House Engrossed Senate Bill

FILED

JANICE K. BREWER
SECRETARY OF STATE

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

CHAPTER 98

SENATE BILL 1200

AN ACT

AMENDING SECTION 38-953, ARIZONA REVISED STATUTES; RELATING TO PUBLIC EMPLOYEE SUPPLEMENTAL DEFINED CONTRIBUTION PLANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 38-953, Arizona Revised Statutes, is amended to read:

38-953. Supplemental option

A. A supplemental defined contribution plan is in addition to and does not replace an employee's existing state defined benefit retirement plan.

B. Except as provided in subsection C, any contributing member of an eligible group that establishes a supplemental defined contribution plan as authorized by this article may participate in the supplemental defined contribution plan. Participation in any plan established by an eligible group authorizes the member's employer to make reductions or deductions in the member's compensation. The employer shall submit any reports required by the plan. Any compensation deferred under the plan shall be included as regular compensation or compensation for the purpose of computing the retirement and pension benefits earned by any employee participating in the plan.

C. If the Arizona state retirement system establishes a supplemental defined contribution plan and an employer member of the Arizona state retirement system elects to participate in the supplemental defined contribution plan, any employee member of the employer who meets the eligibility requirements that are prescribed by the board for participation in the supplemental defined contribution plan and that are selected by the member's employer may participate in the supplemental defined contribution plan.

D. An employee shall make an election to participate in a supplemental defined contribution plan within two years after the employee first meets the eligibility requirements to participate in the plan. An election to participate in a plan is irrevocable and continues for the remainder of the employee's employment with the employer.

E. If an employee elects to participate in a plan pursuant to this section, the employee shall contribute ~~an~~ A PRESCRIBED amount ~~equal to at least one per cent~~ of the employee's gross compensation, WHICH SHALL BE A PERCENTAGE OF THE EMPLOYEE'S GROSS COMPENSATION, A FIXED DOLLAR AMOUNT, AN AMOUNT PRESCRIBED IN THE PLAN OR SOME OTHER DEFINITIVE AMOUNT THAT MAY NOT BE MODIFIED OR REVOKED BY THE EMPLOYEE. As the plan prescribes, an employer may annually increase or decrease the employee contributions in increments of one per cent up to the maximum allowed by law or the employee may make a one-time irrevocable election of the employee's contribution amount. An employee is not required to contribute under this subsection in order to qualify for an employer match under subsection F or G. The employer match may accrue from any program established by the employer.

F. An employer may elect to match the contributions made by the employee to the supplemental defined contribution plan at a rate determined by the employer. The employer shall pay this amount to the supplemental defined contribution plan in which the employee participates. ~~The rate of~~

~~the employer match shall be determined at the beginning of that employer's budget cycle and shall terminate at the end of that budget cycle.~~

G. An employer may elect to match the contributions made by the employee to any other program established by the employer under the internal revenue code, including any plan established under internal revenue code section 401(a), 403(b) or 457, at a rate determined by the employer. The ~~employer shall pay this amount to the 401(a), 403(b) or 457 plan in which the employee participates. If either the employee's, the employer's or their combined contributions exceed the limits, including a limit of zero, prescribed by the internal revenue code for the 401(a), 403(b) or 457 plan, the amount in excess of the limits may be contributed to the supplemental defined contribution plan in which the employee participates.~~ EMPLOYEE SHALL DETERMINE WHETHER THE EMPLOYER PAYS THE MATCHING CONTRIBUTION TO THE 401(a), 403(b), OR 457 PLAN IN WHICH THE EMPLOYEE PARTICIPATES, TO THE SUPPLEMENTAL DEFINED CONTRIBUTION PLAN IN WHICH THE EMPLOYEE PARTICIPATES OR TO ANY OTHER PLAN ESTABLISHED BY THE EMPLOYER.

H. The rate of the employer match UNDER SUBSECTION F OR G shall be determined at the beginning of that employer's budget cycle and shall terminate at the end of that budget cycle. IF AN EMPLOYER ELECTS TO MATCH UNDER SUBSECTION F OR G, THE EMPLOYER SHALL MAKE THE CONTRIBUTIONS.

APPROVED BY THE GOVERNOR APRIL 18, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 18, 2007.

Passed the House April 9, 20 07,

by the following vote: 56 Ayes,

0 Nays, 4 Not Voting

Speaker of the House

Norman L. Moore

Chief Clerk of the House

Passed the Senate February 22, 20 07,

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

Timothy S Bee

President of the Senate

Chasmin Billington

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR
This Bill was received by the Governor this

_____ day of _____, 20____,

at _____ o'clock _____ M.

_____
Secretary to the Governor

Approved this _____ day of

_____, 20_____,

at _____ o'clock _____ M.

_____
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this _____ day of _____, 20____,

at _____ o'clock _____ M.

_____
Secretary of State

S.B. 1200

SENATE CONCURS IN HOUSE
AMENDMENTS AND FINAL PASSAGE

Passed the Senate April 12, 20 07

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting

Timothy S. Bee
President of the Senate

Shannon Bilbrey
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

12th day of April, 20 07

at 11:41 o'clock a M.

Jennifer Barra
Secretary to the Governor

Approved this 18 day of

Apr. 1

at 2:00 o'clock P M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 18 day of April, 20 07

S.B. 1200

at 3:33 o'clock P M.

Janice K. Brewer
Secretary of State