

House Engrossed

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
House of Representatives
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CHAPTER 103

HOUSE BILL 2082

AN ACT

AMENDING SECTIONS 38-755 AND 38-760, ARIZONA REVISED STATUTES; RELATING TO
THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 38-755, Arizona Revised Statutes, is amended to
3 read:

4 38-755. Information as to member's status; spousal notification

5 A. Subject to rules prescribed by the board, on application of a
6 member, the board shall furnish information concerning the member's
7 status. In addition, the board shall annually furnish to each member an
8 account statement showing the status of the member's account including the
9 name of the member's beneficiary as last listed with the board.

10 B. The member may change the member's beneficiary at any time pursuant
11 to rules adopted by the board and on forms furnished by the board.

12 C. A MEMBER SHALL NOTIFY THE MEMBER'S CURRENT SPOUSE BEFORE THE MEMBER
13 NAMES A BENEFICIARY OTHER THAN THE MEMBER'S CURRENT SPOUSE OR BEFORE THE
14 MEMBER CHANGES THE MEMBER'S BENEFICIARY IF THE MEMBER'S CURRENT SPOUSE IS THE
15 BENEFICIARY AT THE TIME OF THE CHANGE.

16 Sec. 2. Section 38-760, Arizona Revised Statutes, is amended to read:

17 38-760. Optional forms of retirement benefits

18 A. On retirement, members may elect an optional form of retirement
19 benefit as provided in this section.

20 B. The optional retirement benefits available under this section
21 include the following:

22 1. Joint and survivor annuity in a reduced amount payable to the
23 retiring member during life, with the provisions that after the member's
24 death all, two-thirds or one-half of the retirement income, as the member
25 elects, shall be continued during the lifetime of the contingent annuitant
26 designated by the retiring member subject to the restrictions prescribed in
27 section 38-764. The amount of retirement income shall be the actuarial
28 equivalent of the retirement income to which the member would be entitled
29 under normal or early retirement. The election in a manner prescribed by the
30 board shall name the contingent annuitant. The election may be revoked at
31 any time before the member's effective date of retirement. At any time after
32 benefits have commenced, the member may name a different contingent annuitant
33 or rescind the election by written notice to the board as follows:

34 (a) If a different contingent annuitant is named, the annuity of the
35 member under the same joint and survivor annuity option previously elected
36 shall be adjusted to the actuarial equivalent of the original annuity, based
37 on the age of the new contingent annuitant. The adjustment shall include all
38 ~~post-retirement~~ POSTRETIREMENT increases in retirement income that are
39 authorized by law after the member's date of retirement. Payment of this
40 adjusted annuity shall continue under the provisions of the option previously
41 elected by the member.

42 (b) If the member rescinds the election, the member shall thereafter
43 receive a straight life annuity equal to what the member would otherwise be
44 entitled to receive if the member had not elected the joint and survivor
45 annuity option, including all ~~post-retirement~~ POSTRETIREMENT increases in

1 retirement income that are authorized by law after the date of
2 retirement. The increased payment shall continue during the remainder of the
3 member's lifetime.

4 (c) If the member reverts to a straight life annuity pursuant to
5 subdivision (b) OF THIS PARAGRAPH, the member may name a new contingent
6 annuitant subject to the same restrictions prescribed in subdivision (a) OF
7 THIS PARAGRAPH.

8 (d) IF THE MEMBER'S CONTINGENT ANNUITANT IS THE MEMBER'S CURRENT
9 SPOUSE, THE MEMBER SHALL NOTIFY THE CONTINGENT ANNUITANT BEFORE THE MEMBER
10 NAMES A NEW CONTINGENT ANNUITANT OR BEFORE THE MEMBER RESCINDS THE ELECTION.

11 2. A period certain and life annuity actuarially reduced with payments
12 for five, ten or fifteen years that are not dependent on the continued
13 lifetime of the member but whose payments continue for the member's lifetime
14 beyond the five, ten or fifteen year period. At any time, a member who
15 retires after ~~the effective date of this amendment to this section~~ AUGUST 9,
16 2001 may rescind the election of a period certain and life annuity. If the
17 member rescinds the election of a period certain and life annuity, the member
18 shall thereafter receive a straight life annuity equal to what the member
19 would otherwise be entitled to receive if the member had not elected the
20 period certain and life annuity option, including all postretirement
21 increases in retirement income that are authorized by law after the date of
22 retirement. The increased payment shall continue during the remainder of the
23 member's lifetime. If the member reverts to a straight life annuity pursuant
24 to this paragraph, the member may again elect a period certain and life
25 annuity subject to the same provisions of the period certain and life annuity
26 previously elected by the member. IF THE MEMBER'S CONTINGENT ANNUITANT IS
27 THE MEMBER'S CURRENT SPOUSE, THE MEMBER SHALL NOTIFY THE CONTINGENT ANNUITANT
28 BEFORE THE MEMBER RESCINDS THE ELECTION OF A PERIOD CERTAIN AND LIFE ANNUITY
29 OR AGAIN ELECTS A PERIOD CERTAIN AND LIFE ANNUITY PURSUANT TO THIS PARAGRAPH.

30 3. Beginning on July 1, 2002, a lump sum payment equal to not more
31 than thirty-six months of the member's retirement benefits under the benefit
32 option elected by the member. The member's benefit shall be actuarially
33 reduced to provide for the lump sum payment. The lump sum payment shall be
34 made at the time of retirement. Any benefit increase granted to a member who
35 elects a lump sum payment pursuant to this paragraph is subject to the
36 following conditions:

37 (a) If the benefit increase is a percentage increase of the member's
38 retirement benefit, the increase shall be based on the actuarially reduced
39 retirement benefit of the member.

40 (b) If the benefit increase is pursuant to section 38-767, the amount
41 of the member's benefit increase shall be calculated without regard to the
42 lump sum payment pursuant to this paragraph.

43 4. Other forms of actuarially reduced optional benefits prescribed by
44 the board.

APPROVED BY THE GOVERNOR APRIL 12, 2006.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 12, 2006.

