

Helpful Resources and Documents:

Arizona Revised Statutes (A.R.S.)

[Title 38 – Chapter 5 – Article 3](#) – Elected Officials' Retirement Plan

[Title 38 – Chapter 5 – Article 4](#) – Public Safety Personnel Retirement System

[Title 38 – Chapter 5 – Article 6](#) – Corrections Officer Retirement Plan

[A.R.S. §38-844.02 – DROP for employees hired before January 1, 2012](#)

[Title 38 – Chapter 6 – Article 1](#) – Public Safety Supplemental Benefits Plan

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

[Federal & State Income Tax Withholding Tables](#) (Look in I.B. for appropriate table based on date)

[HRIS Pay Code Listing](#) (Indicates if pay code is included in PSPRS retirement)

Forms:

[GAO-73A](#) Request for One-Time Deduction

Contacts:

Employee/Retire: (602) 255-5575

PSPRS Website <http://www.psprs.com>

Agency Payroll functions:

1. Ensure proper retirement (EORP, PSRS, & CORP) and long term disability (LTD) deductions for eligible employees are active.
2. Correct any contribution errors through payroll
3. Submit GAO-73A for partial period deductions during Industrial Leave or entry into DROP mid pay period.
4. Evaluate, setup, maintain and report eligible retirees that require Alternate Contribution Rate (ACR) deductions.

Deadlines:

Correct missed contributions for the current fiscal year within 30 days, or the end of the fiscal year, whichever is sooner.

GAO-73A due by 12 pm (noon) on compute Tuesday.

The State of Arizona has 2 retirement systems, the Arizona State Retirement System and the Public Safety Personnel Retirement System. These retirement plans qualify under 401(a) of the Internal Revenue Code. They are “defined benefit plans”, which is a retirement plan that promises to pay a certain amount usually based on the number of years of service and on the average salary in the period before retirement.

The Public Safety Personnel Retirement System (PSPRS) was created by the state legislature for elected officials, judges, certain full-time certified peace officers, fire fighters and other public safety personnel assigned to hazardous duty. The PSPRS has 3 plan categories: EORP, PSRS, and CORP described below:

ELECTED OFFICIALS RETIREMENT PLAN (EORP)

Retirement plan for Elected Officials, Justices of the Supreme Court and Judges of the Court of Appeals.

PUBLIC SAFETY RETIREMENT SYSTEM (PSRS)

Retirement plan for Certified Peace Officers, Fire Fighters, Game & Fish wardens, Attorney General investigators, Liquor Control Officers and State Park Rangers.

CORRECTIONS OFFICER RETIREMENT PLAN (CORP)

Retirement plan for Correctional Officers and other positions within Department of Correction (DOC) and Department of Juvenile Corrections (DJC) and Public Safety Dispatchers and Detention Officers.

CORRECT CONTRIBUTION ERRORS

Contribution adjustments for active employees must be made using the GAO-73A Request for a One-Time Deduction form. The GAO-73A form must be received by the GAO Central Payroll by 12 pm (noon) on compute Tuesday. In the comments section of the Form, include the pay period end date of the wages subject to retirement contributions. Enter refunds as negative amounts.

Calculate Amounts for GAO-73A Request for a One Time Deduction

Required for: Missed contributions in the current fiscal year
 Wages paid in current fiscal year that were earned in a prior fiscal year such as retro pay or prior pay period adjustments
 Refund contributions deducted in error

Wages included as compensation for PSPRS purposes are detailed in the A.R.S. for each Plan. The HRIS Pay Code Listing indicates if the pay code is included in EORP, PSRS, or CORP wages.

1. Deduction codes to enter on the GAO-73A:

HR11 Retirement Code	PSPRS Plan	Description	EE Deduction Code	ER Deduction Code
2	CORP	JUVENILE CORRECTIONS (501)	7905	7906
3	EORP	ELECTED OFFICIALS & JUDGES (415)	7907	7908
4	PSRS	PUBLIC SAFETY (007) (ER pays 5% EE share)	7909	7910
5	PSRS	GAME & FISH (035)	7911	7912
6	PSRS	AG INVESTIGATORS (151)	7913	7914
7	PSRS	DEMA (FIRE FIGHTERS) (119)	7915	7916
0	CORP	CORRECTIONS (500)	7901	7902
B	PSRS	LIQUOR CONTROL OFFICER (164)	7923	7924
F	PSRS	STATE PARKS (204)	7931	7932
G	CORP	PUBLIC SAFETY DISPATCHERS (563)	7933	7934
H	PSRS	DEFERRED RET OPTION (DROP)	7957	N/A
J	CORP	PUBLIC SAFETY DETENTION OFFICERS	7961	7962
	LTD	PSPRS LTD (HARTFORD)	N/A	7520

Items to note:

2. Refunds are entered as negative amounts on the form
3. Calculate Deduction Amounts: use current fiscal year rate or the rate difference of fiscal years
4. Complete and email the GAO-73A, by 12 pm (noon) on compute Tuesday

EXAMPLE: Missed Contributions

Employee's deductions were set up incorrectly, deductions didn't occur on employee's pay period ending 9/13/13 wages of \$1,000. Employee is a member of the CORP (HR11 Retirement Code 0)

Calculation of deduction amounts:

Fiscal Year	Wages	CORP EE Rate	CORP ER Rate	LTD Rate (ER Only)	CORP EE Deduction (Wages * CORP EE Rate)	CORP ER Deduction (Wages * CORP ER Rate)	LTD Deduction (Wages * LTD Rate)	Comment
2014	\$1,000	8.41%	13.45%	0.25%	\$84.10	\$134.50	\$2.50	PPE 9/13/13

GAO-73A entries:

DEDUCTION CODE	DEDUCTION DESCRIPTION	DEDUCTION AMOUNT	REASON
7901	RETIRE-CORP DOC - EE	\$84.10	Missed contributions on wages of

7902	RETIRE-CORP DOC – ER	\$134.50	\$1000 for pay period ending 9/13/13
7520	HARTFORD LONG TERM DISABILITY	\$2.50	

Wages paid in current fiscal year for wages 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, thus requiring a GAO-73A to be submitted for the rate difference between fiscal years. If the retro applies to more than 5 prior fiscal year pay periods, contact Central Payroll for an alternate method to report the wage listing.

EXAMPLE:

Employee will receive \$500 total in retroactive pay that includes 2 pay periods in the prior fiscal year. Employee is a member of the PSRS (HR11 Retirement Code 4)
Calculate deduction amounts:

Fiscal Year	PSRS Employee Rate	PSRS Employer Rate	PSRS LTD Employer Rate	Wages	PSRS Rate Diff	PSRS OTD Amount (Wages * PSRS Rate Diff)	LTD Rate Diff	LTD OTD Amount (Wages * LTD Rate Diff)	
2013	4.55%	48.71%	.24%	\$250	0.80%	(\$2.00)			Employee Offset
2014	5.35%	56.99%	.24%	\$250	8.28%	(\$20.70)	0.00%	\$0.00	Employer Offset
FY Rate Diff	-0.80%	-8.28%	0.00%						

GAO-73A entries:

DEDUCTION CODE	DEDUCTION DESCRIPTION	DEDUCTION AMOUNT	REASON
7909	RETIRE – PSRS DPS - EE	(\$2.00)	FY Rate Difference for Retro Pay of \$250. Pay Period Ending 6/7/13
7910	RETIRE – PSRS DPS - ER	(\$20.70)	
7909	RETIRE – PSRS DPS - EE	(\$2.00)	FY Rate Difference for Retro Pay of \$250. Pay Period Ending 6/21/13
7910	RETIRE – PSRS DPS - ER	(\$20.70)	

EXAMPLE: Refund contributions deducted in error

Employee needs a refund of contributions deducted in error. Review the pay history to obtain exact deduction amounts.

GAO-73A entries:

DEDUCTION CODE	DEDUCTION DESCRIPTION	DEDUCTION AMOUNT	REASON
7901	RETIRE – PSRS DPS - EE	(84.10)	Contributions were made by an employee in error. Refund contributions on wages of \$1000 pay period ending 9/13/13
7902	RETIRE – PSRS DPS - ER	(134.50)	
7520	HARTFORD LONG TERM DISABILITY	(2.50)	Contributions were made by an employee in error. Refund contributions on wages of \$1000 pay period ending 9/13/13

EMPLOYEES OPTING OUT OF PSPRS PARTICIPATION

The following are examples of employees not participating in a PSPRS plan:

1. An employee with at least 5 years of ASRS credited service who transfers into a CORP position can submit a request to continue contributing to ASRS.
2. An elected official or judge can elect not to participate in EORP plan and participate in ASRS instead. An employee can also make an irrevocable election not to participate in EORP or ASRS as provided in A.R.S. §38-727. The election is specific for that term of office.
3. An employee in a CORP position that drops to an FTE below 1.0 will be enrolled in ASRS provided they meet 20/20.
4. A Return to work Retiree can return to a different CORP position after 1 year from the effective retirement date and still receive pension benefits. The Agency will be obligated to pay ACR for the employee. There are also certain conditions where employees can return within 60 days, for those, refer to the statutes or the PSPRS for further guidance.

MILITARY CALL-UP

Presidential Call Up – (PSPRS: A.R.S. §38-858; CORP: A.R.S. §38-907)

1. Employer is responsible for covering all contributions for the first 48 months of military service.
 - a. Employer will pay by lump sum directly to PSPRS, upon employee’s return if:
 - i. Employee is honorably separated from active duty **and**
 - ii. Returns to State service within 90 days after separation.
 - b. Agency will submit a GAO-73A form to refund employee any retirement deductions taken during the first 48 months of active military leave.
2. If military service extends past 48 months, contributions are split between employee and employer.
3. Covered service cannot exceed 60 months.

Non-Presidential Call Up (PSPRS: A.R.S. §38-858; CORP: A.R.S. §38-907)

1. Employee and Employer are responsible for respective contributions
 - a. 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.
 - b. Repayment of the contributions can be made over three times the period of military served but no longer than five years.
 - c. Employer does not have to pay until EE pays their share
2. Contributions must be submitted together
3. Covered service cannot exceed 60 months.

CONTRIBUTIONS DURING INDUSTRIAL LEAVE (PSPRS: §38-843(B); CORP: §38-891(D))

During a period of industrial leave, an employee can elect to continue contributions on an after-tax basis. The employee and employer will make contributions based on the compensation the employee would have received if the employee was in normal employment status. Refer to the HRIS pay code listing to see what pay codes are included in the PSPRS and CORP retirement. Contributing is an all or nothing situation; a full contribution or no contribution at all.

1. Employee elects to contribute: Submit GAO-73A with after-tax deduction codes
2. Employee elects not to contribute: Submit GAO-73A with normal retirement codes & negative amounts.

*When submitting a GAO-73A for industrial leave hours in a prior pay period in a prior fiscal year, use the retirement rate that was effect at the time the employee was on industrial leave.

After-tax deduction codes:

DESCRIPTION	EE DEDUCTION CODE	ER DEDUCTION CODE
CORP DOC AFTER TAX	4051	4052
CORP DJ AFTER TAX	4055	4056
PSPRS EO&J AFTER TAX	4057	4058

PSRS DPS AFTER TAX	4059	4060
PSRS G&F AFTER TAX	4061	4062
PSRS AGI AFTER TAX	4063	4064
PSRS FIRE FIGHTERS AFTER TAX	4065	4066
PSRS CAPITOL POLICE AFTER TAX	4067	4068
PSRS LIQUOR CONTROL AFTER TAX	4069	4070
PSRS PARKS AFTER TAX	4073	4074

DEFERRED RETIREMENT OPTION PLAN (DROP) for PSRS (§38-844.02)

This Plan is only for employees who were PSPRS members prior to January 1, 2012.

DROP is a voluntary and irrevocable retirement option for PSRS members that defers an employee’s retirement and allows continued active employment for up to 60 months. At the end of the period, the employee receives a lump sum payment in addition to their normal monthly retirement benefit. Participation is limited to 60 months.

1. Employees with 20 or more years of credited service as of January 1, 2012:
 - a. No employee or employer contributions during DROP participation.
2. Employees with less than 20 years of credited service on January 1, 2012:
 - a. Employee will continue to contribute to the plan during their DROP participation.

Employees electing DROP need their Retirement Code updated, by Personnel Action, to code “H” (creates deduction code 7957 – EE only contribution).

If an employee enters DROP mid pay-period, you may need to submit a GAO-73A for correct deductions to occur

ALTERNATE CONTRIBUTION RATE (ACR)

Effective July 1, 2011, A.R.S. EORP §38-810.04 (EORP), §38-891.01 (CORP), §38-843.05 (PSRS), require an employer to pay an ACR for employees that have retired from one of the PSPRS plans and currently occupy a position that ordinarily contributes to that same retirement plan category. The employer shall pay contributions at an ACR on behalf of a retired member who returns to work unless the retired member is required to participate in another state retirement system **and** the retired member returned to work before 7/20/11. ACR contributions are an employer only charge.

Table of Responsibilities:

Task	Reemployed Retiree
Identifying	Agency
Establishing	Agency
Calculating	Central Payroll
Reporting	Central Payroll
Paying	Agency
Remitting	Central Payroll

ACR Identifying & Establishing:

Agency Human Resources should ask the employee their retirement status upon hiring.

If they are “RETIRED” **and** the “Ordinary Pension” of the employee’s Position is the same as the PSPRS Plan they retired from, an ACR is required.

Ordinary Pension Field:

HR 11 “Assignment” tab:

Drill into the Position field,

Drill on Position User Fields

“Ordinary Pension” code 2 = CORP

Setup the appropriate deduction code on PR14; Effective Date is the return to work date:

Description	Deduction Code
ALT CONTRIB RATE - EO&J (415)	7940
ALT CONTRIB RATE - DOC (500)	7938
ALT CONTRIB RATE - DJ (501)	7942
ALT CONTRIB RATE - DISP (563)	7944
ALT CONTRIB RATE - DPS (007)	7936
ALT CONTRIB RATE - G&F (035)	7946
ALT CONTRIB RATE - AGI (151)	7948
ALT CONTRIB RATE - FIRE (119)	7950
ALT CONTRIB RATE - LIQ (164)	7952
ALT CONTRIB RATE - PARK (204)	7954

ACR Calculating, Reporting and Remitting 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 PSPRS by Central Payroll as a part of the bi-weekly payroll cycle.

