex-spouse as the member’s beneficiary. To maintain an ex-spouse as a beneficiary, you must complete a Beneficiary Designation Form after the date of the divorce.

<table>
<thead>
<tr>
<th>Eligibility</th>
</tr>
</thead>
</table>

**Spouse:** For retired members, statute requires two consecutive years of marriage at the time of the members death.

**Child(ren):** Biological or legally adopted children that are unmarried, under the age of 18, and/or attending school full-time between the ages of 18 to 23, which also includes disabled children (disability occurred before the age of 23), and who is a dependent of the member.

<table>
<thead>
<tr>
<th>ACTIVE Member for Tier 1, 2 and 3 DB Members</th>
</tr>
</thead>
</table>

**Spouse’s Pension:** The surviving spouse of an active member will receive a Spouse’s Pension each month for lifetime. The Spouse’s Pension is 40% of the member’s average monthly salary. If the member was killed in the line of duty, the spouse will receive 100% of the member’s average monthly benefit compensation. A.R.S. § 38-888.

OR

**Guardian Benefit:** If there is no surviving spouse, or the pension of the surviving spouse is terminated, and there is at least one (1) eligible child, a Guardian Benefit of 40% (based on the member’s average monthly salary) may be paid to the guardian of the (unmarried) child(ren) each month until each child turns 18, or under 23 years of age only during any period that the (unmarried) child is a full-time student. An eligible Child’s Pension shall become payable directly to the eligible child when the eligible child reaches the age of 18, if the person remains eligible to receive the pension and is not subject to a guardianship or conservatorship due to disability or incapacity. A.R.S. § 38-904(B).

If a Guardian Benefit is paid to a disabled child (the child’s disability occurred prior to the age of 23) and remains a dependent of the guardian, the benefit is payable for the lifetime of the child. A.R.S. § 38-904(B)

OR

**Balance of Contributions:** If there is no surviving spouse or eligible child(ren), the member’s named beneficiary on file will receive two (2) times the member’s contributions. If the surviving beneficiary does not claim the benefit, the Local Board has the authority to pay the member’s nearest of kin, or estate. A.R.S. § 38-904(A and B).

<table>
<thead>
<tr>
<th>INACTIVE Member (non-contributing status at the time of death) for Tier 1, 2 and 3 DB Members</th>
</tr>
</thead>
</table>

**Balance of Contributions:** Member’s named beneficiary on file will receive two (2) times the member’s contributions. If the surviving beneficiary does not claim the benefit, the Local Board has the authority to pay the member’s nearest of kin, or estate. A.R.S. §§ 38-881(27) and 38-904(A).

<table>
<thead>
<tr>
<th>RETIRED Member for Tier 1, 2 and 3 DB Members</th>
</tr>
</thead>
</table>

**Spouse’s Pension:** If married for at least two (2) consecutive years at the time of the member’s death, the surviving spouse will receive a Spouse’s Pension each month for lifetime based on 80% of the member’s pension benefit*. A.R.S. § 38-887.

OR

**Guardian Benefit:** If there is no surviving spouse, or the pension of the surviving spouse is terminated, and there is at least one (1) eligible child, a Guardian Benefit of 80% (based on the member’s pension) may be paid to the guardian of the (unmarried) child(ren) each month until each child turns 18, or under 23 years of age only during any period that the (unmarried) child is a full-time student. An eligible Child’s Pension shall become payable directly to the eligible child when the eligible child reaches the age of 18,
if the person remains eligible to receive the pension and is not subject to a guardianship or conservatorship due to disability or incapacity. A.R.S. § 38-904(B).

If a Guardian Benefit is paid to a disabled child (the child’s disability occurred prior to the age of 23) and remains a dependent of the guardian, the benefit is payable for the lifetime of the child. A.R.S. §§ 38-881(19) and 38-904(B).

OR

**Balance of Contributions:** If there is no surviving spouse or eligible child(ren), the member’s named beneficiary on file will receive the balance of the member’s accumulated contributions less the pension payments made to the member. If the surviving beneficiary does not claim the benefit, the Local Board has the authority to pay the member’s nearest of kin, or estate. A.R.S. §§ 38-889 and 38-904(A).

*If the retiree was receiving benefits under a “prior law,” the surviving spouse benefits are contingent based on the option the member selected upon retirement. To find out the option the member selected, please reference the prior law section of the Notification of Benefits and Election (Form C12).*

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**Disabilities**

- **Accidental**
  A physical or mental condition which totally and permanently prevents an employee from performing a reasonable range of duties within the employee’s department, that was incurred in the performance of the employee’s duties and was the result of either physical contact with inmates, or responding to a confrontational situation with inmates, or a job-related motor vehicle accident, and was not the result of a physical or mental condition that existed or occurred before the employee’s date of membership in the Plan. A member shall file an application for a disability pension after the disabling incident or within one year after the date the member ceases to be an employee and employment is terminated by reason of disability. Eligibility for an accidental disability will be determined by the Local Board upon an independent medical examination. A.R.S. § 38-881(1).

The Local Board may require periodic medical re-evaluations of the continuation of the accidental disability. Accidental disability terminates if the Local Board finds the retired member no longer meets the requirements for the disability benefit. A.R.S. § 38-886.

**Tier 1 Members:** The monthly benefit is 50% of the member’s average monthly compensation. (There is no credited service requirement.)

**Tier 2 Members:** For members with less than 25 years of credited service, the monthly benefit is 50% of the member’s average monthly compensation. For members with 25 or more years of credited service, the monthly benefit is 62.5% of the member’s average monthly compensation.

**Tier 3 Members within the First 90 Days of Employment:** If in the first 90 days of employment an employee is determined to be eligible for a disability (ordinary is not permitted), the employee shall be automatically enrolled in the Tier 3 DB Plan for the remainder of the employee’s employment with any employer under the System. A.R.S. § 38-881.01 (C).

**Tier 3 DC Members:** If the employee is determined to be eligible for a disability (ordinary is not permitted), the calculation is determined based on a Tier 3 DB Member reduced by an amount equal to the monthly annuitized value of the annuity account. A.R.S. § 38-870.06 (B).

- **Total and Permanent**
  A physical or mental condition which totally and permanently prevents a member from engaging in any gainful employment, that is in the direct and proximate result of the member’s performance of the employee’s duties and is not the result of a physical or mental condition or injury that existed or occurred before the member’s date of membership in the Plan. A member shall file an application for a disability pension after the disabling incident or within one year after the date the member ceases to be an employee and employment is terminated by reason of disability. Eligibility for a total and permanent disability will be determined by the Local Board upon an independent medical examination. A.R.S. § 38-881(45).

The Local Board may require periodic medical re-evaluations until the member reaches age 62. The total and permanent disability terminates if the Local Board finds the retired member no longer meets the requirements for the disability benefit. A.R.S. § 38-886.
Tier 1 Members: The monthly benefit is 50% of the member’s average monthly compensation. (There is no credited service requirement.)

Tier 2 Members: For members with less than 25 years of credited service, the monthly benefit is 50% of the member’s average monthly compensation. For members with 25 or more years of credited service, the monthly benefit is 62.5% of the member’s average monthly compensation.

Tier 3 Members within the First 90 Days of Employment: If in the first 90 days of employment an employee is determined to be eligible for a disability (ordinary is not permitted), the employee shall be automatically enrolled in the Tier 3 DB Plan for the remainder of the employee’s employment with any employer under the System. A.R.S. § 38-881.01 (C).

Tier 3 DC Members: If the employee is determined to be eligible for a disability (ordinary is not permitted), the calculation is determined based on a Tier 3 DB Member reduced by an amount equal to the monthly annuitized value of the annuity account. A.R.S. § 38-870.06 (B).

- Ordinary
A physical condition which totally and permanently prevents an employee from performing a reasonable range of duties within the employee’s department, or a mental condition that totally and permanently prevents the employee from engaging in any substantial gainful activity, and was not the result of a condition that existed or occurred before the employee’s date of membership in the Plan. Dispatchers disabled on/after September 21, 2006 and non_dispatchers disabled on/after September 26, 2008 may qualify for an ordinary disability. A member shall file an application for a disability pension after the disabling incident or within one year after the date the member ceases to be an employee and employment is terminated by reason of disability. Eligibility for an ordinary disability will be determined by the Local Board upon an independent medical examination. A.R.S. §§ 38-881(30) and 38-886.01.

The Local Board may require periodic medical re-evaluations until the member reaches age 62. Ordinary disability terminates if the Local Board finds the retired member no longer meets the requirements for the disability benefit. A.R.S. § 38-886.01.

Tier 1 Members: The monthly benefit is a percentage of normal retirement based on the employee’s years of credited service divided by twenty (20) (except a full-time dispatcher, the service requirement is 25 years).

Tier 2 Members: The monthly benefit is a percentage of normal retirement based on the employee’s years of credited service divided by twenty-five (25).

Divorce / Domestic Relations Order

If the member has been involved in a divorce(s), please provide CORP with a complete copy of the Divorce Decree(s) and any attachments or exhibits if referenced in the Decree(s). Upon receipt, additional correspondence will be provided to the parties. If the retirement account is required to be split, a Domestic Relations Order (DRO) will need to be prepared. To ensure that the language in the DRO is acceptable, it is recommended to provide the CORP with a draft copy of the DRO for review and approval prior to submitting it to the court. A.R.S. § 38-910.

Eligibility

Designated positions for the following employers that elect to join the Plan are eligible to participate in CORP if the employee’s customary employment is for at least forty (40) hours per week, or as defined by statute. A.R.S. § 38-881(13):

- For a County: A county detention officer and non-uniformed employees of a sheriff’s department whose primary duties require direct inmate contact.
- For the State Department of Corrections and the Department of Juvenile Correction: Specific positions are eligible to participate. Refer to the statute for specific positions.
- For a City or Town, a City or Town Detention Officer.
- For an employer of an eligible group as defined in A.R.S. § 38-881, full-time dispatchers.
- For the judiciary, probation, surveillance, and juvenile detention officers and those positions designated by the Local Board.
- For the Department of Public Safety, state detention officers.

**Garnishments**

As permitted by statute and upon receipt of acceptable legal documentation directing our office, if the member is retired, we may withhold from a members retirement (or disability) benefit for child support payments, Domestic Relation Orders and/or Levy from the Internal Revenue Service (IRS). However, if we receive any other garnishment or judgment, or receive any garnishment or judgment for a member that is currently working, we will take it under advisement with the Arizona Attorney General’s Office. A.R.S. § 38-897.

If you are retired (or receiving a disability retirement) and your child support payments are expected to stop, the clearinghouse or court will be required to provide our office with a stop order (i.e., Order Stopping Order of Assignment or Termination of Income Withholding Order, etc). Additionally, if your Levy is expected to stop, it is required that we receive a Release of Levy from the IRS.

Please note that child support and levy payments are taxable income to you. Therefore, if you would like to make any changes to your Federal and/or State withholding, you may access the withholding forms from the PSPRS website at http://www.psprs.com/. Benefit payments issued to an ex-spouse become taxable income to the ex-spouse; however, for additional information pursuant to the Domestic Relations Order, please refer to the “Divorce and Domestic Relations Order (DRO) FAQ.”

Our cut-off to process any changes to your account is the 10th of the month. If the orders are received by the clearinghouse, court or IRS by the 10th of the month, the change will occur with the payment paid at the end of that month. If received after the 10th of the month, the change will occur with the payment at the end of the following month.

**Health Insurance**

Pursuant to A.R.S. §§ 38-906, 38-651.01 and 38-782, retirees and eligible survivors under the System that elect group health insurance and/or accident insurance coverage through the Arizona State Retirement System group plan (ASRS), Arizona Department of Administration (ADOA) group plan, or a group plan through an employer of PSPRS or CORP plans, the System may pay up to the following amount Premium Benefit amount:

<table>
<thead>
<tr>
<th>Retiree Only</th>
<th>Retiree &amp; Dependents</th>
<th>Retiree Only</th>
<th>Retiree &amp; Dependents</th>
<th>Retiree &amp; Dependents</th>
<th>Retiree &amp; Dependents</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150.00</td>
<td>$260.00</td>
<td>$100.00</td>
<td>$170.00</td>
<td>$215.00</td>
<td>$215.00</td>
</tr>
</tbody>
</table>

Retirees with a membership (hire) date on/before September 13, 2013 that meet the “Returning to Work after Retirement” qualifications and that are re-employed by a participating CORP employer or that participate under ADOA group insurance plan, may be eligible to have their active medical/dental insurance subsidized (retroactive to September 2013) up to the amount of the premium, but no more than the amount as allowed by statute. A.R.S. § 38-906.

New members with (or a survivor of the system whose deceased spouse has) a membership (hire) date on/after September 13, 2013 who retire and later become re-employed with a PSPRS employer and participate in active health care coverage provided by PSPRS employer will not be eligible to apply the PSPRS Premium Benefit towards their active health care coverage. A.R.S. § 38-906.

If a law enforcement officer, as defined in A.R.S. § 38-1114, is killed in the line of duty, the eligible surviving spouse or dependent(s) are entitled to insurance benefits either by the former employer, or from the state retirement system from which the spouse or dependent is receiving benefits. The health insurance premium amount payable by the employer of the deceased law enforcement officer is the amount the employer of the deceased law enforcement officer would pay for an active law enforcement officer for a family coverage premium or single coverage premium, whichever is applicable. For additional eligibility requirements, refer to A.R.S. § 38-1114.

**Joinders**

Specific positions and employers may participate in CORP if the governing body of the employer enters into a joinder agreement to bring such employees into CORP. The joinder agreement shall be in accordance with the provisions of this Plan. The transfer of the Arizona defined benefit state retirement System or Plan shall be transferred within ninety days after the employer’s effective date. A.R.S. § 38-902.
Local Board

Each employer that participates in PSPRS is required to be vested in a 5-person board that determines PSPRS eligibility and benefits pursuant to statutes. (If a member needs contact information for the Local Board Secretary or representative, CORP can assist with providing the contact information.) A.R.S. § 38-893.

Refund

Tier 1 Members: Pursuant to A.R.S. § 38-884, upon termination of employment (for any reason other than death or retirement) within twenty (20) days after filing an application with CORP, the member will receive a lump-sum payment (less mandated tax withholding) of accumulated contributions (less any benefits paid or any amounts owed to the Plan) - thus, forfeiting all membership rights and credited service in the Plan upon receipt of refund of contributions. If the member has five (5) or more years of credited service, an additional percentage of contributions will be refunded to the member according to the member’s years of service as stated below:

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

Tier 2 and 3 DB Members: Pursuant to A.R.S. § 38-884(E), upon termination of employment (for any reason other than death or retirement) within twenty (20) days after filing an application with CORP, shall receive a lump-sum payment of ONLY their accumulated contributions plus interest at a rate determined by the board (currently 3%) as of the date of termination (less any benefits paid or any amounts owed to the Plan) - thus, forfeiting all membership rights and credited service in the Plan upon receipt of refund of contributions. The member will NOT receive the additional percentage of contributions as stated above.

Tier 3 DC Members: Contact Nationwide Retirement Solutions for benefit information.

DB and DC Members may not, under any circumstance, borrow from, take a loan against or remove contributions from the member’s account before the termination of membership in the plan or the receipt of a pension. A.R.S. § 38-891(B) and 38-867(F).

Request to Remain in CORP

The local board of the state department of corrections, or the department of juvenile corrections may specify a position within the department as a designated position if the position is filled by an employee who has at least five (5) years of credited service under the Plan, is transferred to temporarily fill the position, provides a written request to the local board (within 90 days of being transferred) to specify the position as a designated position. When the employee leaves the position, the position is no longer a designated position. A.R.S. § 38-891(E). (Form C20)

The local board of the state department of corrections, the department of juvenile corrections or the local board of a county, city or town that operates detention facilities may specify a designated position within the department as a non-designated position if the position is filled by an employee who has at least five years of credited service under the Arizona State Retirement System and who provides a written request to the local board (within 90 days of being transferred) to specify the position as a non-designated position. When the employee leaves the position, the position reverts to a designated position. A.R.S. § 38-891(F).

The local board of the judiciary may specify positions within the Administrative Office of the Courts (AOC) that require direct contact with and primarily provide training or technical expertise to county probation, surveillance or juvenile detention officers as a designated position if the position is filled by an employee who is a member of the Plan currently employed in a designated position as a probation, surveillance or juvenile detention officer that has at least five years of credited service under the Plan. An employee who fills such a position shall make a written request to the local board to specify the position as a designated position within ninety days of accepting the position. When the employee leaves the position, the position reverts to a non-designated position. A.R.S. § 38-891(G).
Tier 1 Members

Retirement
Pursuant to A.R.S. §§ 38-881 (7, 11, 27, 28, 41 and 43) and 38-885, retirement benefits will commence the first day of month following termination of employment and based upon the following:

<table>
<thead>
<tr>
<th>Age</th>
<th>Service</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>10 years</td>
<td>Average monthly salary x each year of credited service x 2.5%.</td>
</tr>
<tr>
<td>Age is used for 80 point rule (age plus service)</td>
<td>20 years of credited service*, but less than 25 years of credited service, or 80 point rule if membership date is on/after 8/9/2001 *Dispatchers must have 25 years of service</td>
<td>Average monthly salary x 50% plus 2.0% of the average monthly salary x each year of credited service over 20.</td>
</tr>
<tr>
<td></td>
<td>25 or more years of credited service, or 80 point rule if membership date is on/after 8/9/2001 *Dispatchers must have 25 years of service</td>
<td>Average monthly salary x 50% plus 2.5% of the average monthly salary x each year of credited service over 20. Maximum benefit of 80% of the average monthly salary, which a member would receive at 32 years of credited service.</td>
</tr>
<tr>
<td></td>
<td>20 years of service, but less than 20 years of credited service, or 80 point rule if membership date is on/after 8/9/2001 *Dispatchers must have 25 years of service</td>
<td>Average monthly salary x each year of credited service x 2.5%.</td>
</tr>
<tr>
<td></td>
<td>80 point rule and membership date is prior to 8/9/2001</td>
<td>Average monthly salary x each year of credited service x 2.5% (maximum 75% of average monthly salary).</td>
</tr>
</tbody>
</table>

Tier 1 Members

Deferred Annuity
Inactive members (not making contributions) that have at least ten (10) years of credited service may elect to receive a Deferred Annuity at the age of sixty-two (62). This annuity is a lifetime monthly payment that is actuarially equivalent to the member’s accumulated contributions in the Plan plus an equal amount paid by the employer. This annuity is not a retirement benefit; it is an annuity and, because of this, annuitants are not entitled to survivor benefits, benefit increases, subsidy (premium benefit), or participation in the group health insurance program. A.R.S. § 38-911(A).

If the death of an inactive member occurs before becoming eligible for a Retirement or Annuity benefit, the member’s named beneficiary on file will receive two (2) times the member’s contributions. A.R.S. § 38-904(B).

Tier 2 Members

Retirement
Pursuant to A.R.S. §§ 38-881 (7, 11, 27, 28, 41 and 43) and 38-885, retirement benefits will commence the first day of month following termination of employment and based upon the following:

<table>
<thead>
<tr>
<th>Age</th>
<th>Service</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>10 years</td>
<td>Average monthly salary x each year of credited service x 2.5%.</td>
</tr>
<tr>
<td>52.5</td>
<td>25 years of service, but less than 25 years of credited service</td>
<td>Average monthly salary x each year of credited service x 2.5%.</td>
</tr>
<tr>
<td>52.5</td>
<td>25 or more years of credited service</td>
<td>Average monthly salary x 62.5% plus 2.5% of the average monthly salary x each year of credited service over 25 (maximum of 7 years).</td>
</tr>
</tbody>
</table>
## Multiplier

<table>
<thead>
<tr>
<th>Credited Service</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 to 14.99</td>
<td>1.25%</td>
</tr>
<tr>
<td>15 to 19.99</td>
<td>1.50%</td>
</tr>
<tr>
<td>20 to 21.99</td>
<td>1.75%</td>
</tr>
<tr>
<td>22 to 24.99</td>
<td>2.00%</td>
</tr>
<tr>
<td>25 or more</td>
<td>2.25%</td>
</tr>
</tbody>
</table>

A Deferred Annuity is not available to Tier 2 Members; however, employees who became a member on or after January 1, 2012 who attain the service requirement for a normal retirement, but does not meet the age requirement, may elect to leave contributions on account until reaching the age requirement and then elect to receive a retirement benefit, which would include eligibility for survivor benefits, benefit increases and group health insurance subsidy. A.R.S. § 38-911(B).

If the death of an inactive member occurs before becoming eligible for a retirement benefit, the member’s named beneficiary on file will receive two (2) times the member’s contributions. A.R.S. § 38-904(B).

### Tier 3 DB Members:

Pursuant to A.R.S. §§ 38-881 (7, 11, 27, 28, 41 and 43), 38-885.02 and 38-885, retirement benefits will commence the first day of month following termination of employment and based upon the following:

<table>
<thead>
<tr>
<th>Age</th>
<th>Credited Service</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>52.5 Early Retirement</td>
<td>10 years of credited service</td>
<td>Actuarially reduced benefit based on the average monthly benefit compensation x credited service x multiplier (below).</td>
</tr>
<tr>
<td>55 Normal Retirement</td>
<td>10 or more years of credited service</td>
<td>Average monthly benefit compensation x credited service x multiplier (below) up to a maximum of 80% of the average monthly benefit compensation.</td>
</tr>
</tbody>
</table>

A Deferred Annuity is not available to Tier 2 Members; however, employees who became a member on or after January 1, 2012 who attain the service requirement for a normal retirement, but does not meet the age requirement, may elect to leave contributions on account until reaching the age requirement and then elect to receive a retirement benefit, which would include eligibility for survivor benefits, benefit increases, or the group health insurance subsidy. A.R.S. § 38-911(B).

If the death of an inactive member occurs before becoming eligible for a retirement benefit, the member’s named beneficiary on file will receive two (2) times the member’s contributions. A.R.S. § 38-904(B).

### Tier 3 DC Members:

A participant is fully vested after 3 years of service, with the employer contributions vesting at the following rates. A.R.S. § 38-867 (J). Contact Nationwide Retirement Solutions for benefit information.

- 25% after 1 year of service
- 50% after 2 years of service
- 100% after 3 years of service

### Return to Work after Retirement

Pursuant to § 38-884: Making the decision to return to work with a participating CORP employer after retirement should be considered carefully as it may have an effect on your pension benefit. Below are guidelines regarding returning to work after you have retired:

1) You may become re-employed in a CORP designated position and continue to receive a pension if the employment occurs twelve months or more after your retirement. If you have met the twelve months or more break, during your reemployment you will continue to receive your pension benefits, but you cannot contribute to the Plan and cannot accrue any credited service. Additionally, the CORP employer who reemploys you will be required to pay the Plan an Alternate Contribution Rate (ACR), which you cannot receive these contributions or service credit based on the ACR.
2) If you become employed by a participating CORP employer in a designated position before twelve months of your retirement, your pension benefits will be suspended and will remain suspended during your re-employment. When you terminate your re-employment and resume your retirement benefits, you will receive the same pension benefit that you were receiving when your benefits were suspended. Additionally, the CORP employer who reemploys you will be required to pay the Plan an Alternate Contribution Rate (ACR), which you cannot receive these contributions or service credit based on the ACR.

3) If you subsequently become an elected official by election or appointment, it is not considered reemployed by the same employer and retirement benefits will not be suspended.

4) If you are receiving a disability retirement (and have not reached normal retirement), in order to return to work with a participating employer in a CORP designated position the following conditions apply:

- Your local board will need to review and determine your return to work eligibility. If approved to return to work, your pension will be terminated.
- During your reemployment in a CORP designated position, you will be required to contribute to the Plan.
- Your service will be reestablished and will be used in determining your future retirement benefit, when you become eligible and make application for normal retirement.
- The time during which you were receiving a disability pension will be considered “service” and not “credited service” and your average monthly salary will be based on the salary from the new employment.
- At time of retirement, you cannot have an implicit or explicit pre-existing agreement with your employer from which you retired, whether written or verbal, to return to work, in any capacity. Your employer must be able to demonstrate that a bona fide termination of employment occurred.

As with all benefit determinations, your Local Board must review and determine your eligibility for pension should you return to work after retirement and will also need to detail their decision in the Local Board meeting minutes as well as provide the PSPRS with the necessary documentation to review your eligibility; otherwise, your retirement benefits may be suspended pending PSPRS review.

If a retired member returns to work in any capacity in a designated position ordinarily filled by an employee, the employer is required to pay an alternate contribution rate (ACR) to the CORP. From July 1, 2016 through June 30, 2017, the ACR will be based on the individual valuation for each employer that participating in the CORP. The ACR will not be less than 6%. A.R.S. § 38-891.01.

**Reverse DROP (Reverse Deferred Retirement Option Plan)**

**CORP Tier 1, 2 or 3 DB Members:** Who are not awarded an accidental, ordinary or total and permanent disability pension) that are eligible for a Retirement Benefit that have at least 24 years of credited service as a non-dispatcher, or 25 years as a dispatcher, may elect to participate in the Reverse Deferred Retirement Option Plan (Reverse DROP). Reverse DROP is an optional benefit program allowing members the opportunity to receive a one-time lump-sum payment (from 1 to 60 months) at the time of retirement in addition to their monthly retirement benefit. The calculation for the monthly retirement benefit and Reverse DROP payment is based on the member’s service and salary at the time of participation and the lump-sum payment is credited as though it accrued monthly from the Reverse DROP date to the date the member elected to participate (plus interest equal to the yield on a 5-year Treasury note as of the first day of the month as published by the Federal Reserve Board). Neither the member nor the employer are entitled to a refund of contributions made between the Reverse DROP date and the date the member elects to participate in Reverse DROP. It is important to note that if a member elects to participate in Reverse DROP, their credited service cannot go less than 24 years as a non-dispatcher, or 25 years as a dispatcher; see examples below to better understand this calculation. A.R.S. § 38-885.01.

**Example 1)** If a non-dispatcher works to 25 years of service, they can only elect a lump sum payment from 1 to 12 months because they cannot go less than 24 years of service credit. So if the member elects a 12-month lump sum payment, the monthly retirement benefit and lump sum payment will be calculated based on the service and salary when the member reached 24 years of service credit as though they elected to participate at 24 years.

**Example 2)** If a dispatcher works to 30 years of service, they can elect a lump sum payment from 1 to 60 months since they will not go below 25 years of service credit. So if the member elects a 60 month lump sum payment, the monthly retirement benefit and lump sum payment will be calculated based on the service and salary when the member reached 25 years of service credit as though they elected to participate at 25 years.

**Rollover Requirements**

Upon termination of employment and election to participate, pursuant to Senate Bill 1251 of the 53rd Legislature - 2nd Regular session, for members with an effective retirement date on/after September 1, 2018, the System will automatically issue ALL of the taxable portion of the Reverse DROP into a 401(a) Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP or DC Plan).
administered by Nationwide Retirement Solutions. If there are any previously taxed monies, those funds will be issued to the member in the same manner as the monthly retirement payment (either direct deposit or check). A.R.S. §§ 38-885.01 (J) and 38-910.

### Salary

Salary means the base salary, shift differential pay, military differential wage pay and holiday pay paid a member for personal services rendered in a designated position to a participating employer on a regular monthly, semimonthly or biweekly payroll basis. Salary includes amounts that are subject to deferred compensation or tax shelter agreements. Salary does not include payment for any remuneration or reimbursement other than as prescribed by this paragraph. For the purposes of this paragraph, "base salary" means the amount of compensation each member 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, fringe benefit pay and similar extra payments. A.R.S. § 38-881(42).

### Service Purchase (also see the Transfers section)

- **Purchase of Prior Active Military Service (Form 18)**
  Members with at least five (5) years of credited service with the Plan may purchase up to sixty (60) months of credited service for periods of active military service performed before employment with their current employer (even if the member receives a military pension). A.R.S. § 38-907(A).

  Active members may also receive credited service limited to sixty (60) months if ordered/volunteered to active military service while working for the current employer if the criteria is met pursuant to A.R.S. § 38-907. The member shall pay the members contributions, upon which the employer shall make employer contributions. If member performs military service due to presidential call-up, the employer shall make the employer and employee contributions not to exceed forty-eight (48) months pursuant to A.R.S.38-907 (G). For more information, contact your employer.

- **Purchase of Prior Service from an Out-of-State Agency (Form COSS)**
  Active members with at least five (5) years of credited service with the Plan that have previous service with an agency of the U.S. Government, a state of the U.S., or a political subdivision of a state of the U.S. as a full-time paid corrections officer, or full-time paid certified peace officer may elect to redeem up to sixty (60) months of any part of the prior service if the prior service is not on account with any other retirement system. A.R.S. § 38-909.

- **Purchase of Prior Forfeited Service within the SAME Retirement Plan**
  If a former member becomes RE-EMPLOYED with the SAME EMPLOYER and, within two (2) years after the former member’s termination date and applies with the Plan (within ninety days of reemployment), may elect to purchase all of the previously forfeited credited service. The amount required to reinstate the credited service is the amount previously withdrawn plus interest at the rate of 9% compounded annually from the date of withdrawal to the date of repayment and the reimbursement is required to be paid within one (1) year from the date of reemployment. A.R.S. § 38-884(I).  (Form C1B)

  OR

  If the statutory requirements above are not met, the member may still purchase some or all of the previously forfeited credited service calculated based on an amount computed by the Plan’s actuary to equal the actuarial present value of the account. A.R.S. § 38-884(J). (Form C2)

- **Purchase of Service Between the Arizona Retirement Plans/Systems (Form U2)**
  Members of any of the four Arizona state retirement Plans/Systems that have credited service under another Arizona state retirement Plans/Systems may redeem the credited service to their current Arizona state retirement Plans/Systems by paying the full actuarial present value of the credited service into the current Arizona retirement Plans/Systems with the approval of the CORP or governing board. A.R.S. § 38-922.

### Taxation of Retirement Benefits

All CORP retirement benefits in excess of $2,500 annually will be subject to Arizona state tax. A.R.S. §§ 38-896, and 43-1022.
Transfers (also see the Service Purchase section)

- **Transfer of Contributions Between CORP Employers (Form C1A)**
  A member who terminates employment with an employer and accepts a position with the same or another employer participating in the Plan shall have their credited service transferred to their record with the new employer if they leave their accumulated contributions on deposit with the Plan. The period not employed shall not be considered as credited service. A.R.S. § 38-908.

- **Transfer of Service Between the Arizona Retirement Plans/Systems (Form U2)**
  Members of any of the four Arizona state retirement Plans/Systems that have credited service under another Arizona state retirement Plans/Systems may transfer the credited service to their current Arizona state retirement Plans/Systems by transferring the full actuarial present value of the credited service into the current Arizona retirement System/Plan with the approval of the CORP or governing board. A reduced credited service amount may be transferred based on the transfer of the actuarial present value of the credited service under the prior Arizona state Plans/Systems. A.R.S. §§ 38-921 and 38-922.

- **Transfer of Service Between Municipal Retirement Systems & Special Retirement Plans (Form U2A)**
  An active or inactive member of a retirement System or Plan of a municipality of this state (i.e., City of Phoenix and City of Tucson) or of the CORP may transfer the service to their current retirement System or Plan based on the member’s accumulated contributions plus interest, or the member may elect a reduced service amount to be transferred based on the actuarial present value. A.R.S. §§ 38-923 and 38-924.

Vesting

**DB Members:** A member’s right to benefits vest when an application for benefits is filed and the member is found to be eligible for those benefits or on the last day of employment under the system, whichever occurs first. A.R.S. §§ 38-954, 38-900.01 and Sec. 55.

**DC Members:** Vesting varies based on Membership Tier and elections, years of service and type of distribution.

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