

REFERENCE TITLE: deferred retirement optional plan; reinstatement

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

## **HB 2337**

Introduced by  
Representative Payne

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, at a rate equal to the assumed rate of return determined by the  
42 board.

43           (b) FOR A MEMBER WHO BECAME A MEMBER OF THE SYSTEM ON OR AFTER  
44 JANUARY 1, 2012, AT THE RATE OF RETURN.

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