

House Engrossed

deferred retirement optional plan; reinstatement

State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

HOUSE BILL 2337

AN ACT

AMENDING SECTIONS 38-844.02, 38-844.03 AND 38-844.05, ARIZONA REVISED
STATUTES; RELATING TO THE PUBLIC SAFETY PERSONNEL 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 38-844.02, Arizona Revised Statutes, is amended
3 to read:

4 38-844.02. Deferred retirement option plan; purpose

5 A. A deferred retirement option plan is established for those
6 employees who become members of the system ~~before January 1, 2012~~ AND WHO
7 MEET THE ELIGIBILITY REQUIREMENTS OF SECTION 38-844.03. The purpose of
8 the deferred retirement option plan is to add flexibility to the system
9 and to provide members who elect to participate in the deferred retirement
10 option plan access to a lump sum benefit in addition to their normal
11 monthly retirement benefit on actual retirement.

12 B. The board shall offer the deferred retirement option plan to
13 members on a voluntary basis as an alternative method of benefit accrual
14 under the system.

15 Sec. 2. Section 38-844.03, Arizona Revised Statutes, is amended to
16 read:

17 38-844.03. Eligibility; participation

18 A. Any member who is eligible for a normal pension pursuant to
19 section 38-844, subsection A, ~~who becomes a member of the system before~~
20 ~~January 1, 2012~~ and who has at least twenty years of credited service is
21 eligible to participate in the deferred retirement option plan. In
22 addition, any member who is subject to section 38-858, subsection C is
23 eligible to participate in the deferred retirement option plan retroactive
24 to the member's twentieth year of credited service or on the day before
25 the member began military service, whichever is later, if the member makes
26 the election pursuant to this section on or before resuming employment
27 with the member's employer.

28 B. A member who elects to participate in the deferred retirement
29 option plan shall voluntarily and irrevocably:

30 1. FOR A MEMBER WHO BECAME A MEMBER OF THE SYSTEM BEFORE JANUARY 1,
31 2012, designate a period of participation that is not more than ~~sixty~~
32 EIGHTY-FOUR consecutive months. FOR A MEMBER WHO BECAME A MEMBER OF THE
33 SYSTEM ON OR AFTER JANUARY 1, 2012, DESIGNATE A PERIOD OF PARTICIPATION
34 THAT IS NOT MORE THAN SIXTY CONSECUTIVE MONTHS.

35 2. Beginning on the date the member elects to participate in the
36 deferred retirement option plan, cease to accrue benefits under any other
37 provision of this article. The member's effective date of participation
38 is the first day of the month following the date the member elects to
39 participate.

40 3. Have deferred retirement option plan benefits credited to a
41 deferred retirement option plan participation account pursuant to section
42 38-844.05.

43 4. Receive benefits from the system on termination of employment at
44 the same time and in the same manner as otherwise prescribed in this
45 article.

1 5. Agree to terminate employment on completion of the deferred
2 retirement option plan participation period designated by the member on
3 the appropriate deferred retirement option plan participation form.

4 C. If a member fails to terminate employment on completion of the
5 designated deferred retirement option plan participation period:

6 1. The member is not entitled to the interest accumulation on the
7 deferred retirement option plan participation account.

8 2. The deferred retirement option plan participation account shall
9 not be credited with the monthly amount prescribed in section 38-844.05,
10 subsection C, paragraph 1, and that amount shall not be paid directly to
11 the member.

12 3. The payment prescribed in section 38-844.08, subsection A,
13 paragraph 1 shall not be paid until the member terminates employment and
14 is payable at the same time as the pension amount is paid on retirement.

15 4. The member does not acquire any further credited service in the
16 system.

17 Sec. 3. Section 38-844.05, Arizona Revised Statutes, is amended to
18 read:

19 38-844.05. Deferred retirement option benefits and
20 participation accounts

21 A. A deferred retirement option plan participation account is an
22 account established within the system on behalf of each deferred
23 retirement option plan participant. All benefits accrued pursuant to this
24 article shall be accounted for in the deferred retirement option plan
25 participation account. A deferred retirement option plan participant does
26 not have a claim on the assets of the system with respect to the member's
27 deferred retirement option plan participation account, and assets shall
28 not be set aside for any deferred retirement option plan participant that
29 are separate from all other system assets.

30 B. All amounts credited to a member's deferred retirement option
31 plan participation account are fully vested.

32 C. A member's deferred retirement option plan participation account
33 shall be credited with the following:

34 1. An amount, credited monthly, that is computed in the same manner
35 as a normal retirement benefit using the factors of credited service and
36 average monthly benefit compensation in effect on the date of deferred
37 retirement option plan participation.

38 2. An amount, credited monthly, that represents interest on the
39 amount credited pursuant to paragraph 1 of this subsection:

40 (a) FOR A MEMBER WHO BECAME A MEMBER OF THE SYSTEM BEFORE JANUARY
41 1, 2012, FOR THE FIRST SIXTY MONTHS, at a rate equal to the assumed rate
42 of return determined by the board. FOR THE REMAINING TWENTY-FOUR MONTHS,
43 AT A RATE EQUAL TO THE ACTUAL RATE OF RETURN, SMOOTHED OVER A PERIOD OF
44 SEVEN YEARS, TO BE NOT LESS THAN ZERO PERCENT OR NOT MORE THAN NINE
45 PERCENT.

1 (b) FOR A MEMBER WHO BECAME A MEMBER OF THE SYSTEM ON OR AFTER
2 JANUARY 1, 2012, AT A RATE EQUAL TO THE ACTUAL RATE OF RETURN, SMOOTHED
3 OVER A PERIOD OF SEVEN YEARS, TO BE NOT LESS THAN ZERO PERCENT OR NOT MORE
4 THAN NINE PERCENT.

5 D. The participant is not entitled to receive any amount prescribed
6 by section 38-856.05 or 38-857 during the deferred retirement option plan
7 participation period.