

COMMITTEE ON GOVERNMENT AND HIGHER EDUCATION
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2643
(Reference to printed bill)

1 Page 9, between lines 8 and 9, insert:

2 "Sec. 4. Section 38-884, Arizona Revised Statutes, is amended to read:

3 38-884. Membership of retirement plan; termination; credited
4 service; redemption; reemployment; definition

5 A. Each employee of a participating employer is a member of the plan
6 unless the employee is receiving a pension from the plan. A person employed
7 shall undergo a medical examination performed by a designated physician or a
8 physician working in a clinic that is appointed by the local board or, in the
9 case of a state correctional officer who is employed by the state department
10 of corrections, complete a physical examination pursuant to section 41-1822,
11 subsection B. For the purposes of subsection B of this section, the
12 designated physician or a physician working in a clinic that is appointed by
13 the local 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 be
20 conducted by a physician and shall not be conducted or used for purposes of
21 hiring, advancement, discharge, job training or other terms, conditions and
22 privileges of employment unrelated to receipt or qualification for pension
23 benefits or service credits from the fund. This subsection does not affect
24 or impair the right of an employer to prescribe medical or physical standards
25 for employees or prospective employees.

26 C. If a member who becomes a member of the plan before January 1, 2012
27 ceases to be an employee for any reason other than death or retirement,

1 within twenty days after filing a completed application with the board, the
2 member is entitled to receive the following amounts, less any benefit
3 payments the member has received and any amount the member may owe to the
4 plan:

5 1. If the member has less than five years of credited service with the
6 plan, the member may withdraw the member's accumulated contributions from the
7 plan.

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

11 (a) 5.0 to 5.9 years of credited service, twenty-five percent of all
12 member contributions deducted from the member's salary pursuant to section
13 38-891, subsection B.

14 (b) 6.0 to 6.9 years of credited service, forty percent of all member
15 contributions deducted from the member's salary pursuant to section 38-891,
16 subsection B.

17 (c) 7.0 to 7.9 years of credited service, fifty-five percent of all
18 member contributions deducted from the member's salary pursuant to section
19 38-891, subsection B.

20 (d) 8.0 to 8.9 years of credited service, seventy percent of all
21 member contributions deducted from the member's salary pursuant to section
22 38-891, subsection B.

23 (e) 9.0 to 9.9 years of credited service, eighty-five percent of all
24 member contributions deducted from the member's salary pursuant to section
25 38-891, subsection B.

26 (f) 10.0 or more years of credited service, one hundred percent of all
27 member contributions deducted from the member's salary pursuant to section
28 38-891, subsection B.

29 D. If a member who becomes a member of the plan before January 1, 2012
30 has more than ten years of credited service with the plan, leaves the monies
31 prescribed in subsection C of this section on account with the plan for more
32 than thirty days after termination of employment and after that time period
33 requests a refund of those monies, the member is entitled to receive the
34 amount prescribed in subsection C of this section plus interest at a rate
35 determined by the board for each year computed from and after the member's
36 termination of employment.

1 E. The accumulated member contributions of a member who ceases to be
2 an employee for a reason other than death or retirement and who becomes a
3 member of the plan on or after January 1, 2012 shall be paid to the member
4 plus interest at a rate determined by the board as of the date of termination
5 within twenty days after filing with the plan a written application for
6 payment.

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

15 G. For distributions occurring from and after December 31, 2007, a
16 member or a member's beneficiary, including a nonspouse designated
17 beneficiary to the extent permitted under subsection H of this section, may
18 roll over an eligible rollover distribution as defined in section 402(c)(4)
19 of the internal revenue code to a Roth individual retirement account, if, for
20 distributions occurring before January 1, 2010, the member or the member's
21 beneficiary satisfies the requirements for making a Roth individual
22 retirement account contribution under section 408A(c)(3)(B) of the internal
23 revenue code, as in effect on the date of the rollover. Any amount rolled
24 over to a Roth individual retirement account is included in the gross income
25 of the member or the member's beneficiary to the extent the amounts would
26 have been included in gross income if not rolled over as required under
27 section 408A(d)(3)(A) of the internal revenue code. For the purposes of this
28 subsection, the administrator is not responsible for ensuring the member or
29 the member's beneficiary is eligible to make a rollover to a Roth individual
30 retirement account.

31 H. For distributions made from and after December 31, 2009, a
32 nonspouse designated beneficiary as defined in section 401(a)(9)(E) of the
33 internal revenue code may elect to directly roll over an eligible rollover
34 distribution to an individual retirement account under section 408(a) of the
35 internal revenue code or an individual retirement annuity under section
36 408(b) of the internal revenue code that is established on behalf of the
37 designated beneficiary and that will be treated as an inherited individual

1 retirement plan pursuant to section 402(c)(11) of the internal revenue code.
2 In order to be able to roll over the distribution, the distribution otherwise
3 must satisfy the definition of an eligible rollover distribution as defined
4 in section 402(c)(4) of the internal revenue code. In applying this
5 subsection, a nonspouse rollover is not subject to the direct rollover
6 requirements under section 401(a)(31) of the internal revenue code, the
7 rollover notice requirements under section 402(f) of the internal revenue
8 code or the mandatory withholding requirements under section 3405(c) of the
9 internal revenue code.

10 I. For plan years occurring before January 1, 2007, the period for
11 providing the rollover notice as required under section 402(f) of the
12 internal revenue code is no less than thirty days and no more than ninety
13 days before the date of distribution and, for plan years beginning from and
14 after December 31, 2006, the period for providing the rollover notice as
15 required under section 402(f) of the internal revenue code is no less than
16 thirty days and no more than one hundred eighty days before the date of
17 distribution.

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

24 K. Credited service is forfeited if the amounts prescribed in
25 subsection C, D or E of this section are paid or are transferred in
26 accordance with this section.

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

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

35 2. The retirement fund is paid the total amount previously withdrawn
36 pursuant to subsection C, D or E of this section plus compound interest from
37 the date of withdrawal to the dates of repayment. Interest shall be computed

1 at the rate of nine percent for each year compounded each year from the date
2 of withdrawal to the date of repayment. Forfeited credited service shall not
3 be restored until complete payment is received by the fund.

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

6 M. If a member who receives a severance refund on termination of
7 employment pursuant to subsection C, D or E of this section is subsequently
8 reemployed by an employer, the member's prior service credits are cancelled,
9 and the board shall credit service only from the date the member's most
10 recent reemployment period commenced. However, a present active member of
11 the plan who received a refund of accumulated contributions from the plan
12 pursuant to subsection C, D or E of this section, forfeited credited service
13 pursuant to subsection K of this section and becomes reemployed with the same
14 employer two years or more after the member's termination date or becomes
15 reemployed with another employer may elect to redeem any part of that
16 forfeited credited service by paying into the plan any amounts required
17 pursuant to this subsection. A present active member who elects to redeem
18 any part of forfeited credited service for which the member is deemed
19 eligible by the board shall pay into the plan the amounts previously paid or
20 transferred as a refund of the member's accumulated contributions plus an
21 amount, computed by the plan's actuary that is necessary to equal the
22 increase in the actuarial present value of projected benefits resulting from
23 the redemption calculated using the actuarial methods and assumptions
24 prescribed by the plan's actuary. On satisfaction of this obligation, the
25 board shall reinstate the member's prior service credits.

26 N. A retired member may become employed by an employer in a designated
27 position and continue to receive a pension if the employment occurs at least
28 twelve months after retirement. The retired member shall not contribute to
29 the fund and shall not accrue credited service. If a retired member becomes
30 employed by an employer in a designated position before twelve months after
31 retirement:

32 1. Payment of the retired member's pension shall be suspended until
33 the retired member again ceases to be an employee. The amount of pension
34 shall not be changed on account of service as an employee subsequent to
35 retirement.

36 2. The retired member shall not contribute to the fund and shall not
37 accrue credited service.

1 O. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, A MEMBER WHO
2 RETIREES HAVING MET ALL OF THE QUALIFICATIONS FOR RETIREMENT AND WHO
3 SUBSEQUENTLY BECOMES AN ELECTED OFFICIAL, BY ELECTION OR APPOINTMENT, IS NOT
4 CONSIDERED REEMPLOYED BY THE SAME EMPLOYER."

5 Renumber to conform
6 Amend title to conform

and, as so amended, it do pass

BOB THORPE
CHAIRMAN

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