HOUSE FLOOR AMENDMENT EXPLANATION

Bill Number: **SB 1442**

Finchem Floor Amendment

- Adds the requirement for each employer's funded ratio to be posted on the board of trustee's website for each plan and on each employer's website.
- Requires the CORP Board to provide each probation and surveillance officer hired on or after July 1, 2018, live, objective educational training, counseling, and participant-specific plan information about both CORP and PSPRS DC plans.
- Adds .25% to each incremental grade of the CORP credited service multiplier for members hired on or after July 1, 2018.
- Reinstates the unfunded liability amortization period under PSPRS to not more than 20 years.
  - Allows the employer to make a one-time election to request that the board use a closed period of not more than 30 years provided certain requirements are met, including the adoption of a resolution requesting the longer amortization period and specifying the actuarial valuation date for which the new amortization period is to begin.
- Sets the unfunded liability amortization period under CORP to not more than 20 years.
  - Allows the employer to make a one-time election to request that the board use a closed period of not more than 30 years provided certain requirements are met, including the adoption of a resolution requesting the longer amortization period and specifying the actuarial valuation date for which the new amortization period is to begin.
  - Allows the board to use a closed period of not more than 30 years for the judiciary.
- Fully vests a corrections, probation, or surveillance officer that is participating in the PSPRS DC plan, who dies before completing three years of service.
- Specifies a participant of the PSPRS DC disability program is not eligible for a disability benefit for an ordinary disability.
- Entitles a child's pension to an eligible child of a deceased member.

Amendment explanation prepared by **Paul Benny**

Phone Number 6-4587

Ics

4/5/2017
- Adds clarifying changes.
FINCHEM SUBSTITUTE FLOOR AMENDMENT

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1442

I move the following SUBSTITUTE amendment to the BANKING AND INSURANCE Committee Amendment to
SENATE BILL 1442 (Reference to Senate engrossed bill)

1 Page 1, line 25, strike "twenty THIRTY" insert "twenty"; after "years" insert
2 ", EXCEPT AS PROVIDED IN SUBSECTION I OF THIS SECTION,"
3 Page 4, between lines 29 and 30, insert:

"I. FOR THE PURPOSES OF CALCULATING UNFUNDED LIABILITY AMORTIZATION
PAYSUANT TO SUBSECTION B OF THIS SECTION, AN EMPLOYER MAY MAKE A
ONE-TIME ELECTION TO REQUEST THAT THE BOARD USE A CLOSED PERIOD OF NOT MORE
THAN THIRTY YEARS IF THE EMPLOYER MEETS BOTH OF THE FOLLOWING REQUIREMENTS:
1. THE GOVERNING BODY OF THE EMPLOYER ADOPTS A RESOLUTION REQUESTING
THE LONGER AMORTIZATION PERIOD AND SPECIFYING THE ACTUARIAL VALUATION DATE
FOR WHICH THE NEW AMORTIZATION PERIOD IS TO BEGIN. THE ACTUARIAL VALUATION
DATE CHOSEN MUST BE THE SYSTEM’S FISCAL YEAR END EITHER IMMEDIATELY BEFORE
OR IMMEDIATELY AFTER THE DATE OF THE RESOLUTION.
2. THE EMPLOYER SUBMITS A WRITTEN REQUEST FOR THE LONGER
AMORTIZATION PERIOD ALONG WITH THE ADOPTED RESOLUTION TO THE ADMINISTRATOR
OF THE BOARD.
J. FOR THE PURPOSES OF SUBSECTION I OF THIS SECTION, EMPLOYER DOES
NOT INCLUDE THIS STATE OR ANY STATE AGENCY."

Reletter to conform
Page 4, between lines 32 and 33, insert:

"Sec. 2. Section 38-848.02, Arizona Revised Statutes, is amended to read:

38-848.02. Board of trustees; report on employer and employee costs; posting funding ratio

A. On or before December 31 of each year, the board of trustees shall provide to the legislature, and the joint legislative budget committee and post on its website the shared cost structure of employees and employers, the funding status and the rate of return. The report to the legislature shall include when the trigger to the reduction in the employee rates is being met.

B. THE BOARD OF TRUSTEES SHALL POST ON ITS WEBSITE FOR EACH PLAN THE BOARD ADMINISTERS EACH EMPLOYER'S FUNDING RATIO.

Sec. 3. Title 38, chapter 5, article 4, Arizona Revised Statutes, is amended by adding section 38-863, to read:

38-863. Employer disclosure; funding ratio

AN EMPLOYER SHALL DISCLOSE THE EMPLOYER'S FUNDING RATIO FOR EACH OF THE EMPLOYER'S ELIGIBLE GROUPS UNDER THE SYSTEM ON THE EMPLOYER'S PUBLIC WEBSITE."

Renumber to conform

Page 7, line 22, after the period insert:

"J."

Between lines 28 and 29, insert:

"K. IF A PARTICIPANT AS DEFINED IN SECTION 38-865, PARAGRAPH 7, SUBDIVISION (b) DIES BEFORE COMPLETING THREE YEARS OF SERVICE, THE EMPLOYER CONTRIBUTIONS ARE IMMEDIATELY FULLY VESTED."

Page 9, line 8, strike "38-886.01" insert "38-886"

Line 11, after the period insert "A PARTICIPANT IS NOT ELIGIBLE FOR A DISABILITY BENEFIT UNDER THIS ARTICLE FOR AN ORDINARY DISABILITY AS DEFINED IN SECTION 38-881."

Line 22, strike "38-886.01" insert "38-886, EXCEPT FOR AN ORDINARY DISABILITY."
Page 9, line 31, strike the first "the" insert "ITS"; after "actuary" strike remainder of line
Line 32, strike "retirement system"
Line 40, after "spouse" insert "; eligible child"
Page 10, line 2, after "SPOUSE" insert "OR ANY ELIGIBLE CHILD"
Line 3, after "SPOUSE" insert "OR ELIGIBLE CHILD"
Line 13, strike the second "THE" insert "ITS"; strike "FOR THE"
Line 14, strike "PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM"
Line 15, after "SPOUSE" insert "OR ELIGIBLE CHILD"
Page 17, line 27, after the period insert "DURING THE FIRST SIXTY DAYS OF AN EMPLOYEE'S EMPLOYMENT AND BEFORE THE EMPLOYEE MAKES A DECISION REGARDING THE INDIVIDUAL'S RETIREMENT PLAN, THE BOARD SHALL PROVIDE EACH PROBATION AND SURVEILLANCE OFFICER WHO IS HIRED ON OR AFTER JULY 1, 2018 LIVE, OBJECTIVE EDUCATIONAL TRAINING, COUNSELING AND PARTICIPANT-SPECIFIC PLAN INFORMATION ABOUT BOTH THE CORRECTIONS OFFICER RETIREMENT PLAN AND THE PUBLIC SAFETY PERSONNEL DEFINED CONTRIBUTION RETIREMENT PLAN OPTIONS."
Page 24, line 1, strike "1.00" insert "1.25"
Line 3, strike "1.25" insert "1.50"
Line 5, strike "1.50" insert "1.75"
Line 7, strike "1.75" insert "2.00"
Line 9, strike "2.00" insert "2.25"
Page 27, after line 42, insert:
"Sec. 17. Section 38-888, Arizona Revised Statutes, is amended to read:
38-888. Pension to the surviving spouse of a member
A. The surviving spouse of a deceased member is entitled to receive a surviving spouse's pension if the spouse was married to the member on the date of the member's death. Payment of a surviving spouse's pension commences as of the last day of the month following the member's date of death. The last payment shall be made as of the last day of the month in which the surviving spouse's death occurs. The amount of a surviving spouse's pension is forty percent of the deceased member's average
monthly salary. The surviving spouse shall file a written application with
the plan in order to receive the survivor benefit.

B. The surviving spouse of a deceased member who is killed in the
line of duty or dies from injuries suffered in the line of duty is entitled
to receive a monthly amount equal to the deceased member's average monthly
benefit compensation. For the purposes of this subsection, "killed in the
line of duty" means the decedent's death was the direct and proximate
result of physical injuries incurred in the performance of the decedent's
public safety duties and does not include suicide.

C. IF A DECEASED MEMBER DOES NOT HAVE AN ELIGIBLE SURVIVING SPOUSE
OR THE PENSION OF THE ELIGIBLE SURVIVING SPOUSE IS TERMINATED, EACH
ELIGIBLE CHILD IS ENTITLED TO A CHILD’S PENSION AS CALCULATED PURSUANT TO
SECTION 38-904."

Renumber to conform

Page 28, line 12, strike "thirty" insert "TWENTY"; after "years" insert ", EXCEPT
AS PROVIDED IN SUBSECTION M OR O OF THIS SECTION,"

Page 31, between lines 38 and 39, insert:

"M. FOR THE PURPOSES OF CALCULATING UNFUNDED LIABILITY AMORTIZATION
PAYMENTS PURSUANT TO SUBSECTION A OF THIS SECTION, AN EMPLOYER MAY MAKE A
ONE-TIME ELECTION TO REQUEST THAT THE BOARD USE A CLOSED PERIOD OF NOT MORE
THAN THIRTY YEARS IF THE EMPLOYER MEETS BOTH OF THE FOLLOWING REQUIREMENTS:

1. THE GOVERNING BODY OF THE EMPLOYER ADOPTS A RESOLUTION REQUESTING
THE LONGER AMORTIZATION PERIOD AND SPECIFYING THE ACTUARIAL VALUATION DATE
FOR WHICH THE NEW AMORTIZATION PERIOD IS TO BEGIN. THE ACTUARIAL VALUATION
DATE CHOSEN MUST BE THE PLAN’S FISCAL YEAR END EITHER IMMEDIATELY BEFORE OR
IMMEDIATELY AFTER THE DATE OF THE RESOLUTION.

2. THE EMPLOYER SUBMITS A WRITTEN REQUEST FOR THE LONGER
AMORTIZATION PERIOD ALONG WITH THE ADOPTED RESOLUTION TO THE ADMINISTRATOR
OF THE BOARD.

N. FOR THE PURPOSES OF SUBSECTION M OF THIS SECTION, EMPLOYER DOES
NOT INCLUDE THIS STATE OR ANY STATE AGENCY.
0. FOR THE PURPOSES OF CALCULATING UNFUNDED LIABILITY AMORTIZATION
PAYMENTS PURSUANT TO SUBSECTION A OF THIS SECTION, THE BOARD MAY USE A
CLOSED PERIOD OF NOT MORE THAN THIRTY YEARS FOR THE JUDICIARY."

Reletter to conform

Page 35, between lines 6 and 7, insert:

"Sec. 23. Title 38, chapter 5, article 6, Arizona Revised Statutes, is amended by adding section 38-914, to read:

38-914. Employer disclosure; funding ratio

AN EMPLOYER SHALL DISCLOSE THE EMPLOYER'S FUNDING RATIO UNDER THE
PLAN ON THE EMPLOYER'S PUBLIC WEBSITE."

Renumber to conform

Amend title to conform

MARK FINCHEM

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04/05/2017
10:32 AM
C: MJH