

ADOA – General Accounting Office

AGENCY PAYROLL GUIDE:
ARIZONA STATE RETIREMENT
SYSTEM

ARIZONA STATE RETIREMENT SYSTEM

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Overview

The objective of this quick reference guide is to provide general information on the process of Arizona State Retirement System (ASRS) processing in HRIS as it relates to the Agency Payroll Specialist. The guide is not intended to be all-inclusive and may not offer step-by-step instructions.

Agency Payroll Functions

1. Ensure proper retirement (ASRS) and long-term disability (LTD) deductions are active for eligible employees.
2. Each fiscal year, monitor part time employees for ASRS eligibility criterion based on the ASRS 20/20 rule.
3. Complete Contributions Not Withheld (CNW) forms when applicable.
4. Correct contribution errors: through payroll in current fiscal year (agency must obtain written consent from employee to take the contributions through a payroll deduction), or by CNW.
5. Complete Ending Payroll Verification forms.
6. Evaluate retired employees and contractors, and if eligible, setup, maintain and report Alternate Contribution Rate (ACR) deductions to GAO biweekly.

Deadlines

1. Correct missed contributions for the current fiscal year contributions within 30 days or the end of the fiscal year, whichever is sooner, to avoid CNW process, which involves interest and fees.
2. GAO-73A due by 12 pm (noon) on compute Tuesday.
3. ACR for Contractors: Contribution transfers and GAO ACR Template completed in AFIS by 5 pm on PPE of the pay period the payment was made to the contracted retiree.

Helpful Resources and Documents

Policies

Federal

Federal Guidance (Military Call Up) – Department of Labor - [USERRA](#)

Arizona Revised Statute §

[Title 38](#) Chapter 5 Article 2 Arizona State Retirement System

[§ 38-736](#) Member Contributions

[§ 38-766.02](#) Retired Member; return to work; employer contributions payments; definitions

[§ 38-745](#) Credit for Military Service

SAAM

[SAAM 5545](#) Alternate Retirement Contributions for Reemployed, Leased, and Contracted Retirees

ASRS

[ASRS Employer Manual](#)



Forms

GAO-73A	Request for a One-Time Deduction
GAO-ACR	ASRS Alternate Contribution Rate Template
GAO-ACR2	ASRS ACR Independent Contractor and Leased Staff Registration
GAO-ASRS 20/20	Certification of Employer Intent
ASRS Retirement Waiting Period Calculator	

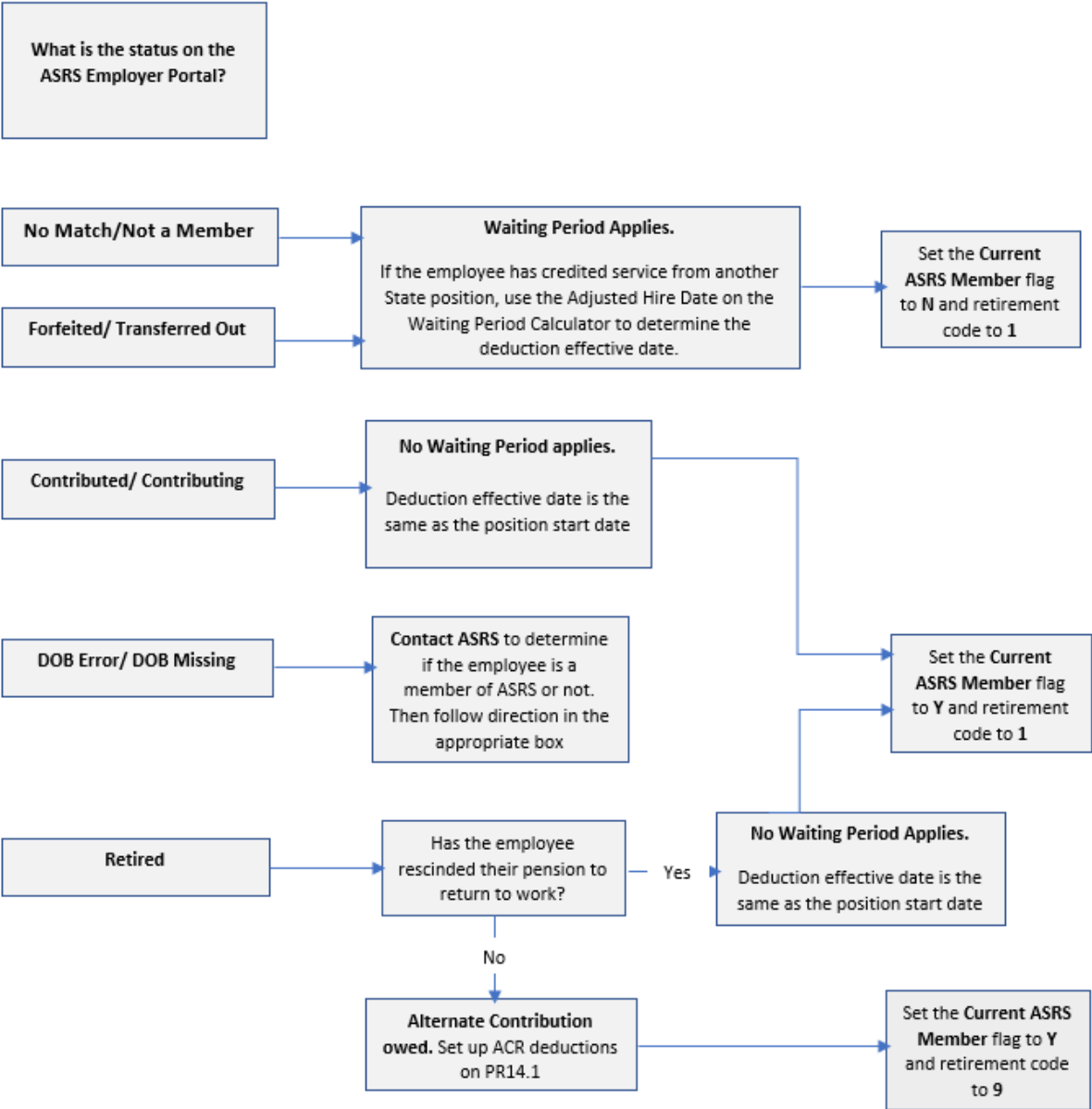
Contacts

Employee/Retiree:	Phoenix Metro (602) 240-2000 Tucson Metro (520) 239-3100 Outside Metro (800) 621-3778 Fax (602) 240-2096
ASRS Website	https://www.azasrs.gov

ASRS Membership Guidelines

The Arizona State Retirement System (ASRS) manages the retirement plan that qualifies under 401(a) of the Internal Revenue Code. This is a “defined benefit plan,” which promises to pay a certain amount during retirement, which is usually based on the number of years of service and an average salary in the period before retirement. Nearly all State employees are required to contribute, once eligibility criterion are met, via payroll deduction as mandated by A.R.S. § 38-736.

HRIS Retirement Setup for Employees in ASRS positions



Contribution Waiting Period

Any State employee initially hired on or after July 20, 2011 is not eligible to become a member of ASRS before their twenty-seventh week of employment. The State employee shall become a member of the ASRS on the twenty-seventh week of employment if membership criteria are met under the ASRS statutes.

The waiting period **is not** required if the employee:

- Is already an active ASRS member

Or

- Is rehired with an Adjusted Hire Date that already satisfies the 27 week wait, regardless if the employee forfeited funds

The waiting period **is** required if the employee:

- Is not a member of ASRS, has Forfeited,

Or

- Is rehired with an Adjusted Hire Date that does not satisfy the full 27 week wait

If a State employee had time worked in a state retirement system other than ASRS, that time should be considered towards the ASRS 20/20 criteria and the ASRS waiting period. For example, if an employee participated as a full time employee in CORP in July and August of the fiscal year, then retired and came back into a temporary position subject to ASRS, the July and August time would be considered for the waiting period for new hires as well as the ASRS 20/20 criteria for hours worked in a fiscal year.

Agency Human Resources will verify active ASRS status via the ASRS website Member Eligibility Tool and setup the appropriate fields in the HRIS to indicate if the waiting period applies. If the wait applies, ADOA Benefits, via Process Flow, will email the employee prior to the first ASRS contribution, reminding them the deductions will occur.

HR11 – User Flds tab		
Retirement Code	Current ASRS Member Flag	Is there a contribution waiting period?
1 – ASRS	Y	ASRS Member Eligibility Tool lists employee as “Contributing” or “Contributed” Contributions begin immediately
1 – ASRS	N	ASRS Member Eligibility Tool lists employee as any status other than “Contributing” or “Contributed” Waiting period applied from Adjusted Hire Date (Flag will remain = N; it doesn’t flip to Y after wait)

Overnight the HRIS system will add the ASRS codes 7903, 7904, 7508 and 7509 with the appropriate future effective dates. ***If any of the retirement fields are changed after the initial hire personnel actions are processed, Agency Human Resources or Agency Payroll must contact ADOA Benefits to adjust the effective dates manually, the system will not make the changes.*** (Example: Changing from retirement code 9 to retirement code 1, one must contact ADOA Benefits.)

The ASRS Retirement Waiting Period Calculator.xls can be found on the GAO website to assist with deduction effective dates and when the first payroll deductions will occur. Use the Adjusted Hire Date on the calculator.

20/20 Membership Criteria

Summarized from ASRS Employer Manual:

Upon hire, Agency Human Resources must determine if an employee is engaged to work (intent of employment) at least 20 weeks in each fiscal year **and** at least 20 hours each week (20/20). For employees who are hired less than full time, it is highly recommended that the 20/20 Intent Form be completed to document the “Intent” of employment. These less than fulltime employees should be evaluated each fiscal year and a new 20/20 intent form completed.

When do contributions begin?	Adjusted Hire Date before 7/20/2011 or Already an ASRS Member	Adjusted Hire Date after 7/20/11 and Not an ASRS Member
Engaged to Work 20/20	Immediately	Beginning of 27th week after the Adjusted Hire Date
Engaged to Work less than 20 hours per week or less than 20 weeks, but then, prior to 20 weeks, intent changes to 20/20.	The first day of the work week in which intent changes to 20/20 (Not retroactive to first day worked)	Beginning of 27th week after the Adjusted Hire Date
Engaged to Work less than 20 hours per week or less than 20 weeks, but then does	The first day of the 20th week of 20+ work hours (Not retroactive to first day worked)	Beginning of 27th week after the Adjusted Hire Date
Engaged to work less than 20/20, and never does	Never	Never

Once an employee meets membership eligibility in a fiscal year, they remain an active (contributing) member until the end of the fiscal year.

If employment is continued in to the next fiscal year, then the terms of employment should be re-evaluated.

- If the intent of employment will meet or exceed the 20/20 ASRS membership criteria, then active membership will continue.
- If the intent of employment is less than the 20/20 ASRS membership criteria, then active membership ceases and would resume only if and when the employee meets the 20/20 ASRS membership criteria during the next fiscal year.

If a State employee had time worked in a State retirement system other than ASRS, that time should be considered towards the ASRS 20/20 criteria and the ASRS waiting period. For example, if an employee participated as a full time employee in CORP in July and August of the fiscal year, then retired and came back into a temporary position subject to ASRS, the July and August time would be considered for the waiting period for new hires as well as the ASRS 20/20 criteria for hours worked in a fiscal year.

Opting Out of ASRS Participation

New State employees may opt out of participation in ASRS if:

1. Employee is at least 65 years old and has never participated in ASRS
2. Election must be in writing (ASRS 65 Plus Membership Waiver Form) and filed with ASRS within 30 days of employment
3. Election is irrevocable for the remainder of the employee’s employment
4. The time cannot be purchased later for ASRS service credit

Correcting Contribution Errors

Contribution adjustments for active employees in the current fiscal year are made using the Form GAO-73A Request for a One-Time Deduction. The agency must obtain written permission from the employee to process missed contributions through the payroll deduction. If the employee refuses to grant written permission, the CNW process must be used to collect the missed contributions. Missed contributions for termed employees and prior fiscal years shall be submitted to ASRS using the CNW process.

	Contributions Not Withheld (CNW)	Contributions Submitted in Error
Current Fiscal Year	Submit GAO-73A with a break down by PPE date to deduct contributions in arrears (written permission from employee required)	Submit GAO-73A with a break down by PPE date to refund contributions
Prior Fiscal Year	Submit CNW form to ASRS	Contact ASRS - Contribution Accounting Dept. for instruction. Submit GAO-73A to refund contributions

The GAO-73A form must be received by the GAO by 12 pm (noon) on compute Tuesday. In the **DATES** section of the Form, include the pay period end date of the wages subject to ASRS contributions. Current fiscal year missed contributions must be caught up by the end of the current fiscal year.

Calculating Amounts for GAO-73A One-Time Deduction Request Form

The GAO-73A is used to process:

- Missed contributions in the current fiscal year
- Wages paid in current fiscal year that were earned in a prior fiscal year (retro pay or prior pay period adjustments)
- Refund contributions deducted in error

Wages included in ASRS compensation are detailed in the ASRS Employer Manual under Chapter 5: Compensation. The HRIS Pay Code Listing indicates if the pay code is included in ASRS wages.

Items to note:

1. Deduction codes to enter on the GAO-73A: ASRS: 7903 and 7904; ASRS LTD: 7508 and 7509
2. Refunds are entered as negative amounts on the form
3. Calculate Deduction Amounts: use current fiscal year rate or rate difference of fiscal years
4. Have the employee sign the GAO73-A to allow contributions through payroll
5. Complete and email the GAO-73A, by 12 pm (noon) on compute Tuesday

Example 1 – Missed contributions in current fiscal year

Employee’s deductions were set up incorrectly, deductions didn’t occur on employee’s pay period ending 2/19/21 wages of \$1,000, and 3/5/2021 wages of \$1000.00. The employee is unable to make both deductions on one payroll so has opted to have the deductions taken over two payrolls.

Calculation of deduction amounts:

Fiscal Year	Wages	ASRS Rate	LTD Rate	ASRS Deduction (Wages * ASRS Rate)	LTD Deduction (Wages * LTD Rate)	Dates
2022	\$1,000	12.22%	.19%	\$122.20	\$1.90	PPE 2/19/21 and 3/5/2021

GAO-73A entries:

Deduction code	Deduction Description	Deduction Amount	Wage Amount	Enter Dates	Future Ded Date	Comment
7903	EE DEDUCTION	122.20	1,000.00	2/19/2021	4/2/2021	Missed contributions for PPE 2/19/2021
7904	ER DEDUCTION	122.20	1,000.00	2/19/2021	4/2/2021	Missed contributions for PPE 2/19/2021
7508	ER DEDUCTION	1.90	1,000.00	2/19/2021	4/2/2021	Missed contributions for PPE 2/19/2021
7509	EE DEDUCTION	1.90	1,000.00	2/19/2021	4/2/2021	Missed contributions for PPE 2/19/2021
7903	EE DEDUCTION	122.20	1,000.00	3/5/2021	4/16/2021	Missed contributions for PPE 3/5/2021
7904	ER DEDUCTION	122.20	1,000.00	3/5/2021	4/16/2021	Missed contributions for PPE 3/5/2021
7508	ER DEDUCTION	1.90	1,000.00	3/5/2021	4/16/2021	Missed contributions for PPE 3/5/2021
7509	EE DEDUCTION	1.90	1,000.00	3/5/2021	4/16/2021	Missed contributions for PPE 3/5/2021

NOTE: Since this is a deduction through payroll, the employee is required to sign the GAO73A.

Example 2 Refund contributions deducted in error

Employee is subject to the ASRS waiting period and needs a refund of contributions. Review the pay history to obtain deduction amounts.

GAO-73A entries

Deduction code	Deduction Description	Deduction Amount	Wage Amount	Enter Dates	Future Ded Date	Comment
7903	EE DEDUCTION	(122.20)	(1,000.00)	2/19/2021		EE subject to wait
7904	ER DEDUCTION	(122.20)	(1,000.00)	2/19/2021		EE subject to wait
7508	ER DEDUCTION	(1.90)	(1,000.00)	2/19/2021		EE subject to wait
7509	EE DEDUCTION	(1.90)	(1,000.00)	2/19/2021		EE subject to wait

NOTE: Since this is a refund, the employee is NOT required to sign the GAO73A form.

Example 3 – Wages paid in current fiscal year, earned in prior fiscal year (Retro Pay or Prior Pay Period Adjustments)

These wages are subject to the rate in effect when the wages were earned. The HRIS will calculate the deductions based on the current fiscal year rates, requiring a GAO-73A to be submitted for the rate difference between fiscal years. If the retro or adjustment applies to more than five prior fiscal year pay periods, contact the GAO Central Payroll for an alternate method to report the wage break brown.

Employee will receive \$500 total in retroactive pay that includes two pay periods in the prior fiscal year.

Calculation of deduction amounts:

Fiscal Year	ASRS Rate	LTD Rate	Wages	ASRS Rate Diff	ASRS OTD Amount (Wages * ASRS Rate Diff)	LTD Rate Diff	LTD OTD Amount (Wages * LTD Rate Diff)	Comment
2018	11.34%	0.16%	\$250	-0.30%	(\$.75)	0.00%	\$0.00	PPE 6/15/18
2019	11.64%	0.16%	\$250	-0.30%	(\$.75)	0.00%	\$0.00	PPE 6/29/18
FY Rate Diff	0.30%	0.00%						

GAO-73A entries:

DEDUCTION CODE	DEDUCTION DESCRIPTION	DEDUCTION AMOUNT	REASON
7903	ASRS Employee	(.75)	FY Rate Difference for Retro Pay of \$250. Pay Period Ending 6/7/13
7904	ASRS Employer	(.75)	
7903	ASRS Employee	(.75)	FY Rate Difference for Retro Pay of \$250. Pay Period Ending 6/21/13
7904	ASRS Employer	(.75)	

Military Call-Up

Presidential Call Up – (A.R.S. § 38-745)

1. Employer is responsible for covering all contributions for up to 60 months of military service
2. Employer will pay contributions based on the rate of pay the employee would have received during the period of his or her military service, by lump sum, with a break down by pay period, directly to ASRS, upon employee’s return if:
 - Employee is honorably separated from active duty **and**
 - Returns to State service within 90 days after separation
3. Agency Military Call Up Specialists will complete the Military call Up request via the ASRS Employer Portal
4. Covered service cannot exceed 60 months

Non-Presidential Call Up (USERRA)

1. Employee and Employer are responsible for respective contributions
2. The employee’s compensation during the period of his or her military service is based on the rate of pay the employee would have received
3. Repayment of the contributions can be made over three times the period of military served but no longer than five years
4. Employer does not have to pay until Employee pays their share
5. Contributions must be submitted together
6. Covered service cannot exceed 60 months

Alternate Contribution Rate (ACR)

Effective July 1, 2012, A.R.S. § 38-766.02 requires an employer to pay an ACR for all ASRS retirees who return to work regardless of the number of hours worked in a pay period. An ACR applies regardless of whether the retiree is employed directly, through a leasing or contracting arrangement, or has satisfied the 12-month break in service rule. Employers are required to pay ACR unless the retired person suspends their pension and resumes active ASRS membership. Policies and procedures can be found in **SAAM 5545 Alternate Retirement Contributions for Reemployed, leased, and Contracted Retirees.**

ACR is not due on retiree’s who are hired to fill a position that is held by an employee who is out on paid leave and is contributing to ASRS. Once the employee is on leave without pay, ACR would then become due for the retiree.

Table of Responsibilities:

Task	Reemployed Retiree (HRIS)	Contracted Retiree (AFIS)
Identifying	Agency	Agency



Establishing	Agency	Agency
Calculating	Central Payroll	Agency
Transmitting	N/A	Agency
Reporting	Central Payroll	Central Payroll
Paying	Agency	Agency
Remitting	Central Payroll	Central Payroll

ACR Identifying & Establishing

Check employee status on ASRS Member Eligibility Tool on ASRS website for all employees.

If status is **RETIRED** and the **Ordinary Pension** of the employee's Position is **1** (ASRS):

Create deduction code 7956 on PR14; Effective Date is the return to work date

Ordinary Pension Field:

HR 11 "Assignment" tab:

Drill into the Position field,

Drill on Position User Fields

"Ordinary Pension" code 1 = ASRS

ACR Calculating, Transmitting, Reporting and Paying for Reemployed Retirees

1. Required contributions will be calculated by the HRIS and charged to each agency during the bi-weekly compute cycle payroll processing based on time records entered
2. Amounts will be reported and remitted to ASRS by the GAO Central Payroll as a part of the bi-weekly payroll cycle

ACR Calculating, Transmitting, Reporting and Paying for Contracted Retirees

1. Calculate the amount of ACR due based on all payments made to Contracted Retirees within the pay period
2. Prepare the form GAO-ACR with payment and contribution data
3. Pay required contributions by 5 pm on the pay period end date of the pay period in which payments were generated to a contracted retiree via IETAT Transfer in AFIS.
4. Submit the ACR template with the Social Security Number on it to Central.Payroll@azdoa.gov. There is no need to attach the template to the IETAT. IETATs in AFIS will not be approved until the ACR template with the SSN is received by Central Payroll.

For contract employees whose payments are for a prior pay period, contact Central Payroll for the interest amounts that will be owed for the late submission. ***The entire amount owed, including interest will have to be transferred in AFIS before the payment will be made to ASRS.***

ASRS Other

Retiring Without Terminating Employment

A.R.S. § 38.764(I) allows certain ASRS members to retire and receive a pension without termination of employment. Contact ASRS for further details.

State employees that choose this retirement option would not be eligible for RASL. The RASL Program requires a termination date before the retirement date.

Return to Work Retirees

Refer to ASRS Employer Manual for **Working after Retirement Guidelines**. In general, an employee can return to work and be scheduled for less than 20 hours per week for 20 weeks (20/20 rule) and not be required to contribute to ASRS. An employee who retired under *Normal Retirement* criteria can return to work full time without contributing after 1 year from termination date. It is the responsibility of the retiree to ensure compliance and to complete the ASRS Retiree Return to Work for an ASRS Employer Form within 30 days of employment.

Reports

Reports within the HRIS Data Warehouse

ASRS Eligibility Review (Code 9) Report

Review employees to determine if ASRS Membership eligibility has been met

Scenarios	Human Resources	Payroll
Employment intent is to work <u>at least</u> 20 hours per week for <u>at least</u> 20 weeks (20/20) in the current fiscal year	Change Retirement Code to 1 & Contact the ADOA Benefits Services Division to enroll in ASRS	Review Pay History for arrears. Submit GAO-73A or ASRS Contributions Not Withheld form
Employment intent is to work <u>less than</u> 20/20 in the current fiscal year	Track hours worked each week in the current fiscal year until 20/20 met	
Employment intent was less than 20/20 but employee actually works 20/20 in the current fiscal year	Change Retirement Code to 1 & Contact the ADOA Benefits Services Division to enroll in ASRS	Review Pay History for arrears. Submit GAO-73A or ASRS Contributions Not Withheld form
Employee has change in employment terms (status, position, FTE, schedule, extension of internship, etc.)	Determine if change makes the employee eligible for ASRS immediately. If so, change Retirement Code to 1 & Contact ADOA Benefits Services Division to enroll in ASRS	If employee is eligible for ASRS, Review Pay History for arrears. Submit GAO-73A or ASRS Contributions Not Withheld form
Employee is retired from ASRS	Add ASRS ACR deduction	
		Review Pay History for arrears. Submit GAO-73A

Employee Earnings Audit Report

Run report for the fiscal year to assist with the 20/20 calculation. Report displayed daily time record details. Export results to sum the weekly hours using the WORK WEEK END date column.

Need Assistance?

View the Central Payroll Directory [click here](#)