

Arizona Community Colleges Retirement Plan Options

This brief retirement information is to assist you in making a decision about your retirement selection. Your Human Resources Business Partner is available to help answer any questions you may have regarding the retirement plan options. The exception to this is investment-related questions which may be addressed to approved investment companies and their representatives.

You will review the retirement plan options during your benefit orientation with Human Resources. The following is provided for informational purposes only.

Standard Retirement Plan Options

- Defined Benefit Plan - Arizona State Retirement System (ASRS)
- Defined Contribution Plan - Optional Retirement Plan (ORP)

Eligibility

- Enrollment in a retirement program is mandatory.
- Retirement plan options are offered to all full-time benefit eligible employees and employees who are employed in an eligible position for at least 20 hours per week and 20 weeks per fiscal year or more.

Important Notice

You have 30 days from the date you first become eligible for the retirement plan options to select a retirement plan. This is generally 30 days from your initial employment date with the College unless you are eligible for the first time after your initial employment date.

If you have not made a selection within the 30-day election period, your retirement plan participation will remain in and default to ASRS.

After the election period, your retirement plan choice or default is irrevocable for the duration of your continuous employment with the College.

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Steps to Elect Your Retirement Plan

Step 1 -- Your Retirement Options

Employees who are eligible to enroll in a retirement plan may choose from two retirement plan options:

- Arizona State Retirement System (ASRS), a defined benefit plan, or
- Optional Retirement Plan (ORP), a defined contribution plan.

a. Be sure you understand the difference between a defined benefit plan and a defined contribution plan before you make your selection.

In the **Arizona State Retirement System, a defined benefit plan**, your retirement benefit is defined by a standard formula payable at normal retirement age. You and the College make contributions established by Arizona legislation and the ASRS.

In the **Optional Retirement Plan, a defined contribution plan**, your retirement is determined by the amount of contributions and the results of your investment choices. You and the College make contributions established by Arizona legislation and the ASRS. You determine the investment allocations. You accept full responsibility and risk for investment choices.

b. Understand your Retirement Needs and Assess Your Tolerance for Investment Risks

- What are your long-term objectives?
- Level of risk – are you comfortable with low, moderate or high-risk investments?
- Are you a long way from retirement or within a few years?

c. Contact representatives from ASRS and the ORP investment companies to discuss the options that will best meet your future retirement needs.

☐ DEFINED BENEFIT PLAN

Arizona State Retirement System www.azasrs.gov
Outside the Phoenix area 1.800.621.3778

☐ DEFINED CONTRIBUTION PLAN - Optional Retirement Plan Investment Companies authorized to participate in the College retirement plan.

TIAA www.tiaa.org/yc
National Contact Center 1.888.842.2252
Client Service Professional - DFitch@TIAA.org (Don Fitch)

VALIC/AIG Retirement www.aig.com/RetirementServices
Client Care Center 1.888.569.7055
Client Service Professional - 928-300-3006/James.Lesniewski@aig.com or Bobbi.Langan@aig.com

VOYA FINANCIAL www.voya.com
Client Service Professional - 1.480.864.9839 - nick@watertowerfinancial.com (Nick Depner)

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Step 2 -- Select a Retirement Plan (ASRS or ORP)

a. Review comparison of the two retirement plans (see page 6)

- Defined Benefit Plan - Arizona State Retirement System (ASRS)
- Defined Contribution Plan - Optional Defined Contribution Retirement Plan (ORP)

Step 3 -- Complete Your Election of Retirement Option Form

If you elect ASRS as your retirement plan – see Online Enrollment Instructions and submit a copy of enrollment.

Must be completed with the 30 day election period

If you elect an ORP as your retirement plan – complete two forms and return them to Human Resources.

Must be completed with the 30 day election period

- Optional Retirement Plan Election Form (for College use only)
- Enrollment Form from the ORP investment company you selected

Please note: Opening an account with an ORP investment company does NOT satisfy the requirements for election of the ORP. You must submit the Optional Retirement Plan Election Form.

Step 4. -- Verify Your Retirement Plan Election

a. Confirm your retirement plan election on your pay stub.

b. If enrolled in an ORP, verify your investment allocations with your ORP investment company.

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Frequently Asked Questions

1. Q: How long do I have to elect a retirement plan?

A: You have 30 days from the date you first become eligible to make your irrevocable election.

2. Q: What happens if I don't make an election within the 30-day period?

A: You will automatically be enrolled in the ASRS plan for the duration of your employment with the College. This is an irrevocable default election that you cannot change while continuously employed with the College.

3. Q: What happens if I elect an ORP within the 30 days and retirement contributions for ASRS have already been deducted from my paycheck?

A: The employee contributions will be transferred to your ORP account.

4. Q: What if I become dissatisfied with the retirement plan I selected, can I change to another plan?

A: No. You have 30 days from the date you first become eligible to make your irrevocable election. This is an irrevocable default election that you cannot change while continuously employed with the College.

5. Q: I am a member of ASRS from a previous employer do I have to enroll in ASRS or may I elect an ORP?

A: If you are a member of ASRS and enroll in ASRS as a new employee of the College, your contributions will be added to your existing ASRS account. If you are a member of ASRS and elect to enroll in an ORP, your membership with the Arizona State Retirement System will close upon transfer of funds to your ORP and all rights to credited service are void as per Arizona legislation.

6. Q: Are all the investment companies on the list equal?

A: Each investment company has its own individual strengths. You have the opportunity to select the one that most closely meets your investment goals and needs. The choice of which ORP company you select is totally yours.

7. Q: Am I responsible for making sure the ORP investment allocations I select perform well?

A: Yes, you have the ultimate responsibility for monitoring your investment performance.

8. Q: I have investments with a company that is not on the approved ORP investment company lists. May I direct my ORP contributions or account balance to this company?

A: No.

9. Q: May I select more than one ORP investment company and "split" my payroll contributions?

A: No. You may direct your payroll deductions to only one ORP investment company.

10. Q: If I take a paid leave of absence, will retirement contributions be taken?

A: Yes, if you are paid at least 20 hrs per week during the leave, if less than 20 hrs per week, then no.

11. Q: If I take an unpaid leave of absence, will retirement contributions be taken?

A: No.

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12. Q: I have an ORP retirement account with a former employer. May I roll these funds into my account?

A: Maybe. The College's ORP plan states "If a participant has a fully vested interest in another qualified plan under Code Section 401 that has been funded with one of the Fund Sponsors, the participant shall be fully vested in his/her Accumulation Account under this plan that he/she establishes with the same Fund Sponsor under this plan. It is the responsibility of the employee to provide documentation of vesting under Code Section 401 plan with a Fund Sponsor the College has authorized according to the plan (either Voya, TIAA-CREF, or AIG Retirement Services/VALIC).

13. Q: If I retire from the College, may I return to work at a later date with the College?

A: If you are rehired, you must meet the ASRS criteria for returning to work. Visit the ASRS website for more information at www.azasrs.gov or call 1.800.621.3778.

14. Q: When I leave employment with the College, may I take my retirement contributions in a lump sum?

A: Yes, however distributions restrictions may be subject to IRS early withdrawal penalties if not rolled over to another eligible plan.

15. Q: Will I lose the College's contributions, if I leave the College prior to my vesting date?

A: Maybe. The College's contributions will be made available to you only after you have reached your vesting date.

16. Q: What happens to the contributions after I leave employment?

A: If you do not withdraw or roll over your account; your contributions will remain in the account for a future benefit.

17. Q: How do I change my address with my retirement plan?

A: If you are enrolled in an ORP retirement plan, you will need to contact them directly. If you are enrolled in ASRS, you go to www.azasrs.gov to change your address.

18. Q: How do I change my beneficiary information?

A: If you are enrolled in an ORP retirement plan, you will need to contact them directly. If you are enrolled in ASRS, you go to www.azasrs.gov to change your beneficiary information.

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Comparison of the ASRS and ORP Retirement Plans for July 1, 2023 – June 30, 2024

(For details on ASRS visit the website at www.azasrs.gov (ASRS Compensation defined in A.R.S. §38-711) & (ORP A.R.S. §15-1451)

Arizona State Retirement System (ASRS)	Optional Retirement Plan (ORP)
<i>Defined Benefit Plan</i> and Qualified under IRS 401(a)	<i>Defined Contribution Plan</i> and Qualified under IRS 401(a)
Contribution Amount (Pre-Tax Basis)	
(A Percentage of Compensation - Subject to limits set forth in A.R.S. § 38-746 (ASRS) & 15 A.R.S. § 15-1451 (ORP))	
<ul style="list-style-type: none"> • Employee contributes 12.14% of gross • compensation College contributes 12.14% of gross 	<ul style="list-style-type: none"> • Employee contributes 12.14% of gross • compensation College contributes 12.14% of gross
Control of the Investments	
ASRS controls and monitors investments.	You select the investment company and determine the investment allocations.
Normal Retirement	
Normal retirement occurs at the earliest of the following definitions. <u>All Members:</u> Age 65 <u>Members on/after 7/1/2011:</u> Age 55 + 30 years of service <u>Members prior to 7/1/2011:</u> 80 Points (Points = Age + years of service)	Age 65
Vesting (the right to receive a retirement benefit)	
100% immediately for retirement Refund - the <i>employee</i> contributions are vested 100% - employee gets all of their own contributions back. <i>Employer contributions:</i> <ul style="list-style-type: none"> • No vesting/no refund for new members on/after 7/1/2011 obtaining a refund • Vesting schedule begins at 25% with five years of service for new members prior to 7/1/2011 obtaining a refund. See A.R.S. § 38-740 for vesting schedule. 	Employees own contributions – 100% immediately Employer contributions – 100% after 3 years of continuous, benefit-eligible service
Health Benefits Upon Retirement	
Retiree health insurance subsidy available upon retirement with at least 5 years of credited service for health coverage through the ASRS or ASRS employer.	No health insurance subsidy upon retirement.
Loans	
No loans are available.	No loans are available.
Purchase of Service Credits	
Previous service may be purchased (from withdrawn contributions, military service, other public service or state employment not previously covered by the plan). Must have 5 years of credited service before initiating a Service Purchase (except forfeited service). Lifetime maximum 5 years may be purchased for each type (except for forfeited service).	Service credits are not available.
Long Term Disability (refer to Summary Plan Document)	
Long Term Disability is an income replacement plan that will pay you a monthly benefit when you are disabled and unable to work for an extended period of time, generally six months or more. <ul style="list-style-type: none"> • Employee contributes 0.14% of gross compensation • College contributes 0.14% of gross compensation 	Long Term Disability is insurance coverage that will pay you a monthly benefit when you are disabled and unable to work for an extended period of time, generally six months or more. <ul style="list-style-type: none"> • Employee contributes .55% of gross compensation • College contributes 0% of gross compensation
Distribution Options at Retirement (May be subject to taxes and/or IRS penalties)	
The ASRS retirement annuity options listed below provide a monthly benefit for life. When you retire you may choose one of the following annuity options: <ul style="list-style-type: none"> • Straight Life Annuity • Life Annuity, 5, 10, or 15 Year Certain • Joint and Survivor, 100%, 66 2/3%, or 50% In addition, you may select a Partial Lump Sum distribution. Straight life annuity monthly benefit is calculated by multiplying: <i>Years of Service x Average Monthly Compensation x Graded Multiplier</i> (which ranges from 2.1-2.3% and is based on years of service).	The following distribution options may be available to ORP retirees: <ul style="list-style-type: none"> • Full or partial cash withdrawal • Systematic withdrawal • Interest-only payments • Minimum distribution payments • Lifetime annuity option • Life expectancy option These distribution options may not be offered by all approved ORP investment companies. You should review the distribution options made available with your ORP investment company well in advance of your retirement date.
Distribution Options at Termination (May be subject to taxes and/or IRS penalties)	
<ul style="list-style-type: none"> • Obtain a refund of contributions directly or roll over pretax contributions to an IRA or another qualified retirement account; or • Leave retirement account in an inactive membership status for a future benefit. Account balances continue to accrue interest each fiscal year 	<ul style="list-style-type: none"> • Withdraw all or some of your vested funds; • Roll over your account to an IRA or another qualified retirement account; or • Leave retirement account for a future benefit.