House Engrossed Senate Bill

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
Senate
Forty-ninth Legislature
Second Regular Session
2010

CHAPTER 163

SENATE BILL 1124

AN ACT

AMENDING SECTION 38-885.01, ARIZONA REVISED STATUTES; REPEALING LAWS 2006, CHAPTER 241, SECTION 5; RELATING TO THE CORRECTIONS OFFICER RETIREMENT PLAN.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 38-885.01, Arizona Revised Statutes, is amended to read:

38-885.01. Reverse deferred retirement option plan; purpose; delayed repeal

A. A reverse deferred retirement option plan is established. The purpose of the reverse deferred retirement option plan is to add flexibility to the plan and to provide members who elect to participate in the reverse deferred retirement option plan access to a lump sum benefit in addition to their normal monthly retirement benefit on actual retirement.

B. ~~Beginning on July 1, 2006 through June 30, 2011~~ UNTIL JUNE 30, 2016, the fund manager shall offer the reverse deferred retirement option plan to members on a voluntary basis as an alternative method of benefit accrual under the plan.

C. Any member who is eligible for a normal pension pursuant to section 38-885, who is not awarded an accidental, ordinary or total and permanent disability pension and who has at least twenty-four years of credited service, or in the case of a dispatcher, who has at least twenty-five years of credited service, is eligible to participate in the reverse deferred retirement option plan.

D. A member who elects to participate in the reverse deferred retirement option plan shall voluntarily and irrevocably:

1. Designate a reverse deferred retirement option plan date that is the first day of the calendar month immediately following a member's completion of twenty-four years of credited service or a date not more than sixty consecutive months before the date the member elects to participate in the reverse deferred retirement option plan, whichever is later.

2. Agree to terminate employment on the date the member elects to participate in the reverse deferred retirement option plan.

3. Receive benefits from the plan on termination of employment at the same time and in the same manner as otherwise prescribed in this article using the factors of credited service and average monthly salary in effect on the reverse deferred retirement option plan date.

E. On election, a reverse deferred retirement option plan participation account is established within the plan on behalf of each reverse deferred retirement option plan participant. All benefits accrued pursuant to this article shall be accounted for in the reverse deferred retirement option plan participation account. A reverse deferred retirement option plan participant does not have a claim on the assets of the plan with respect to the member's reverse deferred retirement option plan participation account and assets shall not be set aside for any reverse deferred retirement option plan participant that are separate from all other system assets.

F. All amounts credited to a member's reverse deferred retirement option plan participation account are fully vested.

G. A member's reverse deferred retirement option plan participation account shall be credited with the following:

1. An amount that is credited as though accrued monthly from the reverse deferred retirement option plan date to the date the member elected to participate in the reverse deferred retirement option plan and that is computed in the same manner as a normal retirement benefit using the factors of credited service and average monthly salary in effect on the reverse deferred retirement option plan date.

2. An amount that is credited as though accrued monthly and that represents interest at a rate equal to the yield on a five year treasury note as of the first day of the month as published by the federal reserve board.

H. Employee and employer contributions pursuant to section 38-891 that are deposited during the period of the reverse deferred retirement option plan are not eligible to be refunded to the employer or member.

I. The participant is not entitled to receive any amount prescribed by section 38-905 or 38-906 during the reverse deferred retirement option plan participation period.

J. The form of payment shall be a lump sum distribution. If allowed by the internal revenue service, the participant may elect to transfer the lump sum distribution to an eligible retirement plan or individual retirement account.

K. The reverse deferred retirement option plan shall not jeopardize in any way the tax qualified status of the plan under the rules of the internal revenue service. The fund manager may adopt additional provisions to the extent necessary or appropriate for the reverse deferred retirement option plan to comply with applicable federal laws or rules.

L. THIS SECTION IS REPEALED FROM AND AFTER JUNE 30, 2016.

Sec. 2. Repeal

Laws 2006, chapter 241, section 5 is repealed.

Sec. 3. Specified designated positions; local board determination; current employees; delayed repeal

A. Notwithstanding section 38-891, subsection E, Arizona Revised Statutes:

1. The local board of the state department of corrections or the local board of the department of juvenile corrections may specify a position within the state department of corrections or the department of juvenile corrections as a designated position if the criteria in this paragraph are fulfilled. The specified designated position must be filled by a member of the plan who is currently employed in a designated position, who is promoted or transferred into the specified designated position and who has at least five years of credited service under the plan. An employee who fills such a position shall make a written waiver request to the local board to specify the position as a designated position within ninety days of accepting the position. The local board's decision shall be forwarded to the administrator of the plan and is subject to review pursuant to section 38-893, Arizona

1 Revised Statutes. On the employee leaving the position, the position reverts
2 to a nondesignated position.
3 2. Any current employee serving temporarily in a specified designated
4 position pursuant to section 38-891, subsection E, Arizona Revised Statutes,
5 is subject to this section if the employee signs a new waiver after the
6 effective date of this section.
7 B. This section is repealed from and after June 30, 2011.

APPROVED BY THE GOVERNOR APRIL 26, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 27, 2010.

Passed the House April 14, 20 10,

by the following vote: 55 Ayes,

0 Nays, 5 Not Voting

Speaker of the House

Cheryl Laube

Chief Clerk of the House

Passed the Senate February 22, 20 10,

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

President of the Senate

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. 1124

SENATE CONCURS IN HOUSE AMENDMENTS AND FINAL PASSAGE

Passed the Senate April 20, 20 10

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

20 day of April, 20 10

at 4:15 o'clock P. M.

Secretary to the Governor

Approved this 5:55 day of

April

at 5:56 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 27th day of April, 20 10

at 12:10 o'clock P M.

Secretary of State

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