

State of Arizona  
Senate  
Fifty-second Legislature  
First Regular Session  
2015

**CHAPTER 38**  
**SENATE BILL 1119**

AN ACT

AMENDING SECTIONS 38-743, 38-744 AND 38-745, ARIZONA REVISED STATUTES;  
RELATING TO THE ARIZONA STATE 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 38-743, Arizona Revised Statutes, is amended to  
3 read:

4 38-743. Public service credit

5 A. If an active member of ASRS or a member who is receiving benefits  
6 pursuant to section 38-797.07 was previously employed by the United States  
7 government, a state, territory, commonwealth, overseas possession or insular  
8 area of the United States or a political subdivision of a state, territory,  
9 commonwealth, overseas possession or insular area of the United States,  
10 excluding any time worked for a prison while the member was incarcerated, the  
11 member may receive ~~up to sixty months of~~ credited service for this prior  
12 employment if the member pays into ASRS the amount prescribed in subsection B  
13 of this section. FOR A MEMBER WHOSE MEMBERSHIP DATE IS ON OR AFTER JULY 20,  
14 2011, THE MEMBER MAY RECEIVE NOT MORE THAN SIXTY MONTHS OF CREDITED SERVICE.

15 B. A member who elects to receive credit for service with the United  
16 States government, a state, territory, commonwealth, overseas possession or  
17 insular area of the United States or a political subdivision of a state,  
18 territory, commonwealth, overseas possession or insular area of the United  
19 States shall pay to ASRS an amount equal to the present value of the  
20 additional benefit that is derived from the purchased credited service using  
21 the actuarial assumptions that are approved by the board.

22 C. A member who previously was a member of another public employee  
23 retirement system and who receives or is eligible to receive retirement  
24 benefits from that system for any period of employment is ineligible to  
25 receive retirement benefits from ASRS for the same period.

26 D. ~~A~~ IF A MEMBER'S MEMBERSHIP DATE IS ON OR AFTER JULY 1, 2010, THE  
27 member shall have at least five years of credited service in ASRS before  
28 electing to receive credit for service pursuant to this section.

29 Sec. 2. Section 38-744, Arizona Revised Statutes, is amended to read:

30 38-744. Leave of absence; credit for leave without pay

31 A. A member may elect to be credited with service for retirement  
32 purposes for an officially granted leave of absence from employment without  
33 pay if all of the following apply:

34 1. At the time the absence was granted the member was an active member  
35 of ASRS or a member who was receiving benefits pursuant to section 38-797.07.

36 2. At the time the credit is requested the member is an active member  
37 of ASRS, receiving benefits pursuant to section 38-797.07 or a former active  
38 member of ASRS who has not withdrawn contributions from ASRS pursuant to  
39 section 38-740 and who was unable to resume employment because a position is  
40 not available.

41 3. The member returns to employment with the same employer, unless  
42 employment could not be resumed because of disability or a position was not  
43 available.

44 4. The member elects not more than one year of the leave and ~~not more~~  
45 ~~than a total of sixty months,~~ FOR A MEMBER WHOSE MEMBERSHIP DATE IS ON OR

1 AFTER JULY 20, 2011, NOT MORE THAN SIXTY MONTHS OF CREDITED SERVICE pursuant  
2 to this section.

3 5. The member pays the amount provided in subsection B of this  
4 section.

5 6. The member's employer has certified that the leave of absence  
6 benefits or is in the best interests of the employer.

7 B. A member who elects to be credited with a leave period as provided  
8 in subsection A of this section shall pay to ASRS an amount equal to the  
9 present value of the additional benefit that is derived from the purchased  
10 credited service using the actuarial assumptions that are approved by the  
11 board.

12 C. A member who previously was a member of another public employee  
13 retirement system and who receives or is eligible to receive a retirement  
14 benefit from that system for any period of employment is ineligible to  
15 receive retirement benefits from ASRS for the same period.

16 D. ~~A~~ IF A MEMBER'S MEMBERSHIP DATE IS ON OR AFTER JULY 1, 2010, THE  
17 member shall have at least five years of credited service in ASRS before  
18 electing to receive credit for service pursuant to this section.

19 E. For the purposes of subsection A of this section, each employer  
20 shall adopt rules establishing guidelines for a leave of absence that  
21 benefits or is in the best interests of the employer.

22 Sec. 3. Section 38-745, Arizona Revised Statutes, is amended to read:  
23 38-745. Credit for military service

24 A. An active member of ASRS or a member who is receiving benefits  
25 pursuant to section 38-797.07 may purchase ~~up to sixty months of~~ credited  
26 service in ASRS for active military service if all of the following apply:

27 1. The member was honorably separated from the military service.

28 2. The member submits a copy of the member's military service record  
29 (DD-214) or its equivalent with the member's application for military service  
30 credit.

31 ~~A member has~~ IF A MEMBER'S MEMBERSHIP DATE IS ON OR AFTER JULY 1,  
32 2010, THE MEMBER MUST HAVE at least five years of credited service in ASRS.

33 4. Except as provided by 10 United States Code section 12736, the  
34 member is not yet eligible for a military retirement benefit.

35 B. FOR A MEMBER WHOSE MEMBERSHIP DATE IS ON OR AFTER JULY 20, 2011,  
36 THE MEMBER MAY PURCHASE NOT MORE THAN SIXTY MONTHS OF CREDITED SERVICE  
37 PURSUANT TO SUBSECTION A OF THIS SECTION.

38 ~~B~~ C. The cost to purchase military service credit is an amount equal  
39 to the present value of the additional benefit that is derived from the  
40 purchased credited service using the actuarial assumptions that are approved  
41 by the board.

42 ~~C~~ D. An active member of ASRS who is called to active military  
43 service may receive credited service for not more than sixty months of active  
44 military service, except as provided by the uniformed services employment and  
45 reemployment rights act (38 United States Code section 4312(c)). The

1 member's employer shall make employer contributions and member contributions  
2 for the member if the member meets the following requirements:

3 1. Was an active member of ASRS on the day before the member began  
4 active military service.

5 2. Is a member of the Arizona national guard or is a member of the  
6 reserves of any military establishment of the United States.

7 3. Volunteers or is ordered into active military service of the United  
8 States as part of a military call-up.

9 4. One of the following occurs:

10 (a) Is honorably separated from active military service and returns to  
11 employment for the same employer from which the member left for active  
12 military service within ninety days after the date active military service is  
13 terminated.

14 (b) Is hospitalized as a result of military service and returns to  
15 employment for the same employer from which the member left for active  
16 military service within ninety days after release from service related  
17 hospitalization.

18 (c) ~~Becomes a person with~~ DEVELOPS a disability as a result of or  
19 during the military service and is unable to return to the same employer.

20 (d) Dies as a result of or during the military service.

21 ~~D.~~ E. Contributions made pursuant to subsection ~~C~~ D of this section  
22 shall be for the period of time beginning on the date the member began active  
23 military service and ending on the later of one of the following dates:

24 1. The date the member returns to employment or the date the member  
25 should have returned to employment pursuant to 20 Code of Federal Regulations  
26 section 1002.115, whichever date is earlier.

27 2. The date the member is released from service related  
28 hospitalization or two years after initiation of service related  
29 hospitalization, whichever date is earlier.

30 3. One year after the date of disability.

31 4. The date the member dies as a result of or during active military  
32 service.

33 ~~E.~~ F. Notwithstanding any other law, on payment of the contributions  
34 made pursuant to subsection ~~C~~ D of this section, the member shall be  
35 credited with service for retirement purposes for the period of time of  
36 active military service of not more than sixty months.

37 ~~F.~~ G. The employer shall make contributions pursuant to subsection ~~C~~  
38 D of this section as follows:

39 1. Contributions shall be based on the compensation that a member  
40 would have received but for the period that the member was ordered into  
41 active military service.

42 2. If the employer cannot reasonably determine a member's rate of  
43 compensation for the period that the member was ordered into active military  
44 service, the employer shall make contributions based on the member's average  
45 rate of compensation during the twelve-month period immediately preceding the  
46 period of active military service.

1           3. If a member has been employed less than twelve months before being  
2 ordered into active military service, the employer shall make contributions  
3 based on the employment period immediately preceding the period of active  
4 military service.

5           4. Employer contributions shall be made in a lump sum and without  
6 penalty when the member returns to employment, when it is determined that the  
7 member is unable to return to employment because of a disability as a result  
8 of or that occurred during military service or on receipt of the member's  
9 death certificate. If a member suffers a service related death, the employer  
10 shall make the employer and member contributions up to and including the date  
11 of the member's death. Death benefits shall be calculated as prescribed by  
12 law.

13           ~~G.~~ H. In computing the length of total credited service of a member  
14 for the purpose of determining retirement benefits or eligibility, the period  
15 of military service, as prescribed by this section, shall be included.

16           ~~H.~~ I. Notwithstanding any other law, the member is not required to  
17 reimburse the member's employer or ASRS for any contribution made pursuant to  
18 subsection ~~C~~ D of this section.

19           ~~I.~~ J. In addition to, but not in duplication of, the provisions of  
20 subsection ~~C~~ D of this section, contributions, benefits and credited service  
21 provided pursuant to this section shall be provided in accordance with  
22 section 414(u) of the internal revenue code.

23           ~~J.~~ K. A member who does not currently perform services for an  
24 employer by reason of qualified military service, as that term is defined in  
25 section 414(u) of the internal revenue code, and who is receiving  
26 differential wage payments, as that term is defined in section 3401(h)(2) of  
27 the internal revenue code, shall not be considered as having a severance from  
28 employment for all purposes under ASRS during the period the differential  
29 wages are being paid by the employer to the employee.

APPROVED BY THE GOVERNOR MARCH 23, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 23, 2015.