

State of Arizona
House of Representatives
Forty-second Legislature
Second Regular Session
1996

FILED

**Jane Dee Hull
Secretary of State**

CHAPTER 198

HOUSE BILL 2483

AN ACT

AMENDING SECTION 38-818, ARIZONA REVISED STATUTES; RELATING TO THE ELECTED OFFICIALS' RETIREMENT PLAN.

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-818, Arizona Revised Statutes, is amended to
3 read:

4 38-818. Benefit increases

5 ~~A. Effective July 1, 1990 and July 1 of each year thereafter through~~
6 ~~July 1, 1994, all retired members or survivors of retired members who were~~
7 ~~sixty five years of age or older on the respective applicable date and who~~
8 ~~were receiving benefits on or before June 30 of the previous year or a member~~
9 ~~on permanent disability who was receiving benefits on or before June 30 of~~
10 ~~the previous year is entitled to receive a permanent benefit increase in~~
11 ~~their base benefit equal to the amount determined in subsection B.~~

12 A. EFFECTIVE JULY 1, 1996 AND JULY 1 OF EACH YEAR THEREAFTER, EACH
13 RETIRED MEMBER OR SURVIVOR OF A RETIRED MEMBER WHO WAS FIFTY-FIVE YEARS OF
14 AGE OR OLDER ON THE RESPECTIVE APPLICABLE DATE AND WHO WAS RECEIVING BENEFITS
15 ON OR BEFORE JUNE 30 OF THE PREVIOUS YEAR IS ENTITLED TO RECEIVE A PERMANENT
16 INCREASE IN THE BASE BENEFIT EQUAL TO THE AMOUNT DETERMINED IN SUBSECTIONS
17 B AND F OF THIS SECTION.

18 B. The monthly amount of a permanent increase provided by subsection
19 A is determined as follows:

20 1. Determine the excess investment earnings on the actuarial present
21 value of pensions in payment status.

1 2. Determine the actuarial present value, as of June 30 of the
2 preceding calendar year, of a one-half of one per cent per month increase in
3 the amount of each pension eligible for an increase.

4 3. Divide the amount determined in paragraph 1 by the amount
5 determined in paragraph 2.

6 4. From the quotient obtained in paragraph 3, drop any fraction.

7 5. Multiply the number obtained in paragraph 4 by one-half of one per
8 cent.

9 C. The excess investment earnings of pensions in payment status are
10 equal to the actuarial present value of pensions in payment status multiplied
11 by the positive difference, if any, between the net effective yield of the
12 plan and nine per cent. The excess investment earnings on pensions in
13 payment status are zero if the net effective yield of the plan is less than
14 or equal to nine per cent.

15 D. As used in this section, net effective yield and the actuarial
16 present value of pensions in payment status are the amounts published in the
17 annual report of the plan for the fiscal year ending June 30 of the calendar
18 year preceding the July 1 of the increase.

19 E. All excess investment earnings on pensions in payment status are
20 available for benefit increases as provided in this section. Any excess
21 investment earnings on pensions in payment status from any year which are not
22 used for benefit adjustments for that year are available for future benefit
23 increases in the following years. Earnings on the excess investment earnings
24 on pensions in payment status account balance at the rate of the net
25 effective yield as published in the annual report of the plan shall be added
26 each year to the excess investment earnings on pensions in payment status
27 account balance and shall be available for future benefit increases.

28 F. The maximum benefit increase under this section is limited to ~~four~~
29 THE LESSER OF:

30 1. ONE-HALF OF THE PERCENTAGE CHANGE IN THE ALL ITEMS COMPONENT OF THE
31 CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS AS PUBLISHED BY THE UNITED
32 STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, FOR THE CALENDAR YEAR
33 PRECEDING THE YEAR FOR WHICH THE INCREASE IS BEING COMPUTED.

34 2. THREE per cent of the ~~normal~~ benefit being received on the
35 preceding June 30.

36 Sec. 2. Retroactivity

37 This act is effective retroactively to from and after June 30, 1996.

38 Sec. 3. Nonseverability

39 If any portion of section 38-818, Arizona Revised Statutes, as added
40 by Laws 1990, chapter 236, section 4 and as amended by this act is finally
41 adjudicated invalid, the entire section is void. The provisions of section
42 38-818, Arizona Revised Statutes, are intended to be nonseverable.

APPROVED BY THE GOVERNOR APRIL 17, 1996.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 18, 1996