

## RETIREE ACCUMULATED SICK LEAVE (RASL) PROGRAM

The following questions and answers clarify the RASL Program (SAAM 5575 and A.R.S. § 38-615 and § 38-616.)

### ELIGIBILITY

#### **Q: How do I qualify for this benefit?**

- A: You must do all of the following:
- 1) Be an active State (including University) employee at the time of separation from State service. Separation may be due to voluntary or involuntary reasons, including death.
  - 2) Establish an effective retirement date by qualifying with an Authorized State of Arizona Retirement System. This retirement date must be within 31 calendar days after separation from State service.
  - 3) Have at least 500 or more hours of unused sick leave available for use at the time of separation from State service.

#### **Q: What are the Authorized Retirement Systems available for current State employees?**

- A: The Authorized Retirement Systems are: the Arizona State Retirement System (ASRS), the Public Safety Personnel Retirement System (PSPRS), the Corrections Officer Retirement Plan (CORP), the Optional Retirement Program (ORP) established by the Arizona Board of Regents, or be an employee of a State University under the jurisdiction of the Arizona Board of Regents participating in a Federal Retirement System.

#### **Q: Arizona law (A.R.S. § 38-764.I) allows certain ASRS members to retire and receive a pension without separation of employment. Would such a retiree qualify for the RASL Program?**

- A: No. The RASL Program requires separation first, followed by retirement within 31 calendar days.

### BENEFIT VALUE CALCULATIONS

#### **Q: What is the maximum benefit that I can receive?**

- A: The maximum total benefit you can receive for RASL is \$30,000, per person, per retirement system. For RASL purposes, you may only retire once per retirement plan.

#### **Q: How is the benefit value calculated?**

- A: The benefit value is calculated by taking the hourly rate of pay on the date of separation from State service, multiplied by the number of unused sick leave hours at separation (up to 1,500 hours), multiplied by the applicable percentage:

- **25%**; (at least 500 but less than 749 sick leave hours); or
- **33%**; (at least 750 but less than 999 sick leave hours); or
- **50%**; (at least 1,000 up to the maximum of 1,500 sick leave hours).

Example: If a retiree had a balance of 1,500 sick leave hours and separated with an hourly rate of pay of \$20 an hour, his or her total benefit would be  $(1,500 \times 20 \times 50\%) = \$15,000$ .

#### **Q: If I have more than 1,500 hours of sick leave, what happens to the unused hours?**

- A: Hours in excess of the 1,500 maximum cannot be used for any other purpose. Any excess hours must be forfeited and will be purged from all payroll systems.

### PROCEDURE FOR APPLYING FOR RASL BENEFITS

#### **Q: What do I have to do to receive the RASL benefit?**

- A:
- 1) Retire by establishing an effective retirement date with an Authorized State Retirement System that is no more than 31 calendar days after separation from State service.
  - 2) Complete RASL Form GAO-SL-50 available at [gao.az.gov/payroll/rasl](http://gao.az.gov/payroll/rasl).
  - 3) Submit Form GAO-SL-50 to your RASL liaison in your agency HR/Payroll office. Both the retiree and the agency sections must be completed prior to submission to the GAO. Agency to email the completed application and supporting documentation to [RASL@azdoa.gov](mailto:RASL@azdoa.gov).
  - 4) You have a maximum of 180 calendar days from your effective retirement date to ensure that your completed RASL application has been received by the GAO. The responsibility for ensuring that the GAO receives all required documents by the deadline rests totally and exclusively with the retiree.

#### **Q: What happens if I do not apply for RASL within 180 days after my effective retirement date?**

- A: You forfeit your eligibility to receive the RASL benefit.

### WARRANT OR DIRECT DEPOSIT PAYMENTS

#### **Q: How do I receive the RASL benefit?**

- A: The RASL benefit will be scheduled in 3 equal annual payments. You may choose to have a warrant (check) mailed to you or have your payments electronically deposited into your bank account (direct deposit). You may be eligible to roll a portion of your first payment into the State sponsored deferred compensation plan.

#### **Q: May I elect a lump sum?**

- A: No. Retirees do not have the option to elect a lump sum. Although A.R.S. § 38-615 has been changed effective 9/30/09 to grant the RASL Program the authority to make lump sum payments for all who are RASL eligible, a change to the payment policy has not been made.

#### **Q: When will I receive the RASL benefit?**

- A: Normally you should receive a payment between 60 to 90 days from the date the GAO receives your completed RASL application from your agency (not 60 to 90 days after retirement). Please be aware that your agency must wait until after your final agency paycheck has been issued to complete the agency section of the RASL application. Processing times are longest for retirees separating from State service at fiscal year end (June 30) and at calendar year end (December 31).

#### **Q: Can I accelerate my benefit payments in the event of an emergency?**

- A: No, you cannot accelerate any of the benefit payments, except in the case of the retiree's death.

## TAX and RELATED QUESTIONS

### **Q: Is this benefit subject to Federal, Social Security, Medicare, and State tax withholdings?**

A: Yes, pursuant to IRS Publication 15, (Circular E), Employer's Tax Guide, payment for accumulated sick leave after retirement is considered supplemental wages and not a retirement benefit. Federal, Social Security and Medicare taxes are withheld from each payment. Arizona State tax is also withheld, even if you move to another state, because the income was earned in Arizona. Amounts rolled into a deferred compensation account are subject only to Social Security and Medicare taxes.

### **Q: Can I put this money into a deferred compensation plan through the RASL Program?**

A: Yes, you may be eligible to rollover a portion of your first payment into a State-sponsored deferred compensation plan. In order to elect to defer, you must do all of the following:

- 1) Enroll in Deferred Compensation prior to separation from employment.
- 2) Submit the RASL Deferral Notification Form directly to the state-sponsored deferred compensation provider no later than the last day of the month prior to the month of the anticipated first RASL payment.
- 3) Ensure that your completed Form GAO-SL-50 is received by the GAO no later than 30 calendar days after separation from employment.

### **Q: If I am eligible for Social Security, does the RASL benefit amount received count as part of the allowed annual earnings?**

A: No. RASL payments are considered special wage payments and are excluded from the Social Security annual earnings test. You may request Form SSA-131 from the GAO stating that the RASL benefit was earned in prior years (for Social Security purposes only).

## BENEFICIARY INFORMATION

### **Q: Can I name a beneficiary for this Program?**

A: Yes. One beneficiary can be named and he/she may be different from a beneficiary named for other purposes.

### **Q: Under what circumstances will the beneficiary receive any payment?**

A: If an employee is eligible for normal retirement and dies while employed by the State or dies while participating

in the RASL Program, the beneficiary will be scheduled to receive the balance due in a lump sum payment.

### **Q: How does the beneficiary claim the RASL benefit?**

A: The beneficiary must submit a copy of the death certificate and a notarized affidavit (GAO-36a, GAO-36b, or GAO-36c) to the GAO. The beneficiary can obtain blank affidavits from the decedent's prior agency HR office or from the GAO website [gao.az.gov](http://gao.az.gov).

## OTHER POSSIBLE CONCERNS

### **Q: If I retire from one of the Authorized Retirement Systems with an excess of 1,500 unused sick leave hours, participate in the RASL Program, then hire into another job that participates in a different Authorized Retirement System, will it be possible to transfer the unused sick leave hours in excess of 1,500 into the second system, rather than have them purged?**

A: No. All paid and unused sick leave hours will be purged upon a retiree's participation in the RASL Program. If you contribute to another retirement system you will have to start with a zero balance and accumulate new sick leave hours.

### **Q: Can I leave State service (without establishing an effective retirement date with an Authorized Retirement System that is within 31 calendar days after separation from State service), hire into a non-State agency or company, then later retire from the non-State agency or company, and still be eligible for the RASL benefit?**

A: No. The RASL Program requires separation from State service first, followed by retirement within 31 days.

### **Q: If I leave State service, am later rehired into State service, and then retire from State service, would I be eligible for the RASL benefit?**

A: Yes, provided that you have the requisite number of sick leave hours available to you at separation and that you meet all of the other requirements of the RASL Program.

### **Q: If I go on voluntary leave without pay or any other type of approved leave, separate from employment with the State, and then retire the next day, am I eligible for the RASL benefit?**

A: Yes, provided you meet the criteria for participation in the RASL Program.

# STATE OF ARIZONA

## RETIREE ACCUMULATED SICK LEAVE (RASL) PROGRAM

### FREQUENTLY ASKED QUESTIONS AND ANSWERS

The entire RASL policy and procedures are contained in the State of Arizona Accounting Manual (SAAM 5575), which is available on the General Accounting Office (GAO) website under *Publications*.

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