SUMMARY OF PLAN PROVISIONS

Summary Topics

<table>
<thead>
<tr>
<th>Average Monthly Salary</th>
<th>Local Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Increase</td>
<td>Refund</td>
</tr>
<tr>
<td>Cancer Insurance</td>
<td>Request to Remain in the CORP</td>
</tr>
<tr>
<td>Contributions</td>
<td>Retirement and Deferred Annuity</td>
</tr>
<tr>
<td>Credited Service</td>
<td>Return to Work after Retirement</td>
</tr>
<tr>
<td>Death Benefits</td>
<td>Reverse DROP (Reverse Deferred Retirement Option Plan)</td>
</tr>
<tr>
<td>Disabilities</td>
<td>Salary</td>
</tr>
<tr>
<td>Divorce / Domestic Relations Order</td>
<td>Service Purchase</td>
</tr>
<tr>
<td>Eligibility</td>
<td>Taxation of Retirement Benefits</td>
</tr>
<tr>
<td>Garnishments</td>
<td>Transfers</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>Vesting</td>
</tr>
<tr>
<td>Joinders</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Tier 1 Members</th>
<th>Tier 2 Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hired into a PSPRS position before January 1, 2012</td>
<td>Hired into a PSPRS position on/after January 1, 2012</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(42).

**Tier 1**: An average of your highest thirty-six (36) consecutive months of salary within the last ten (10) years (i.e., 120 months) of service. A.R.S. § 38-881(7).

**Tier 2**: An average of your highest sixty (60) consecutive months of salary within the last ten (10) years (i.e., 120 months) of service.

Benefit Increase (Permanent Benefit Increase “PBI”)

There are many factors that determine if an increase will be paid such as monies available, rate of return, and the funding level for CORP. Please understand that at this time there are no funds available to issue an increase, but the benefit that you receive from the System is paid from a Defined Benefit (DB) plan (401a), which means that the benefit is determined by a formula of service, average monthly salary and age, as applicable, and is a benefit that will not be reduced.

The following chart is provided outlining how increases have been granted based on your effective retirement date and the eligibility requirements.
Effective Retirement Date on/before July 1, 2011

If the rate of return of the net assets for the preceding June 30 for the System is above 9%, one-half of the excess earnings above 9% will be placed into a reserve account to issue to the base benefit for the eligible retirees and beneficiaries. If these conditions are met, you must meet 1 of the Eligibility Requirements and the maximum increase is 4% of your base benefit.

Effective Retirement Date on/after August 1, 2011

If the rate of return for the System is above 10.5% for the preceding June 30 and the funding level for each of the Plans is at least 60% or greater, the System will be able to grant an increase based on a Funded Ratio. If these conditions are met, you must meet 1 of the Eligibility Requirements.

Eligibility Requirements

Regardless of age, you (or a survivor) are eligible if you were receiving benefits by on or before July 31 of the past 2 years, or

You are at least 55 on July 1 of the current year and you were receiving benefits on or before July 31 of the previous year.

Retirees (or a survivor) is 55 or older on July 1 of the current year and is receiving benefits, or

If the retiree is under 55 on July 1 of the current year and receiving benefits on or before July 31 of the two previous years, or

If the retiree is receiving an accidental disability or a catastrophic disability retirement benefit.

Traditionally, increases to base benefits are made effective July 1 of each year if funds are available. However, the factors used to calculate any base benefit was determined at the end of each fiscal year, June 30. This meant that if an increase was awarded, the increase occurred to the September benefit payment retroactive to July 1.

Cancer Insurance

The Public Safety Cancer Insurance Policy Program is administered by the 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

From July 1, 2017 through June 30, 2018, all non-dispatchers shall contribute 8.41% of compensation and all full-time dispatchers shall contribute 7.96% to the Plan on a pre-tax basis by payroll deduction. The contribution rate for members will change each fiscal year. A.R.S. § 38-891(H).

This state or a political subdivision of this state that employs a CORP employee on a full-time basis in a designated CORP position shall establish a supplemental benefits plan for the employee who is injured while on duty to the extent that the employee cannot perform the functions of the position. To become eligible for the supplemental benefits plan, the employee must be receiving workers’ compensation and the supplemental benefits plan is designed so that the employee will receive approximately the identical base salary less the amount of taxes the employee was paying. If the employee is accepted into the supplemental benefits plan, the employer shall pay the employee contributions to the CORP, as applicable, and shall also continue to pay the employer contributions. The employee is entitled to accrue credited service for the period of time enrolled in the supplemental benefits plan. A.R.S. § 38-961.

A member 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).

Credited Service

Service in a designated position for which member contributions have been made to the Plan, or transferred to the Plan from another retirement system for public employees of this state. Any leaves without pay, either voluntary or involuntary, are not credited service. Therefore, if a member was on a leave and not receiving salary during this period of time, the member would accrue service, but not credited service. A.R.S. § 38-881(11).

Death Benefits

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).
** Note:**

*Proof of recorded/filed marriage license/certificate with the Clerk of the Court or County Clerk will be required. Failure to provide it may affect the continuation of health insurance and surviving spouse benefits. If you are receiving a monthly benefit, statute requires two (2) consecutive years of marriage.

** Definition of an “eligible child” is unmarried, under the age of 18, and/or attending full-time school between the ages of 18 to 23, plus disabled child(ren) if disability occurred before the age of 23 and who is (are) a dependent of the member. An eligible child must also be the member’s biological, or legally adopted child.

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.

### ACTIVE Member

- **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).

### INACTIVE Member (non-contributing status at the time of death)

- **Balance of Contributions**
  If the member was inactive, 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. §§ 38-881(27) and 38-904(A).

### RETIRED Member

- **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...
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. A.R.S. § 38-881(1).

Eligibility for an accidental disability will be determined by the Local Board upon an independent medical examination. **For members with a membership date on or before December 31, 2011,** the monthly benefit is 50% of the member's average monthly compensation. (There is no credited service requirement.) **For members with a membership date on or after January 1, 2012** 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. 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.

- **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. A.R.S. § 38-881(45).

Eligibility for a total and permanent disability will be determined by the Local Board upon an independent medical examination. **For members with a membership date on or before December 31, 2011,** the monthly benefit is 50% of the member’s average monthly compensation. (There is no credited service requirement.) **For members with a membership date on or after January 1, 2012** 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. 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.

- **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. A.R.S. §§ 38-881(30) and 38-886.01.

Eligibility for an ordinary disability will be determined by the Local Board upon an independent medical examination. The monthly benefit is a percentage of normal retirement based on the employee’s years of credited service divided by twenty (20) for membership on or before December 31, 2011 (except a full-time dispatcher, the service requirement is 25 years), or twenty-five (25) for membership on or after January 1, 2012. 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.

Divorce / Domestic Relations Order

If the member has been involved in a divorce(s), please provide the 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 the 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), the Arizona Department of Administration (ADOA) group plan, or a group plan through an employer of the PSPRS or CORP plans, the System may pay up to the following amount Premium Benefit amount:

<table>
<thead>
<tr>
<th>Single</th>
<th>Premium Benefit</th>
<th>Family</th>
<th>Premium Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Medicare Eligible</td>
<td>$150.00/month</td>
<td>All Not Medicare Eligible</td>
<td>$260.00/month</td>
</tr>
<tr>
<td>Medicare Eligible</td>
<td>$100.00/month</td>
<td>All Medicare Eligible</td>
<td>$170.00/month</td>
</tr>
<tr>
<td>One with Medicare</td>
<td>$215.00/month</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Retirees with a membership (hire) date on/before September 11, 2013 that meet the “Returning to Work after Retirement” qualifications and that are re-employed by a participating PSPRS employer, 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 the 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.

Joiners

Specific positions and employers may participate in the CORP if the governing body of the employer enters into a joinder agreement to bring such employees into the 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 the 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, the CORP can assist with providing the contact information.) A.R.S. § 38-893.

Refund

**Tier 1:** 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 the 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:** 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.

A member 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).

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).

Retirement and Deferred Annuity

Tier 1: EMPLOYEES WHO BECAME A MEMBER ON OR BEFORE DECEMBER 31, 2011

Retirement

Pursuant to A.R.S. §§ 38-881 (7, 11, 27, 28, 41 and 44) 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</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>*Dispatchers must have 25 years of service</td>
<td></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</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</td>
<td>Average monthly salary x each year of credited service x 2.5%.</td>
</tr>
<tr>
<td></td>
<td>*Dispatchers must have 25 years of service</td>
<td></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>
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).

Inactive members (not making contributions) that pass away before becoming eligible for a Retirement or Annuity benefit need to refer to the Death Benefit section under “Inactive Member.”

Tier 2: EMPLOYEES WHO BECAME A MEMBER ON OR AFTER JANUARY 1, 2012

Retirement
Pursuant to A.R.S. §§ 38-881 (7, 11, 27, 28, 41 and 44) 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 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 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>

Employees who became a member on or after January 1, 2012 are not eligible for a ”Deferred Annuity.” However, a member who attains 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 (survivor benefits, benefit increases, or the group health insurance subsidy). A.R.S. § 38-911(B).

Inactive members (not making contributions) that pass away before becoming eligible for a retirement benefit need to refer to the Death Benefit section under “Inactive Member.”

Return to Work after Retirement

- A retired member may become re-employed and continue to receive a pension if the employment occurs twelve (12) months or more after retirement. The retired member shall not contribute to the fund and shall not accrue credited service. A.R.S. § 38-884(K).
- If a retiree subsequently becomes an elected official by election or appointment, it is not considered reemployed by the same employer and retirement benefits will not be suspended. A.R.S. § 38-884(O).
- If a retired member becomes employed by an employer in a designated position before twelve (12) months after retirement, the retired member’s pension shall be suspended during reemployment in a designated position and the retired member shall not make contributions to the Plan nor accrue credited service during such reemployment. A.R.S. § 38-884(K).
- If you are receiving an accidental or total and permanent disability retirement (and have not reached normal retirement) and have become employed by an employer under the Plan, your disability retirement will cease. However, your local board will need to review and determination your return to work eligibility. If benefits are suspended and upon eligibility for (re)retirement, the service from the disability retirement will be considered “service” and not “credited” service and your average monthly compensation will be based on the compensation from the new employment. A.R.S. § 38-886 (D and G).

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)

The CORP offers the Reverse Deferred Retirement Option Plan (Reverse DROP) to members that are eligible for a normal pension (based on service and age) applicable to a membership date that is either prior to, or after January 1, 2012 (who is not awarded an accidental,
ordinary or total and permanent disability pension). Under the Reverse DROP, the member must voluntarily and irrevocably elect to terminate employment and receive a normal retirement upon participation in the Reverse DROP. The Reverse DROP date is the first day of the month immediately following completion of required credited service, or a date not more than sixty (60) consecutive months before the date the member elects to participate in the Reverse DROP, whichever is later.

In basic terms, if a member elects to participate in the Reverse DROP, the years of service credit cannot go below 24 (non-dispatcher), or 25 (dispatcher) years of service credit after the Reverse DROP months are applied. The maximum number of months that a member could elect to reverse is 60 months (5 years).

The member’s pension will be calculated using the factors of credited service and average monthly benefit compensation in effect on the Reverse DROP Date. The lump sum distribution is credited as though it accrued monthly from the Reverse DROP date to the date the member elected to participate in the Reverse DROP (plus interest equal to the yield on a five (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 is entitled to a refund of contributions made between the Reverse DROP date and the date the member elects to participate in the Reverse DROP. A.R.S. § 38-885.01.

**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(l). (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.

<table>
<thead>
<tr>
<th>Taxation of Retirement Benefits</th>
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<tbody>
<tr>
<td>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.</td>
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<tr>
<th>Transfers (also see the Service Purchase section)</th>
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</table>
| • **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. |

<table>
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<tr>
<th>Vesting</th>
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<td>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.</td>
</tr>
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This is not an official version of the Arizona Revised Statutes. If there are any differences or discrepancies, the official version will prevail.