

COMPARISON OF ASRS AND ORP PLANS

| Plan Feature | Optional Retirement Plan (ORP) | AZ State Retirement System (ASRS) |
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| Plan Type | Defined contribution plan qualified under Internal Revenue Code 401(a) | Defined benefit plan qualified under Internal Revenue Code 401(a) |
| Contribution Amount | You and the University each contribute 7% of gross earnings on a pretax basis, up to the maximum amount the IRS allows per year. | You and the University each contribute a percentage of earnings on a pretax basis as set by actuarial projections. This percentage can vary from year to year, but is currently 12.22%. Check the ASRS website for updated contribution percentages. |
| Control of the Investments | You select the investment company—Fidelity Investments or TIAA—and determine the investment allocations. | ASRS controls and monitors investments. |
| Retirement Benefits | Your retirement benefit is based on the performance of the investments you select. The ultimate account balance is a result of the amount of contributions invested into your account and the performance of your chosen investments. | Your retirement benefit is determined by the following formula: Total Credited Service × a Graded Multiplier (a percentage set by statute based on total years of service at retirement) × Average Monthly Compensation. |
| Vesting | You are immediately vested in your contributions. You must participate in the ORP for five years or be age 65 to be fully vested in the University's contributions. You may be immediately vested in the University's contributions if you have an active contract (monies invested) in a qualified defined benefit or defined contribution retirement program with a college, university, higher education organization, or research organization. Contact HR if you believe you should be immediately vested in the University's contributions. | Vesting applies if you terminate ASRS membership. If you choose to withdraw your account balance, you are always fully vested in your own contributions. For ASRS members on or after July 1, 2011, you forfeit the University's contributions if you withdraw the account balance upon termination of employment. This does not apply if you are terminated due to a reduction in force or position elimination, in which case an ASRS vesting schedule will apply. |
| Health Benefits upon Retirement | Health and dental benefit plans are available through the ADOA or the ASRS upon retirement. There is no health insurance premium subsidy upon retirement. | Health and dental benefit plans are available through the ADOA or the ASRS upon retirement. A retiree health insurance premium subsidy is available if you have at least five years of credited service in the ASRS plan. The amount of the premium subsidy is based on your years of service. |
| Loans | No loans are available. | No loans are available. |
| Long-Term Disability (LTD) | LTD coverage is required as part of ORP participation. The University pays the premium cost. Maximum benefit: \$10,000/month. Provider: Securian | LTD coverage is required as part of ASRS participation and will begin with your ASRS membership. You and the University each contribute 0.14% of salary. Maximum benefit: None Provider: Broadspire |
| Purchase of Service Credits | Service credit purchases are not available. | You may be eligible to buy service credit for certain types of forfeited or non-eligible years of service. Contact ASRS for additional information. |
| Retirement Age | Normal retirement: Age 65 Phased Retirement <ul style="list-style-type: none"> • Age 62 (minimum) • Fully vested • Enter written agreement with the University • Allows for reduced work hours Phased retirement period can be no longer than three years | For ASRS members on or after July 1, 2011: <ul style="list-style-type: none"> Normal Retirement <ul style="list-style-type: none"> • Age 55 plus 30 years of credited service; or • Age 60 plus 25 years of credited service; or • Age 62 plus 10 years of credited service; or • Age 65 Early Retirement At least age 50 with five years of credited service qualifies for reduced retirement benefits. For ASRS members before 2011, contact HR or ASRS for more information. |



COMPARISON OF ASRS AND ORP PLANS *(cont.)*

| Plan Feature | Optional Retirement Plan (ORP) | AZ State Retirement System (ASRS) |
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| Distribution Options at Retirement | 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 | The ASRS offers annuity options that may provide a monthly benefit for life, as well as non-annuity options. |
| Distribution Options at Separation from Employment | The following distribution options are available upon separation of employment from all Arizona University System employers: <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 the retirement account invested for a future benefit | The following distribution options are available upon separation of employment from all ASRS employers: <ul style="list-style-type: none"> • Obtain a refund of the vested portion of your account • Roll over pretax contributions to an IRA or another qualified retirement account or • Leave retirement account invested with ASRS in an inactive membership status for a future benefit |
| Return to Work After Retirement | Only restriction is that a return to work arrangement cannot be made prior to retiring. | You cannot work more than 19 hours per week for any state employer for 12 months after starting distributions. |

