



Arizona State Retirement System

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ASRS News

Contribution Rate set back to equal split for all ASRS members

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House Bill 2264, which calls for a reversion of the ASRS contribution rate back to an equal 50/50 split between members and employers, was signed into law by Governor Jan Brewer on May 7, 2012 and is effective immediately.

This new law reverses legislation passed last year that mandated a 53/47 percent member/employer split of the total ASRS contribution rate for the defined benefit plan and the long term disability income plan for all ASRS members.

The new legislation also calls for employers to refund employees the excess contributions paid above the 50 percent rate since enactment of last year's legislation, which was July 1, 2011. Refunds are to be paid by employers, not the ASRS.

The legislation includes an appropriation to cover the reimbursement to state employees and education employees, which includes public schools and charter schools. Other employers, including municipal and county governments and special districts, are expected to reimburse eligible employees from their own budgets.

Employers will begin adjusting their contribution payments to the ASRS on behalf of their employees reflecting the 50/50 split over the next several pay periods. The legislation included a deadline of Sept. 30, 2012 to provide refunds to their employees.

HB 2264 goes further than a recent court Judgment entered on April 12, 2012 in Maricopa County Superior Court in the case *Barnes vs. ASRS and the State of Arizona*. That Judgment directed that the ASRS retirement contribution (not LTD) rate split, for pre-July 2011 ASRS members only, return to a 50/50 employee-employer split prospectively.

Now, all ASRS members, regardless of membership date, will contribute 50 percent of the total contribution rate, and their employer will contribute 50 percent.