



SCHEDULE OF UPCOMING EVENTS

If you are wondering about who qualifies for a disability retirement, this seminar would be helpful for local board members and local board secretaries.

September 15, 2009

Topic: Disability Retirements

Time: 10 AM

Location: 3010 E Camelback Suite 200 Phoenix, AZ 85016

If you would like to sign up for this seminar just email : don@psprs.com.

October 26, 2009

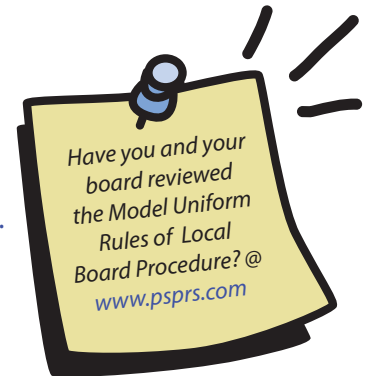
PSPRS Local Board Conference (all day seminar)

Time : 9 AM to 4 PM

Location: General Local Board Conference (Phoenix)

*This seminar will be held at 5033 N 19th Ave, Phoenix AZ 85015 (Phoenix Board of Realtors)

If you would like to sign up for this seminar just email : don@psprs.com.



QUESTION OF THE MONTH

How often should your local board meet, and what is the time frame to submit the minutes to the administrative office of the Fund Manager?

Answer: You should meet at least once a year, but we recommend quarterly or as often as needed; and the minutes are due in the office of the Fund Manager within 45 days of the meeting.

Why do you need to meet a minimum of once a year?

Answer: To review the actuarial reports and annual financial reports from PSPRS; this will assist your board in budget planning for the upcoming year.

Don Mineer – Local Board Training Coordinator

THE BENEFITS DEPARTMENT WOULD LIKE TO HIGHLIGHT THE FOLLOWING CHANGES DUE TO LEGISLATION OF OUR LOCAL RETIREMENT BOARDS AND SUPPORTING STAFF:

RETURN TO WORK

PSPRS: As of September 30, 2009, PSPRS retired members who return to work with the same employer within 60 days after retirement are NOT eligible for pension payments.

CORP REVERSE DROP

Members awarded a disability pension cannot participate in Reverse DROP.

CORP SURVIVOR'S BENEFITS

There is no longer a 2 year duration of marriage requirement for survivors of active members (does not apply to members who have terminated and are "inactive"). The 2 year rule still applies for survivors of retired members; however, legislation added "consecutive years" to the 2 year requirement.

CORP DEFERRED ANNUITY

As of September 30, 2009, inactive members who have 10 years of credited service and who have reached age 62 can elect to receive a deferred allowance. The spreadsheets and forms to support this new annuity option are expected to be posted to the website by September 30, 2009.

LEGISLATIVE UPDATE

The following is a summary of the 2009 Legislation.

To view legislation in its entirety, visit the Arizona State Legislature's website at www.azleg.gov

All bills are effective September 30, 2009 (unless otherwise noted).



PSPRS – HB2110 – PUBLIC RETIREMENT PLAN; FEDERAL CHANGES

- Contains a variety of technical changes to bring state statutes and practice into compliance with the rules of, and regulations under, the Internal Revenue Code. The provisions pertain to the compensation limitations for non-retired members, maximum annual pensions for retired members, and the latest pension distribution start date (not later than April 1 following the year the member reaches age 70.5 or the date the member terminates employment).

The bill also:

- Clarifies service purchases through a variety of sources (e.g., rollovers, trustee-trustee transfers).
- Clarifies a variety of rules for employers and members with active military service.
- Clarifies that a deferred annuity is not a retirement benefit and will not receive the same treatment as a retirement benefit, such as tax-equity benefit allowance, survivor benefits, benefit increases, group health insurance subsidies and accident coverage for retirees.
- States that a retired member is not eligible for pension payments if the member returned to work with the same employer within 60 consecutive days after retirement.

EORP – HB2110 - PUBLIC RETIREMENT PLAN; FEDERAL CHANGES

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- Clarifies service purchases through a variety of sources (e.g., rollovers, trustee-trustee transfers).
- Clarifies a variety of rules for employers and members with active military service.

CORP – HB2110 – PUBLIC RETIREMENT PLAN; FEDERAL CHANGES

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- Clarifies service purchases through a variety of sources (e.g., rollovers, trustee-trustee transfers).
- Clarifies a variety of rules for employers and members with active military service.

CORP – HB2326 – RETIREMENT; OMNIBUS AMENDMENTS

- A retired member may become re-employed and continue to receive a pension if the employment occurs 12 months or more after retirement. The effective date of this law is December 31, 2008.
- Restricts members who are awarded a disability pension from participating in the Reverse Deferred Retirement Option Plan (DROP).
- Clarifies that dispatchers must have at least 25 years of credited service in order to be eligible to participate in the Reverse Deferred Retirement Option Plan (DROP).
- Removes the 2-year duration of marriage requirement for receipt of the surviving spouse's pension following an active member's death.
- Clarifies that the surviving spouse of a deceased retired member must have been married to the member for 2 consecutive years at the time of the member's death.
- Temporary has been defined as less than a year for those DOC and DOJC members that request to remain in CORP while "temporarily" filling a non-designated position.
- Requires that the local boards be fully constituted within 60 days after the employer's effective date of participation in the plan. If the local board does not comply, the Fund Manager may appoint interim board members and/or appoint board members for two or four-year terms.

- If any local board decision violates the Internal Revenue Code or jeopardizes the tax qualification status of the plan, the Fund Manager may refuse to grant the relief by issuing a written determination to the local board and petitioning party. Additionally, there is no limitation period for the Fund Manager to request a rehearing of a Local Board.
- Requires the local board to provide the Fund Manager with specific employee/member-related decisions, procedures etc.
- Clarifies that CORP employers (not the Fund Manager or the Plan) are responsible for the fees of the medical board and legal counsel to the local board.
- For members with contributions on account that have at least 10 years of service credit, after the age of 62, they can elect to receive a deferred annuity (i.e., annuitized refund). Clarifies that a deferred allowance is not a pension and will not receive the same treatment as a pension, such as tax-equity benefit allowance, survivor benefits, benefit increases, group health insurance subsidies and accident coverage for retirees.
- Provides the plan with legal recourse if a member is convicted of defrauding the plan.
- AOC probation, surveillance and juvenile detention officers can work less than 40 hours per week, retro to June 30, 2009, without jeopardizing their participation in CORP. Sunsets June 30, 2011.
- If AOC employees work less than full-time and want to purchase time, their service purchase is calculated using full-time salary. Retro to June 30, 2009. Sunsets June 30, 2011.

L'IL RONNIE'S CORNER

"What a great summer it's been. We've received a positive response from many boards asking for training in the coming months. In turn, we've conducted many visits throughout the state and it's been our pleasure to serve you.

This month I would like to identify a problem that has come to our attention. The good news is that the problem has an easy solution. The issue involves the portion of the law that "requires" boards to conduct a medical exam of future members of PSPRS to determine if they have any physical or mental conditions that pre-exists membership with PSPRS."

38-859A: THE PURPOSES OF A MEDICAL BOARD ARE TO:

Identify a physical or mental condition or injury that existed or occurred prior to the member's date of membership in the system and for which benefits may otherwise be limited by section 38-844, subsection D.

38-859B: EMPLOYEES EMPLOYED AFTER OCTOBER 1, 1992:

Shall undergo a medical examination for the purpose of identifying a physical or mental condition or injury that existed or occurred prior to a member's date of membership in the system and for which benefits may otherwise be limited by section 38- 844, subsection D, and for this purpose, the medical board shall be composed of a designated physician or a clinic that may be the employer's regular or contracted employee.

If you are a **POLICE pension** board and have not been doing this, try to obtain the AZ POST Medical report and file for future reference. For a **FIRE pension** board, try to obtain a copy of the employee medical report from the employer and file for retention. The law clearly defines that the local board needs to be conducting an exam and at the very least coordinating the exam and having a copy in the file.

Here is the problem: Some boards feel it is necessary for them to review these medical reports and they are doing this during the “open meeting”. **STOP DOING THIS IMMEDIATELY!** By discussing the findings in an “open meeting” you are exposing the confidential medical records to public inquiry and scrutiny. Please review a legal opinion on the PSPRS web site (Fund Manager Opinion 1998-2) that addresses this issue.

The solution: The board does not need to review these records. Have a staff member look for the pre-existing conditions and then report to the board in a short memo format. This information would be noted on the meeting agenda simply stating the finding.

For example: “Ron Snodgrass was found to have a pre-existing medical condition and a memo was placed in his personnel file, May 16, 2007. A letter was mailed to him regarding the information on May 18, 2007”.



By notifying the member by mail, the board provides notice that a pre-existing condition has been identified and “MAY” limit future disability benefits. It’s that simple. If the board feels compelled to review and discuss the medical records they should only do so in executive session with an attorney present.

It appears that a local pension board does not qualify as a covered entity under the Health Insurance Portability and Accountability Act of 1996, (HIPAA). Therefore it is not a HIPAA violation.

Contact Ron at 602-361-0803 or littletonnie@mac.com

As always, we welcome your thoughts and suggestions regarding this newsletter. If there is a topic you would like to see addressed in an upcoming issue, contact Don Mineer at our office at www.psprs.com.