

State of Arizona
Senate
Forty-ninth Legislature
Second Regular Session
2010

SENATE BILL 1124

AN ACT

AMENDING SECTION 38-885.01, ARIZONA REVISED STATUTES; REPEALING LAWS 2006,
CHAPTER 241, SECTION 5; 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 38-885.01, Arizona Revised Statutes, is amended to
3 read:

4 38-885.01. Reverse deferred retirement option plan; purpose;
5 delayed repeal

6 A. A reverse deferred retirement option plan is established. The
7 purpose of the reverse deferred retirement option plan is to add flexibility
8 to the plan and to provide members who elect to participate in the reverse
9 deferred retirement option plan access to a lump sum benefit in addition to
10 their normal monthly retirement benefit on actual retirement.

11 B. ~~Beginning on July 1, 2006 through June 30, 2011~~ UNTIL JUNE 30,
12 2016, the fund manager shall offer the reverse deferred retirement option
13 plan to members on a voluntary basis as an alternative method of benefit
14 accrual under the plan.

15 C. Any member who is eligible for a normal pension pursuant to section
16 38-885, who is not awarded an accidental, ordinary or total and permanent
17 disability pension and who has at least twenty-four years of credited
18 service, or in the case of a dispatcher, who has at least twenty-five years
19 of credited service, is eligible to participate in the reverse deferred
20 retirement option plan.

21 D. A member who elects to participate in the reverse deferred
22 retirement option plan shall voluntarily and irrevocably:

23 1. Designate a reverse deferred retirement option plan date that is
24 the first day of the calendar month immediately following a member's
25 completion of twenty-four years of credited service or a date not more than
26 sixty consecutive months before the date the member elects to participate in
27 the reverse deferred retirement option plan, whichever is later.

28 2. Agree to terminate employment on the date the member elects to
29 participate in the reverse deferred retirement option plan.

30 3. Receive benefits from the plan on termination of employment at the
31 same time and in the same manner as otherwise prescribed in this article
32 using the factors of credited service and average monthly salary in effect on
33 the reverse deferred retirement option plan date.

34 E. On election, a reverse deferred retirement option plan
35 participation account is established within the plan on behalf of each
36 reverse deferred retirement option plan participant. All benefits accrued
37 pursuant to this article shall be accounted for in the reverse deferred
38 retirement option plan participation account. A reverse deferred retirement
39 option plan participant does not have a claim on the assets of the plan with
40 respect to the member's reverse deferred retirement option plan participation
41 account and assets shall not be set aside for any reverse deferred retirement
42 option plan participant that are separate from all other system assets.

43 F. All amounts credited to a member's reverse deferred retirement
44 option plan participation account are fully vested.

1 G. A member's reverse deferred retirement option plan participation
2 account shall be credited with the following:

3 1. An amount that is credited as though accrued monthly from the
4 reverse deferred retirement option plan date to the date the member elected
5 to participate in the reverse deferred retirement option plan and that is
6 computed in the same manner as a normal retirement benefit using the factors
7 of credited service and average monthly salary in effect on the reverse
8 deferred retirement option plan date.

9 2. An amount that is credited as though accrued monthly and that
10 represents interest at a rate equal to the yield on a five year treasury note
11 as of the first day of the month as published by the federal reserve board.

12 H. Employee and employer contributions pursuant to section 38-891 that
13 are deposited during the period of the reverse deferred retirement option
14 plan are not eligible to be refunded to the employer or member.

15 I. The participant is not entitled to receive any amount prescribed by
16 section 38-905 or 38-906 during the reverse deferred retirement option plan
17 participation period.

18 J. The form of payment shall be a lump sum distribution. If allowed
19 by the internal revenue service, the participant may elect to transfer the
20 lump sum distribution to an eligible retirement plan or individual retirement
21 account.

22 K. The reverse deferred retirement option plan shall not jeopardize in
23 any way the tax qualified status of the plan under the rules of the internal
24 revenue service. The fund manager may adopt additional provisions to the
25 extent necessary or appropriate for the reverse deferred retirement option
26 plan to comply with applicable federal laws or rules.

27 L. THIS SECTION IS REPEALED FROM AND AFTER JUNE 30, 2016.

28 Sec. 2. Repeal

29 Laws 2006, chapter 241, section 5 is repealed.

30 Sec. 3. Specified designated positions; local board
31 determination; current employees; delayed repeal

32 A. Notwithstanding section 38-891, subsection E, Arizona Revised
33 Statutes:

34 1. The local board of the state department of corrections or the local
35 board of the department of juvenile corrections may specify a position within
36 the state department of corrections or the department of juvenile corrections
37 as a designated position if the criteria in this paragraph are fulfilled.
38 The specified designated position must be filled by a member of the plan who
39 is currently employed in a designated position, who is promoted or
40 transferred into the specified designated position and who has at least five
41 years of credited service under the plan. An employee who fills such a
42 position shall make a written waiver request to the local board to specify
43 the position as a designated position within ninety days of accepting the
44 position. The local board's decision shall be forwarded to the administrator
45 of the plan and is subject to review pursuant to section 38-893, Arizona

1 Revised Statutes. On the employee leaving the position, the position reverts
2 to a nondesignated position.

3 2. Any current employee serving temporarily in a specified designated
4 position pursuant to section 38-891, subsection E, Arizona Revised Statutes,
5 is subject to this section if the employee signs a new waiver after the
6 effective date of this section.

7 B. This section is repealed from and after June 30, 2011.