

Senate Engrossed

FILED

**MICHELE REAGAN
SECRETARY OF STATE**

State of Arizona
Senate
Fifty-second Legislature
Second Regular Session
2016

CHAPTER 74

SENATE BILL 1160

AN ACT

AMENDING SECTION 38-885.01, ARIZONA REVISED STATUTES; RELATING TO THE
CORRECTIONS OFFICER RETIREMENT PLAN.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

4 38-885.01. Reverse deferred retirement option plan; purpose

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

10 B. ~~Until June 30, 2016,~~ The board shall offer the reverse deferred
11 retirement option plan to members on a voluntary basis as an alternative
12 method of benefit accrual under the plan.

13 C. Any member who is eligible for a normal pension pursuant to section
14 38-885, who is not awarded an accidental, ordinary or total and permanent
15 disability pension and who has at least twenty-four years of credited
16 service, or in the case of a dispatcher, who has at least twenty-five years
17 of credited service, is eligible to participate in the reverse deferred
18 retirement option plan.

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

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

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

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

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

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

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

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

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

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

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

16 J. The form of payment shall be a lump sum distribution. The member
17 or the member's beneficiary may make a direct rollover of the lump sum
18 distribution to an eligible retirement plan under the same rules specified in
19 section 38-884, subsections G, H and I.

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

25 ~~L. This section is repealed from and after June 30, 2016.~~

26 Sec. 2. Emergency

27 This act is an emergency measure that is necessary to preserve the
28 public peace, health or safety and is operative immediately as provided by
29 law.

APPROVED BY THE GOVERNOR MARCH 30, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 31, 2016.

Passed the House March 24, 2016,

Passed the Senate February 18, 2016,

by the following vote: 59 Ayes,

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting
Jim Drane Speaker of the House
w/ emergency

0 Nays, 1 Not Voting
Scott Brigg President of the Senate
with Emergency

Jim Drane Chief Clerk of the House

Scott Brigg Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
28th day of March, 2016,

at 2:38 o'clock P. M.

Misty Lyman
Secretary to the Governor

Approved this 30th day of
March, 2016,

at 2:32 o'clock P. M.

Tommy A. Ivey
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 31 day of March, 2016,

at 5:09 o'clock P. M.

Michelle Reagan
Secretary of State

S.B. 1160