



**ARIZONA STATE SENATE**  
*Fifty-Second Legislature, Second Regular Session*

FACT SHEET FOR H.B. 2104

ASRS; retention of credited service

Purpose

An emergency measure that allows certain Arizona State Retirement System (ASRS) members to retain credited service.

Background

Previous to 2014, there were three requirements that an individual must meet to be eligible for membership in the ASRS. An employee was required to be: 1) employed with an ASRS employer; 2) engaged to work a minimum of 20 hours per week and 20 weeks in a fiscal year; and 3) covered by the employer's Social Security Administration Section 218 Agreement. The Section 218 Agreement is an agreement between the Social Security Administration and an Arizona employer to withhold Social Security contributions from an eligible employee's pay and remit those monies to the U.S. Treasury.

However, Laws 2014, Chapter 44 decoupled ASRS's eligibility requirements from the state's Section 218 agreement with the Social Security Administration. ASRS members are no longer required to have coverage under these agreements. The language of H.B. 2104 is provided by the Internal Revenue Service (IRS) and permits those who may have been ineligible for ASRS membership and who were erroneously enrolled to retain their membership credits in the system.

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires that, consistent with the compliance statement of the IRS, an employee who is employed with an ASRS employer in an exempt position because the position was a non-Social Security position, but where the employer has remitted ASRS contributions, the employee shall retain credited service for that period of employment.
2. Becomes effective on signature of the Governor, if the emergency clause is enacted.

House Action

GHE	1/21/16	DP	8-0-0-1
3 <sup>rd</sup> Read	2/1/16		56-0-4

Prepared by Senate Research  
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CS/lc