

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SENATE BILL 1172

AN ACT

AMENDING SECTION 38-884, ARIZONA REVISED STATUTES; AMENDING SECTION 38-884, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; 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 38-884, Arizona Revised Statutes, is amended to
3 read:

4 38-884. Membership of retirement plan; termination; credited
5 service; redemption

6 A. Each employee of a participating employer is a member of the plan
7 **UNLESS THE EMPLOYEE IS RECEIVING A PENSION FROM THE PLAN.** A person employed
8 shall undergo a medical examination performed by a doctor or clinic appointed
9 by the local board or, in the case of a state correctional officer who is
10 employed by the state department of corrections, complete a physical
11 examination pursuant to section 41-1822, subsection B. For the purposes of
12 subsection B of this section, the doctor or clinic appointed by the local
13 board may be the employer's regular employee or contractor.

14 B. The purpose of the medical examination authorized by this section
15 is to identify a member's physical or mental condition or injury that existed
16 or occurred before the member's date of membership in the plan. Any employee
17 who fails or refuses to submit to the medical examination prescribed in this
18 section is deemed to waive all rights to disability benefits under this
19 article. Medical examinations conducted under this article shall not be
20 conducted or used for purposes of hiring, advancement, discharge, job
21 training or other terms, conditions and privileges of employment unrelated to
22 receipt or qualification for pension benefits or service credits from the
23 fund. This subsection does not affect or impair the right of an employer to
24 prescribe medical or physical standards for employees or prospective
25 employees.

26 C. If a member ceases to be an employee for any reason other than
27 death or retirement, within twenty days after filing a completed application
28 with the fund manager, the member is entitled to receive the following
29 amounts, less any benefit payments the member has received and any amount the
30 member may owe to the plan:

31 1. If the member has less than five years of credited service with the
32 plan, the member may withdraw the member's accumulated contributions from the
33 plan.

34 2. If the member has five or more years of credited service with the
35 plan, the member may withdraw the member's accumulated contributions plus an
36 amount equal to the amount determined as follows:

37 (a) 5.0 to 5.9 years of credited service, twenty-five per cent of all
38 member contributions deducted from the member's salary pursuant to section
39 38-891, subsection B.

40 (b) 6.0 to 6.9 years of credited service, forty per cent of all member
41 contributions deducted from the member's salary pursuant to section 38-891,
42 subsection B.

43 (c) 7.0 to 7.9 years of credited service, fifty-five per cent of all
44 member contributions deducted from the member's salary pursuant to section
45 38-891, subsection B.

1 (d) 8.0 to 8.9 years of credited service, seventy per cent of all
2 member contributions deducted from the member's salary pursuant to section
3 38-891, subsection B.

4 (e) 9.0 to 9.9 years of credited service, eighty-five per cent of all
5 member contributions deducted from the member's salary pursuant to section
6 38-891, subsection B.

7 (f) 10.0 or more years of credited service, one hundred per cent of
8 all member contributions deducted from the member's salary pursuant to
9 section 38-891, subsection B.

10 D. If a member has more than ten years of credited service with the
11 plan, ~~and~~ leaves the monies prescribed in subsection C of this section on
12 account with the plan for more than thirty days after termination of
13 employment and after that time period requests a refund of those monies, the
14 member is entitled to receive the amount prescribed in subsection C of this
15 section plus interest at a rate determined by the fund manager for each year
16 computed from and after the member's termination of employment.

17 E. If the refund includes monies that are an eligible rollover
18 distribution and the member elects to have the distribution paid directly to
19 an eligible retirement plan or individual retirement account or annuity and
20 specifies the eligible retirement plan or individual retirement account or
21 annuity to which the distribution is to be paid, the distribution shall be
22 made in the form of a direct trustee-to-trustee transfer to the specified
23 eligible retirement plan. The distribution shall be made in the form and at
24 the time prescribed by the fund manager.

25 F. Service shall be credited to a member's individual credited service
26 account in accordance with rules the local board prescribes. In no case
27 shall more than twelve months of credited service be credited on account of
28 all service rendered by a member in any one year. In no case shall service
29 be credited for any period during which the member is not employed in a
30 designated position, except as provided by sections 38-921 and 38-922.

31 G. Credited service is forfeited if the amounts prescribed in
32 subsection C or D of this section are paid or are transferred in accordance
33 with this section.

34 H. If a former member becomes reemployed with the same employer within
35 two years after the former member's termination date, a member may have
36 forfeited credited service attributable to service rendered during a prior
37 period of service as an employee restored on satisfaction of each of the
38 following conditions:

39 1. The member files with the plan a written application for
40 reinstatement of forfeited credited service within ninety days after again
41 becoming an employee.

42 2. The retirement fund is paid the total amount previously withdrawn
43 pursuant to subsection C or D of this section plus compound interest from the
44 date of withdrawal to the dates of repayment. Interest shall be computed at
45 the rate of nine per cent for each year compounded each year from the date of

1 withdrawal to the date of repayment. Forfeited credited service shall not be
2 restored until complete payment is received by the fund.

3 3. The required payment is completed within one year after returning
4 to employee status.

5 I. A present active member of the plan who received a refund of
6 accumulated contributions from the plan pursuant to subsection C OR D of this
7 section and forfeited credited service pursuant to subsection G of this
8 section may elect to redeem any part of that forfeited credited service by
9 paying into the plan any amounts required pursuant to this subsection. A
10 present active member who elects to redeem any part of forfeited credited
11 service for which the member is deemed eligible by the fund manager shall pay
12 into the plan the amounts previously paid or transferred as a refund of the
13 member's accumulated contributions plus an amount, computed by the plan's
14 actuary that is necessary to equal the increase in the actuarial present
15 value of projected benefits resulting from the redemption calculated using
16 the actuarial methods and assumptions prescribed by the plan's actuary.

17 ~~J. The following conditions apply to a retired member who becomes an
18 employee subsequent to retirement:~~

19 ~~1. Payment of the retired member's pension shall be suspended until
20 the retired member again ceases to be an employee. The amount of pension
21 shall not be changed on account of service as an employee subsequent to
22 retirement.~~

23 ~~2. The retired member shall not contribute to the fund and shall not
24 accrue credited service.~~

25 J. IF A RETIRED MEMBER IS REEMPLOYED BY AN EMPLOYER, NO CONTRIBUTIONS
26 SHALL BE MADE ON THE RETIRED MEMBER'S ACCOUNT, NOR ANY SERVICE CREDITED,
27 DURING THE PERIOD OF SUCH REEMPLOYMENT. IN ADDITION, IF A RETIRED MEMBER
28 SUBSEQUENTLY BECOMES EMPLOYED IN THE SAME POSITION BY THE EMPLOYER FROM WHICH
29 THE MEMBER RETIRED, THE PLAN SHALL NOT MAKE PENSION PAYMENTS TO THE RETIRED
30 MEMBER DURING THE PERIOD OF REEMPLOYMENT. ON SUBSEQUENT TERMINATION OF
31 EMPLOYMENT BY THE RETIRED MEMBER, THE RETIRED MEMBER IS ENTITLED TO RECEIVE A
32 PENSION BASED ON THE MEMBER'S SERVICE AND COMPENSATION BEFORE THE DATE OF THE
33 MEMBER'S REEMPLOYMENT. IF A MEMBER WHO RETIRED UNDER DISABILITY IS
34 REEMPLOYED BY AN EMPLOYER AS AN EMPLOYEE, THAT MEMBER SHALL BE TREATED AS IF
35 THE MEMBER HAD BEEN ON AN UNCOMPENSATED LEAVE OF ABSENCE DURING THE PERIOD OF
36 THE MEMBER'S DISABILITY RETIREMENT AND SHALL BE A CONTRIBUTING MEMBER OF THE
37 PLAN.

38 Sec. 2. Section 38-884, Arizona Revised Statutes, as amended by
39 section 1 of this act, is amended to read:

40 38-884. Membership of retirement plan; termination; credited
41 service; redemption

42 A. Each employee of a participating employer is a member of the plan
43 ~~unless the employee is receiving a pension from the plan.~~ A person employed
44 shall undergo a medical examination performed by a doctor or clinic appointed
45 by the local board or, in the case of a state correctional officer who is

1 employed by the state department of corrections, complete a physical
2 examination pursuant to section 41-1822, subsection B. For the purposes of
3 subsection B of this section, the doctor or clinic appointed by the local
4 board may be the employer's regular employee or contractor.

5 B. The purpose of the medical examination authorized by this section
6 is to identify a member's physical or mental condition or injury that existed
7 or occurred before the member's date of membership in the plan. Any employee
8 who fails or refuses to submit to the medical examination prescribed in this
9 section is deemed to waive all rights to disability benefits under this
10 article. Medical examinations conducted under this article shall not be
11 conducted or used for purposes of hiring, advancement, discharge, job
12 training or other terms, conditions and privileges of employment unrelated to
13 receipt or qualification for pension benefits or service credits from the
14 fund. This subsection does not affect or impair the right of an employer to
15 prescribe medical or physical standards for employees or prospective
16 employees.

17 C. If a member ceases to be an employee for any reason other than
18 death or retirement, within twenty days after filing a completed application
19 with the fund manager, the member is entitled to receive the following
20 amounts, less any benefit payments the member has received and any amount the
21 member may owe to the plan:

22 1. If the member has less than five years of credited service with the
23 plan, the member may withdraw the member's accumulated contributions from the
24 plan.

25 2. If the member has five or more years of credited service with the
26 plan, the member may withdraw the member's accumulated contributions plus an
27 amount equal to the amount determined as follows:

28 (a) 5.0 to 5.9 years of credited service, twenty-five per cent of all
29 member contributions deducted from the member's salary pursuant to section
30 38-891, subsection B.

31 (b) 6.0 to 6.9 years of credited service, forty per cent of all member
32 contributions deducted from the member's salary pursuant to section 38-891,
33 subsection B.

34 (c) 7.0 to 7.9 years of credited service, fifty-five per cent of all
35 member contributions deducted from the member's salary pursuant to section
36 38-891, subsection B.

37 (d) 8.0 to 8.9 years of credited service, seventy per cent of all
38 member contributions deducted from the member's salary pursuant to section
39 38-891, subsection B.

40 (e) 9.0 to 9.9 years of credited service, eighty-five per cent of all
41 member contributions deducted from the member's salary pursuant to section
42 38-891, subsection B.

43 (f) 10.0 or more years of credited service, one hundred per cent of
44 all member contributions deducted from the member's salary pursuant to
45 section 38-891, subsection B.

1 D. If a member has more than ten years of credited service with the
2 plan, leaves the monies prescribed in subsection C of this section on account
3 with the plan for more than thirty days after termination of employment and
4 after that time period requests a refund of those monies, the member is
5 entitled to receive the amount prescribed in subsection C of this section
6 plus interest at a rate determined by the fund manager for each year computed
7 from and after the member's termination of employment.

8 E. If the refund includes monies that are an eligible rollover
9 distribution and the member elects to have the distribution paid directly to
10 an eligible retirement plan or individual retirement account or annuity and
11 specifies the eligible retirement plan or individual retirement account or
12 annuity to which the distribution is to be paid, the distribution shall be
13 made in the form of a direct trustee-to-trustee transfer to the specified
14 eligible retirement plan. The distribution shall be made in the form and at
15 the time prescribed by the fund manager.

16 F. Service shall be credited to a member's individual credited service
17 account in accordance with rules the local board prescribes. In no case
18 shall more than twelve months of credited service be credited on account of
19 all service rendered by a member in any one year. In no case shall service
20 be credited for any period during which the member is not employed in a
21 designated position, except as provided by sections 38-921 and 38-922.

22 G. Credited service is forfeited if the amounts prescribed in
23 subsection C or D of this section are paid or are transferred in accordance
24 with this section.

25 H. If a former member becomes reemployed with the same employer within
26 two years after the former member's termination date, a member may have
27 forfeited credited service attributable to service rendered during a prior
28 period of service as an employee restored on satisfaction of each of the
29 following conditions:

30 1. The member files with the plan a written application for
31 reinstatement of forfeited credited service within ninety days after again
32 becoming an employee.

33 2. The retirement fund is paid the total amount previously withdrawn
34 pursuant to subsection C or D of this section plus compound interest from the
35 date of withdrawal to the dates of repayment. Interest shall be computed at
36 the rate of nine per cent for each year compounded each year from the date of
37 withdrawal to the date of repayment. Forfeited credited service shall not be
38 restored until complete payment is received by the fund.

39 3. The required payment is completed within one year after returning
40 to employee status.

41 I. A present active member of the plan who received a refund of
42 accumulated contributions from the plan pursuant to subsection C or D of this
43 section and forfeited credited service pursuant to subsection G of this
44 section may elect to redeem any part of that forfeited credited service by
45 paying into the plan any amounts required pursuant to this subsection. A

1 present active member who elects to redeem any part of forfeited credited
2 service for which the member is deemed eligible by the fund manager shall pay
3 into the plan the amounts previously paid or transferred as a refund of the
4 member's accumulated contributions plus an amount, computed by the plan's
5 actuary that is necessary to equal the increase in the actuarial present
6 value of projected benefits resulting from the redemption calculated using
7 the actuarial methods and assumptions prescribed by the plan's actuary.

8 ~~J. If a retired member is reemployed by an employer, no contributions~~
9 ~~shall be made on the retired member's account, nor any service credited,~~
10 ~~during the period of such reemployment. In addition, if a retired member~~
11 ~~subsequently becomes employed in the same position by the employer from which~~
12 ~~the member retired, the plan shall not make pension payments to the retired~~
13 ~~member during the period of reemployment. On subsequent termination of~~
14 ~~employment by the retired member, the retired member is entitled to receive a~~
15 ~~pension based on the member's service and compensation before the date of the~~
16 ~~member's reemployment. If a member who retired under disability is~~
17 ~~reemployed by an employer as an employee, that member shall be treated as if~~
18 ~~the member had been on an uncompensated leave of absence during the period of~~
19 ~~the member's disability retirement and shall be a contributing member of the~~
20 ~~plan.~~

21 J. THE FOLLOWING CONDITIONS APPLY TO A RETIRED MEMBER WHO BECOMES AN
22 EMPLOYEE SUBSEQUENT TO RETIREMENT:

23 1. PAYMENT OF THE RETIRED MEMBER'S PENSION SHALL BE SUSPENDED UNTIL
24 THE RETIRED MEMBER AGAIN CEASES TO BE AN EMPLOYEE. THE AMOUNT OF PENSION
25 SHALL NOT BE CHANGED ON ACCOUNT OF SERVICE AS AN EMPLOYEE SUBSEQUENT TO
26 RETIREMENT.

27 2. THE RETIRED MEMBER SHALL NOT CONTRIBUTE TO THE FUND AND SHALL NOT
28 ACCRUE CREDITED SERVICE.

29 Sec. 3. Effective date

30 Section 38-884, Arizona Revised Statutes, as amended by section 2 of
31 this act, is effective from and after June 30, 2011.