

## RETIREE ACCUMULATED SICK LEAVE (RASL) PROGRAM

The following questions and answers clarify the RASL Program (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 termination from State service. Termination 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 termination from State service.
- 3) Have at least 500 or more hours of unused sick leave at the time of termination from State service. The sick leave must be available for use at the time of termination 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 who participates 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 termination of employment. Would such a retiree qualify for the RASL Program?**

A: No, the RASL Program requires a termination with retirement.

### BENEFIT VALUE CALCULATIONS

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

A: The maximum total benefit you can receive is \$30,000, per person, per retirement system, and the maximum number of sick leave hours you can be paid for is 1,500, per person, per retirement system.

**Q: What is the difference between "deferring my retirement date" and "deferring my retirement payments"?**

A: Deferring your retirement date means you have not established an effective retirement date that is within 31 calendar days after termination from State service either because you have not met the retirement qualifications or for other voluntary reasons. You would not be entitled to the RASL benefit.

Deferring your retirement payments means you have established an effective retirement date with an Authorized State Retirement System that is within 31 calendar days after termination from State service and you have met all retirement requirements, but you have elected to take your pension distribution at a future date. You are entitled to the RASL benefit and have 180 days to submit the RASL application to the General Accounting Office (GAO.)

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

A: The benefit value is calculated by taking the hourly rate of pay on the date of termination from State service, multiplied by the number of unused sick leave hours at termination (up to 1,500 hours), multiplied by **one** of the following percentages:

- **25%**; (at least 500 but less than 750 sick leave hours); or
- **33%**; (at least 750 but less than 1,000 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 terminated with an hourly rate of pay of \$20.00 an hour, his or her total benefit would be (1,500 x 20 x 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 will be forfeited and purged from all payroll systems.

### WARRANT OR DIRECT DEPOSIT PAYMENTS

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

A: Retire by establishing an effective retirement date with an Authorized State Retirement System that is within 31 calendar days after termination from State service. Contact your Human Resources (HR) office or [www.gao.az.gov/rasl](http://www.gao.az.gov/rasl) to get a Retiree Accumulated Sick

Leave Certification Form (GAO-SL-50) and Checklist. This Form, together with the Checklist, must be completed by both the retiree and the agency HR/Payroll office prior to submission to the GAO. 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.

**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 if you do not ensure that a completed application has been received by the GAO no later than 180 days after your effective retirement date.

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

A: You will receive the RASL benefit in payments not to exceed a three-year period. You may choose to have a warrant (check) mailed to you or have your payment electronically deposited into your bank account (direct deposit.) You may be eligible to roll a portion of a 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 is not being made at this time.

**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. 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 terminating 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. The State, however, reserves the right to accelerate or adjust the benefit payments subject to RASL Program requirements and the availability of funds.

## TAX and RELATED QUESTIONS

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

A: Yes, it is considered earned income 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 expect to receive interest on the money held by the State?**

A: No, A.R.S. § 38-615 does not provide for the payment of interest.

### **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.

You must do all of the following:

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

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

A: There is no clear-cut answer to this question. You may request a form from RASL stating that the benefit was earned in prior years (for Social Security purposes only.) Contact the GAO RASL Program for Form SSA-131.

## BENEFICIARY INFORMATION

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

A: Yes, one beneficiary can be named and they may be different from a beneficiary named for another purpose.

### **Q: Will the beneficiary be eligible for this Program?**

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 receive the balance due in a lump sum (warrant) 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.

## 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 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 hire into 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 termination 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 State of Arizona must employ you immediately prior to your retirement.

### **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 and 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 and then retire the next day after the leave, 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), section II-R, which is available on the General Accounting Office (GAO) website under *Publications*.

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