

House Engrossed Senate Bill

PSPRS; part-time employment

State of Arizona  
Senate  
Fifty-seventh Legislature  
First Regular Session  
2025

## CHAPTER 183

# SENATE BILL 1287

AN ACT

AMENDING SECTION 38-842, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-842.03; AMENDING SECTIONS 38-845, 38-845.03, 38-846.01, 38-846.05, 38-849, 38-865, 38-865.01 AND 38-867.02, ARIZONA REVISED STATUTES; RELATING TO PUBLIC SAFETY RETIREMENT SYSTEMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-842, Arizona Revised Statutes, is amended to  
3 read:

4 38-842. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Accidental disability" means a physical or mental condition  
7 that the local board finds totally and permanently prevents an employee  
8 from performing a reasonable range of duties within the employee's job  
9 classification and that was incurred in the performance of the employee's  
10 duty.

11 2. "Accumulated contributions" means, for each member, the sum of  
12 the amount of the member's aggregate contributions made to the fund and  
13 the amount, if any, attributable to the employee's contributions before  
14 the member's effective date under another public retirement system, other  
15 than the federal social security act, and transferred to the fund minus  
16 the benefits paid to or on behalf of the member.

17 3. "Actuarial equivalent" means equality in present value of the  
18 aggregate amounts expected to be received under two different forms of  
19 payment, based on mortality and interest assumptions adopted by the board.

20 4. "Alternate payee" means the spouse or former spouse of a  
21 participant as designated in a domestic relations order.

22 5. "Alternate payee's portion" means benefits that are payable to  
23 an alternate payee pursuant to a plan approved domestic relations order.

24 6. "Annuitant" means a person who is receiving a benefit pursuant  
25 to section 38-846.01.

26 7. "Average monthly benefit compensation" means the result obtained  
27 by dividing the total compensation paid to an employee during a considered  
28 period by the number of months, including fractional months, in which such  
29 compensation was received. For an employee who becomes a member of the  
30 system:

31 (a) Before January 1, 2012, the considered period shall be the  
32 three consecutive years within the last twenty completed years of credited  
33 service that yield the highest average. In the computation under this  
34 subdivision, a period of nonpaid or partially paid industrial leave shall  
35 be considered based on the compensation the employee would have received  
36 in the employee's job classification if the employee was not on industrial  
37 leave.

38 (b) On or after January 1, 2012 and before July 1, 2017, the  
39 considered period is the five consecutive years within the last twenty  
40 completed years of credited service that yield the highest average. In  
41 the computation under this subdivision, a period of nonpaid or partially  
42 paid industrial leave shall be considered based on the compensation the  
43 employee would have received in the employee's job classification if the  
44 employee was not on industrial leave.

1           (c) On or after July 1, 2017, the considered period is the five  
2 consecutive years within the last fifteen completed years of credited  
3 service that yield the highest average. In the computation under this  
4 subdivision, a period of nonpaid or partially paid industrial leave shall  
5 be considered based on the compensation the employee would have received  
6 in the employee's job classification if the employee was not on industrial  
7 leave.

8           8. "Board" means the board of trustees of the system, who are the  
9 persons appointed to invest and operate the fund.

10          9. "Catastrophic disability" means a physical and not a  
11 psychological condition that the local board determines prevents the  
12 employee from totally and permanently engaging in any gainful employment  
13 and that results from a physical injury incurred in the performance of the  
14 employee's duty.

15          10. "Certified peace officer" means a peace officer certified by  
16 the Arizona peace officer standards and training board.

17          11. "Claimant" means any member or beneficiary who files an  
18 application for benefits pursuant to this article.

19          12. "Compensation" means, for the purpose of computing retirement  
20 benefits, base salary, overtime pay, shift differential pay, military  
21 differential wage pay, compensatory time used by an employee in lieu of  
22 overtime not otherwise paid by an employer and holiday pay paid to an  
23 employee by the employer for the employee's performance of services in an  
24 eligible group on a regular monthly, semimonthly or biweekly payroll basis  
25 and longevity pay paid to an employee at least every six months for which  
26 contributions are made to the system pursuant to section 38-843,  
27 subsection D. Compensation does not include, for the purpose of computing  
28 retirement benefits, payment for unused sick leave, payment in lieu of  
29 vacation, payment for unused compensatory time or payment for any fringe  
30 benefits. In addition, compensation does not include, for the purpose of  
31 computing retirement benefits, payments made directly or indirectly by the  
32 employer to the employee for work performed for a third party on a  
33 contracted basis or any other type of agreement under which the third  
34 party pays or reimburses the employer for the work performed by the  
35 employee for that third party, except for third-party contracts between  
36 public agencies for law enforcement, criminal, traffic and crime  
37 suppression activities training or fire, wildfire, emergency medical or  
38 emergency management activities or where the employer supervises the  
39 employee's performance of law enforcement, criminal, traffic and crime  
40 suppression activities training or fire, wildfire, emergency medical or  
41 emergency management activities. For the purposes of this paragraph,  
42 "base salary" means the amount of compensation each employee is regularly  
43 paid for personal services rendered to an employer before the addition of  
44 any extra monies, including overtime pay, shift differential pay, holiday  
45 pay, longevity pay, fringe benefit pay and similar extra payments.

1        13. "Credited service":

2        (a) Means the member's total period of service before the member's  
3 effective date of participation, plus those compensated periods of the  
4 member's service thereafter for which the member made contributions to the  
5 fund.

6        (b) INCLUDES THOSE COMPENSATED PERIODS OF THE MEMBER'S PART-TIME  
7 SERVICE, CALCULATED ON A PRO RATA BASIS, DURING WHICH THE MEMBER MADE  
8 CONTRIBUTIONS TO THE FUND.

9        14. "Cure period" means the ninety-day period in which a  
10 participant or alternate payee may submit an amended domestic relations  
11 order and request a determination, calculated from the time the system  
12 issues a determination finding that a previously submitted domestic  
13 relations order did not qualify as a plan approved domestic relations  
14 order.

15        15. "Depository" means a bank in which all monies of the system are  
16 deposited and held and from which all expenditures for benefits, expenses  
17 and investments are disbursed.

18        16. "Determination" means a written document that indicates to a  
19 participant and alternate payee whether a domestic relations order  
20 qualifies as a plan approved domestic relations order.

21        17. "Determination period" means the ninety-day period in which the  
22 system must review a domestic relations order that is submitted by a  
23 participant or alternate payee to determine whether the domestic relations  
24 order qualifies as a plan approved domestic relations order, calculated  
25 from the time the system mails a notice of receipt to the participant and  
26 alternate payee.

27        18. "Direct rollover" means a payment by the system to an eligible  
28 retirement plan that is specified by the distributee.

29        19. "Distributee" means a member, a member's surviving spouse or a  
30 member's spouse or former spouse who is the alternate payee under a plan  
31 approved domestic relations order.

32        20. "Domestic relations order" means an order of a court of this  
33 state that is made pursuant to the domestic relations laws of this state  
34 and that creates or recognizes the existence of an alternate payee's right  
35 to, or assigns to an alternate payee the right to, receive a portion of  
36 the benefits payable to a participant.

37        21. "Effective date of participation" means July 1, 1968, except  
38 with respect to employers and their covered employees whose contributions  
39 to the fund commence thereafter, the effective date of their participation  
40 in the system is as specified in the applicable joinder agreement.

41        22. "Effective date of vesting" means the date a member's rights to  
42 benefits vest pursuant to section 38-844.01.

43        23. "Eligible child" means an unmarried child of a deceased member  
44 or retired member who meets one of the following qualifications:

45        (a) Is under eighteen years of age.

- 1 (b) Is at least eighteen years of age and under twenty-three years  
2 of age only during any period that the child is a full-time student.
- 3 (c) Is under a disability that began before the child attained  
4 twenty-three years of age and remains a dependent of the surviving spouse  
5 or guardian.
- 6 24. "Eligible groups" means only the following who are regularly  
7 assigned to hazardous duty:
- 8 (a) Municipal police officers who are certified peace officers.  
9 (b) Municipal firefighters.
- 10 (c) Paid full-time firefighters employed directly by a fire  
11 district organized pursuant to section 48-803 or 48-804 or a joint powers  
12 authority pursuant to section 48-805.01 with three or more full-time  
13 firefighters, but not including firefighters employed by a fire district  
14 pursuant to a contract with a corporation.
- 15 (d) State highway patrol officers who are certified peace officers.  
16 (e) State firefighters.
- 17 (f) County sheriffs and deputies who are certified peace officers.  
18 (g) Game and fish wardens who are certified peace officers.
- 19 (h) Police officers who are certified peace officers and  
20 firefighters of a nonprofit corporation operating a public airport  
21 pursuant to sections 28-8423 and 28-8424. A police officer shall be  
22 designated pursuant to section 28-8426 to aid and supplement state and  
23 local law enforcement agencies and a firefighter's sole duty shall be to  
24 perform firefighting services, including services required by federal  
25 regulations.
- 26 (i) Police officers who are certified peace officers and who are  
27 appointed by the Arizona board of regents.
- 28 (j) Police officers who are certified peace officers and who are  
29 appointed by a community college district governing board.
- 30 (k) State attorney general investigators who are certified peace  
31 officers.
- 32 (l) County attorney investigators who are certified peace officers.
- 33 (m) Police officers who are certified peace officers and who are  
34 employed by an Indian reservation police agency.
- 35 (n) Firefighters who are employed by an Indian reservation  
36 firefighting agency.
- 37 (o) Department of liquor licenses and control investigators who are  
38 certified peace officers.
- 39 (p) Arizona department of agriculture officers who are certified  
40 peace officers.
- 41 (q) Arizona state parks board rangers and managers who are  
42 certified peace officers.
- 43 (r) County park rangers who are certified peace officers.
- 44 (s) Game rangers who are certified peace officers and who are  
45 employed by an Indian reservation.

1        25. "Eligible retirement plan" means any of the following that  
2 accepts a distributee's eligible rollover distribution:

3        (a) An individual retirement account described in section 408(a) of  
4 the internal revenue code.

5        (b) An individual retirement annuity described in section 408(b) of  
6 the internal revenue code.

7        (c) An annuity plan described in section 403(a) of the internal  
8 revenue code.

9        (d) A qualified trust described in section 401(a) of the internal  
10 revenue code.

11        (e) An annuity contract described in section 403(b) of the internal  
12 revenue code.

13        (f) An eligible deferred compensation plan described in section  
14 457(b) of the internal revenue code that is maintained by a state, a  
15 political subdivision of a state or any agency or instrumentality of a  
16 state or a political subdivision of a state and that agrees to separately  
17 account for amounts transferred into the eligible deferred compensation  
18 plan from this plan.

19        (g) A Roth individual retirement account that satisfies the  
20 requirements of section 408A of the internal revenue code.

21        (h) For distributions made after December 18, 2015, a simple  
22 retirement account as defined in section 408(p) of the internal revenue  
23 code.

24        26. "Eligible rollover distribution" means a payment to a  
25 distributee, but does not include any of the following:

26        (a) Any distribution that is one of a series of substantially equal  
27 periodic payments made not less frequently than annually for the life or  
28 life expectancy of the member or the joint lives or joint life  
29 expectancies of the member and the member's beneficiary or for a specified  
30 period of ten years or more.

31        (b) Any distribution to the extent the distribution is required  
32 under section 401(a)(9) of the internal revenue code.

33        (c) The portion of any distribution that may not be included in  
34 gross income.

35        (d) Any distribution made to satisfy the requirements of section  
36 415 of the internal revenue code.

37        (e) Hardship distributions.

38        (f) Similar items designated by the commissioner of the United  
39 States internal revenue service in revenue rulings, notices and other  
40 guidance published in the internal revenue bulletin.

41        27. "Employee" means any person who is employed by a participating  
42 employer and who is a member of an eligible group but does not include any  
43 persons compensated on a contractual or fee basis. If an eligible group  
44 requires certified peace officer status or firefighter certification and

1 at the option of the local board, employee may include a person who is  
2 training to become a certified peace officer or firefighter.

3 28. "Employers" means:

4 (a) Cities contributing to the fire fighters' relief and pension  
5 fund as provided in sections 9-951 through 9-973 or statutes amended  
6 thereby and antecedent thereto, as of June 30, 1968 on behalf of their  
7 full-time paid firefighters.

8 (b) Cities contributing under the state police pension laws as  
9 provided in sections 9-911 through 9-934 or statutes amended thereby and  
10 antecedent thereto, as of June 30, 1968 on behalf of their municipal  
11 policemen.

12 (c) The state highway patrol covered under the state highway patrol  
13 retirement system.

14 (d) The state, or any political subdivision of this state,  
15 including towns, cities, fire districts, joint powers authorities,  
16 counties and nonprofit corporations operating public airports pursuant to  
17 sections 28-8423 and 28-8424, that has elected to participate in the  
18 system on behalf of an eligible group of public safety personnel pursuant  
19 to a joinder agreement entered into after July 1, 1968.

20 (e) Indian tribes that have elected to participate in the system on  
21 behalf of an eligible group of public safety personnel pursuant to a  
22 joinder agreement entered into after July 1, 1968.

23 29. "Fund" means the public safety personnel retirement fund, which  
24 is the fund established to receive and invest contributions accumulated  
25 under the system and from which benefits are paid.

26 30. "Local board" means the retirement board of the employer, who  
27 are the persons appointed to administer the system as it applies to their  
28 members in the system.

29 31. "Member":

30 (a) Means any full-time employee who meets all of the following  
31 qualifications:

32 (i) Who is either a paid municipal police officer, a paid  
33 firefighter, a law enforcement officer who is employed by this state  
34 including the director thereof, a state firefighter who is primarily  
35 assigned to firefighting duties, a firefighter or police officer of a  
36 nonprofit corporation operating a public airport pursuant to sections  
37 28-8423 and 28-8424, all ranks designated by the Arizona law enforcement  
38 merit system council, a state attorney general investigator who is a  
39 certified peace officer, a county attorney investigator who is a certified  
40 peace officer, a department of liquor licenses and control investigator  
41 who is a certified peace officer, an Arizona department of agriculture  
42 officer who is a certified peace officer, an Arizona state parks board  
43 ranger or manager who is a certified peace officer, a county park ranger  
44 who is a certified peace officer, a person who is a certified peace  
45 officer and who is employed by an Indian reservation police agency, a game

1 ranger who is a certified peace officer and who is employed by an Indian  
2 reservation, a firefighter who is employed by an Indian reservation  
3 firefighting agency or an employee included in a group designated as  
4 eligible employees under a joinder agreement entered into by their  
5 employer after July 1, 1968 and who is or was regularly assigned to  
6 hazardous duty or, beginning retroactively to January 1, 2009, who is a  
7 police chief or a fire chief.

8 (ii) Who, on or after the employee's effective date of  
9 participation, is receiving compensation for personal services rendered to  
10 an employer or would be receiving compensation except for an authorized  
11 leave of absence.

12 (iii) Whose customary employment is at least forty hours per week  
13 or, for those employees who customarily work fluctuating workweeks, whose  
14 customary employment averages at least forty hours per week.

15 (iv) Who is engaged to work for more than six months in a calendar  
16 year.

17 (v) Who, if economic conditions exist, is required to take furlough  
18 days or reduce the hours of the employee's normal workweek below forty  
19 hours but not less than thirty hours per pay cycle, and maintain the  
20 employee's active member status within the system as long as the hour  
21 change does not extend beyond twelve consecutive months.

22 (vi) Who has not attained age sixty-five before the employee's  
23 effective date of participation or who was over age sixty-five with  
24 twenty-five years or more of service prior to the employee's effective  
25 date of participation.

26 (b) BEGINNING FROM AND AFTER JUNE 30, 2026, INCLUDES ANY PART-TIME  
27 EMPLOYEE WHOSE EMPLOYER HAS CHOSEN TO ALLOW PART-TIME EMPLOYEES TO  
28 PARTICIPATE IN THE SYSTEM AND TO WHOM ALL OF THE FOLLOWING APPLY:

29 (i) IS HIRED IN AN ELIGIBLE GROUP AS DEFINED IN PARAGRAPH 24,  
30 SUBDIVISION (a), (d) OR (f) OF THIS SECTION.

31 (ii) HAS AT LEAST THREE YEARS OF CREDITED SERVICE IN EITHER THE  
32 SYSTEM OR THE PUBLIC SAFETY PERSONNEL DEFINED CONTRIBUTION RETIREMENT PLAN  
33 ESTABLISHED PURSUANT TO ARTICLE 4.1 OF THIS CHAPTER BEFORE THE EMPLOYEE IS  
34 HIRED AS A PART-TIME EMPLOYEE FOR THE PURPOSES OF THIS SUBDIVISION.

35 (iii) IS ENGAGED TO WORK AS A PATROL OFFICER AND IS SCHEDULED TO  
36 WORK FOR AT LEAST TWENTY HOURS PER WEEK BUT NOT MORE THAN THIRTY HOURS PER  
37 WEEK FOLLOWING A CONSISTENT SCHEDULE, AS DETERMINED BY THE EMPLOYER.

38 (iv) MEETS THE REQUIREMENTS OF SECTION 38-842.03.

39 ~~(b)~~ (c) Does not include an employee who is hired on or after July  
40 1, 2017, who makes the irrevocable election to participate solely in the  
41 public safety personnel defined contribution retirement plan established  
42 pursuant to article 4.1 of this chapter and who was not an active, an  
43 inactive or a retired member of the system or a member of the system with  
44 a disability on June 30, 2017.



1        32. "Normal retirement date" means:

2        (a) For an employee who becomes a member of the system before  
3 January 1, 2012, the first day of the calendar month immediately following  
4 the employee's completion of twenty years of service or the employee's  
5 sixty-second birthday and the employee's completion of fifteen years of  
6 service.

7        (b) For an employee who becomes a member of the system on or after  
8 January 1, 2012 and before July 1, 2017, the first day of the calendar  
9 month immediately following the employee's completion of either  
10 twenty-five years of service or fifteen years of credited service if the  
11 employee is at least fifty-two and one-half years of age.

12        (c) For an employee who becomes a member of the system on or after  
13 July 1, 2017, the first day of the calendar month immediately following  
14 the employee's completion of fifteen years of credited service if the  
15 employee is at least fifty-five years of age.

16        33. "Notice of receipt" means a written document that is issued by  
17 the system to a participant and alternate payee and that states that the  
18 system has received a domestic relations order and a request for a  
19 determination that the domestic relations order is a plan approved  
20 domestic relations order.

21        34. "Ordinary disability" means a physical condition that the local  
22 board determines will prevent an employee totally and permanently from  
23 performing a reasonable range of duties within the employee's department  
24 or a mental condition that the local board determines will prevent an  
25 employee totally and permanently from engaging in any substantial gainful  
26 activity.

27        35. "Participant" means a member who is subject to a domestic  
28 relations order.

29        36. "Participant's portion" means benefits that are payable to a  
30 participant pursuant to a plan approved domestic relations order.

31        37. "Pension" means a series of monthly amounts that are payable to  
32 a person who is entitled to receive benefits under the plan but does not  
33 include an annuity that is payable pursuant to section 38-846.01.

34        38. "Personal representative" means the personal representative of  
35 a deceased alternate payee.

36        39. "Physician" means a physician who is licensed pursuant to title  
37 32, chapter 13 or 17.

38        40. "Plan approved domestic relations order" means a domestic  
39 relations order that the system approves as meeting all the requirements  
40 for a plan approved domestic relations order as otherwise prescribed in  
41 this article.

42        41. "Plan year" or "fiscal year" means the period beginning on  
43 July 1 of any year and ending on June 30 of the next succeeding year.

1        42. "Regularly assigned to hazardous duty" means regularly assigned  
2 to duties of the type normally expected of municipal police officers,  
3 municipal or state firefighters, eligible fire district firefighters,  
4 state highway patrol officers, county sheriffs and deputies, fish and game  
5 wardens, firefighters and police officers of a nonprofit corporation  
6 operating a public airport pursuant to sections 28-8423 and 28-8424,  
7 police officers who are appointed by the Arizona board of regents or a  
8 community college district governing board, state attorney general  
9 investigators who are certified peace officers, county attorney  
10 investigators who are certified peace officers, department of liquor  
11 licenses and control investigators who are certified peace officers,  
12 Arizona department of agriculture officers who are certified peace  
13 officers, Arizona state parks board rangers and managers who are certified  
14 peace officers, county park rangers who are certified peace officers,  
15 police officers who are certified peace officers and who are employed by  
16 an Indian reservation police agency, firefighters who are employed by an  
17 Indian reservation firefighting agency or game rangers who are certified  
18 peace officers and who are employed by an Indian reservation. Those  
19 individuals who are assigned solely to support duties such as secretaries,  
20 stenographers, clerical personnel, clerks, cooks, maintenance personnel,  
21 mechanics and dispatchers are not assigned to hazardous duty regardless of  
22 their position classification title. Since the normal duties of those  
23 jobs described in this paragraph are constantly changing, questions as to  
24 whether a person is or was previously regularly assigned to hazardous duty  
25 shall be resolved by the local board on a case-by-case basis. Resolutions  
26 by local boards are subject to rehearing and appeal.

27        43. "Retirement" or "retired" means termination of employment after  
28 a member has fulfilled all requirements for a pension, for an employee who  
29 becomes a member of the system on or after January 1, 2012 and before  
30 July 1, 2017, attains the age and service requirements for a normal  
31 retirement date or for an employee who becomes a member of the system on  
32 or after July 1, 2017 attains the age and credited service requirements  
33 for a normal retirement date. Retirement shall be considered as  
34 commencing on the first day of the month immediately following a member's  
35 last day of employment or authorized leave of absence, if later.

36        44. "Segregated funds" means the amount of benefits that would  
37 currently be payable to an alternate payee pursuant to a domestic  
38 relations order under review by the system, or a domestic relations order  
39 submitted to the system that failed to qualify as a plan approved domestic  
40 relations order, if the domestic relations order were determined to be a  
41 plan approved domestic relations order.

42        45. "Service" means the last period of continuous employment of an  
43 employee by the employers before the employee's retirement, except that if  
44 such period includes employment during which the employee would not have  
45 qualified as a member had the system then been effective, such as

1 employment as a volunteer firefighter, then only twenty-five percent of  
2 such noncovered employment shall be considered as service. Any absence  
3 that is authorized by an employer shall not be considered as interrupting  
4 continuity of employment if the employee returns within the period of  
5 authorized absence. Transfers between employers also shall not be  
6 considered as interrupting continuity of employment. Any period during  
7 which a member is receiving sick leave payments or a temporary disability  
8 pension shall be considered as service. Notwithstanding any other  
9 provision of this paragraph, any period during which a person was employed  
10 as a full-time paid firefighter for a corporation that contracted with an  
11 employer to provide firefighting services on behalf of the employer shall  
12 be considered as service if the employer has elected at its option to  
13 treat part or all of the period the firefighter worked for the company as  
14 service in its applicable joinder agreement. Any reference in this system  
15 to the number of years of service of an employee shall be deemed to  
16 include fractional portions of a year.

17 46. "State" means the state of Arizona, including any department,  
18 office, board, commission, agency or other instrumentality of this state.

19 47. "System" means the public safety personnel retirement system  
20 established by this article.

21 48. "Temporary disability" means a physical or mental condition  
22 that the local board finds totally and temporarily prevents an employee  
23 from performing a reasonable range of duties within the employee's  
24 department and that was incurred in the performance of the employee's  
25 duty.

26 Sec. 2. Title 38, chapter 5, article 4, Arizona Revised Statutes,  
27 is amended by adding section 38-842.03, to read:

28 38-842.03. Part-time employees; requirements; prohibition;  
29 definitions

30 A. TO QUALIFY AS A MEMBER AS DEFINED IN SECTION 38-842, PARAGRAPH  
31 31, SUBDIVISION (b), A PART-TIME EMPLOYEE SHALL MEET BOTH OF THE  
32 FOLLOWING:

33 1. HAS ENTERED INTO A WRITTEN AGREEMENT WITH THE EMPLOYEE'S  
34 EMPLOYER BEFORE JULY 1, 2031 TO WORK PART TIME FOR A PERIOD OF NOT MORE  
35 THAN THREE YEARS DUE TO A SPECIFIED QUALIFYING EVENT.

36 2. HAS NOT WORKED AS A PART-TIME EMPLOYEE FOR THE PURPOSES OF THIS  
37 SECTION FOR MORE THAN SIX YEARS.

38 B. A PART-TIME EMPLOYEE MAY NOT PERFORM OFF-DUTY WORK.

39 C. FOR THE PURPOSES OF THIS SECTION:

40 1. "IMMEDIATE FAMILY MEMBER" MEANS A CHILD, SPOUSE, PARENT,  
41 GRANDCHILD OR GRANDPARENT.

42 2. "OFF-DUTY WORK" MEANS BEING EMPLOYED AS A POLICE OFFICER, STATE  
43 HIGHWAY PATROL OFFICER OR COUNTY SHERIFF OR DEPUTY BY AN EMPLOYER OTHER  
44 THAN THE PART-TIME EMPLOYEE'S EMPLOYER PURSUANT TO THIS ARTICLE.

1        3. "QUALIFYING EVENT" MEANS THE BIRTH OR ADOPTION OF A CHILD OR  
2 PROVIDING CARE FOR A SERIOUS HEALTH CONDITION OF AN IMMEDIATE FAMILY  
3 MEMBER.

4        4. "SERIOUS HEALTH CONDITION" HAS THE SAME MEANING PRESCRIBED IN 29  
5 CODE OF FEDERAL REGULATIONS SECTION 825.113.

6        Sec. 3. Section 38-845, Arizona Revised Statutes, is amended to  
7 read:

8        38-845. Amount of retirement benefit

9        A. A member who meets the requirements for a normal pension, who  
10 becomes a member of the system before January 1, 2012 and who has twenty  
11 years of credited service shall receive a monthly amount that equals fifty  
12 percent of the member's average monthly benefit compensation. If the  
13 member retires with other than twenty years of credited service, the  
14 foregoing amount shall be:

15        1. Reduced by four percent for each year of credited service under  
16 twenty years, with pro rata reduction for any fractional year.

17        2. Increased by a monthly amount equal to two percent of the  
18 member's average monthly benefit compensation multiplied by the number of  
19 the member's years of credited service in excess of twenty years, with pro  
20 rata increase for any fractional year, except that if a member retires  
21 with twenty-five or more years of credited service the amount shall be  
22 increased by a monthly amount equal to two and one-half percent of the  
23 member's average monthly benefit compensation multiplied by the number of  
24 the member's years of credited service in excess of twenty years, with pro  
25 rata increase for any fractional year.

26        B. A member who meets the requirements for an accidental disability  
27 pension shall receive a monthly amount, which shall be computed in the  
28 same manner as a normal pension, using the member's average monthly  
29 benefit compensation before termination of employment and the member's  
30 actual credited service or twenty years of credited service, whichever is  
31 greater. Notwithstanding any other provision of this section, the  
32 accidental disability pension for a member shall be a monthly amount that  
33 equals not less than fifty percent of the member's average monthly benefit  
34 compensation.

35        C. A member who meets the requirements for an ordinary disability  
36 pension shall receive a monthly amount that is equal to a fraction times  
37 the member's normal pension that is computed according to subsection A,  
38 ~~G-OT~~ H OR I of this section if the member had twenty years of credited  
39 service. The fraction is the result obtained by dividing the member's  
40 actual years of credited service, not to exceed twenty years of credited  
41 service, by the member's required credited service for the applicable  
42 normal retirement date.

1 D. A member who meets the requirements for a temporary disability  
2 pension shall receive a monthly amount that is equal to one-twelfth of  
3 fifty percent of the member's annual compensation received immediately  
4 prior to the date on which the member's disability was incurred.

5 E. A member who meets the requirements for a catastrophic  
6 disability pension is entitled to receive a monthly amount computed as  
7 follows:

8 1. For the first sixty months, ninety percent of the member's  
9 average monthly benefit compensation before termination of employment.

10 2. After sixty months, sixty-two and one-half percent of the  
11 member's average monthly benefit compensation before termination of  
12 employment or computed in the same manner as a normal pension using the  
13 member's average monthly benefit compensation before termination of  
14 employment and the member's actual credited service, whichever is greater.

15 F. FOR THE PURPOSES OF CALCULATING AN ACCIDENTAL, ORDINARY OR  
16 CATASTROPHIC DISABILITY PENSION PURSUANT TO THIS SECTION FOR A MEMBER AS  
17 DEFINED IN SECTION 38-842, PARAGRAPH 31, SUBDIVISION (b), THE AVERAGE  
18 MONTHLY BENEFIT COMPENSATION SHALL EXCLUDE ANY PART-TIME EARNINGS.

19 ~~F.~~ G. A member who was employed before September 15, 1989 by an  
20 employer participating in the system and who retires on or after November  
21 1, 2001 is entitled to receive a tax equity benefit allowance consisting  
22 of a permanent increase of two percent of the member's base benefit  
23 retroactive to the day of retirement.

24 ~~G.~~ H. A member who meets the requirements for a normal pension,  
25 who becomes a member of the system on or after January 1, 2012 and before  
26 July 1, 2017 and who has twenty-five years of credited service shall  
27 receive a monthly amount that equals sixty-two and one-half percent of the  
28 member's average monthly benefit compensation. If the member has at least  
29 fifteen years of credited service, but less than twenty-five years of  
30 service, the monthly amount shall be equal to the member's average monthly  
31 benefit compensation multiplied by the number of whole and fractional  
32 years of credited service multiplied by the appropriate percentage  
33 specified in subsection ~~H.~~ I of this section. If the member has  
34 twenty-five years of service and retires with other than twenty-five years  
35 of credited service, the foregoing amount shall be:

36 1. Reduced by four percent for each year of credited service under  
37 twenty-five years, with pro rata reduction for any fractional year.

38 2. Increased by a monthly amount equal to two and one-half percent  
39 of the member's average monthly benefit compensation multiplied by the  
40 number of the member's years of credited service in excess of twenty-five  
41 years, with pro rata increase for any fractional year.

1       ~~H~~ I. A member who becomes a member of the system on or after July  
2 1, 2017 and who retires on or after the member's normal retirement date  
3 shall receive a monthly amount equal to the member's average monthly  
4 benefit compensation multiplied by the number of whole and fractional  
5 years of credited service multiplied by the following:

6       1. 1.50 percent if the member has at least fifteen years of  
7 credited service but less than seventeen years of credited service.

8       2. 1.75 percent if the member has at least seventeen years of  
9 credited service but less than nineteen years of credited service.

10      3. 2.00 percent if the member has at least nineteen years of  
11 credited service but less than twenty-two years of credited service.

12      4. 2.25 percent if the member has at least twenty-two years of  
13 credited service but less than twenty-five years of credited service.

14      5. 2.50 percent if the member has at least twenty-five years of  
15 credited service.

16       ~~F~~ J. Notwithstanding subsections A, ~~G~~ and H AND I of this  
17 section, the maximum amount payable as a normal pension is eighty percent  
18 of the average monthly benefit compensation.

19      Sec. 4. Section 38-845.03, Arizona Revised Statutes, is amended to  
20 read:

21      38-845.03. Early retirement

22      Members who are hired on or after July 1, 2017 and who have earned  
23 at least fifteen years of credited service may retire at fifty-two and  
24 one-half years of age and will receive an actuarially equivalent  
25 retirement benefit to the benefit amount prescribed in section 38-845,  
26 subsection ~~H~~ I.

27      Sec. 5. Section 38-846.01, Arizona Revised Statutes, is amended to  
28 read:

29      38-846.01. Deferred annuity; exception

30      A. If any member who has at least ten years of credited service  
31 terminates employment for reasons other than retirement or disability, the  
32 member may elect to receive a deferred annuity, except that if the  
33 annuitant withdraws all or part of the annuitant's accumulated  
34 contributions in the system all rights in and to a deferred annuity shall  
35 be forfeited by the annuitant. A deferred annuity is a lifetime monthly  
36 payment actuarially equivalent to the annuitant's accumulated  
37 contributions in the system plus an equal amount paid by the employer and  
38 shall commence on application on or after the sixty-second birthday of the  
39 annuitant. The annuity is not a retirement benefit and annuitants are not  
40 entitled to receive any amount prescribed by section 38-845, subsection  
41 ~~F~~ G or section 38-846, 38-856.05 or 38-857.

42      B. This section does not apply to a member who becomes a member of  
43 the system on or after January 1, 2012. For a member who is hired on or  
44 after January 1, 2012 and before July 1, 2017, a member who attains a  
45 normal retirement date is eligible for retirement and a retirement benefit

1 even if the member terminates employment with an employer before the age  
2 requirement for normal retirement if the member attains the service  
3 requirement for normal retirement. For a member who is hired on or after  
4 July 1, 2017, a member who attains a normal retirement date is eligible  
5 for retirement and a retirement benefit even if the member terminates  
6 employment with an employer before the age requirement for normal  
7 retirement if the member attains the credited service requirement for  
8 normal retirement. Once a member described in this subsection reaches the  
9 normal retirement age, the member may receive payments made under section  
10 38-845.

11 Sec. 6. Section 38-846.05, Arizona Revised Statutes, is amended to  
12 read:

13 38-846.05. Retiree pool account; transfers; funding

14 A. The retiree pool account is established in the fund for the  
15 purpose of sharing the actuarial liability attributable to uncontrollable  
16 costs for the employers of members who are hired on or after July 1, 2017  
17 and who are determined eligible for a normal retirement benefit pursuant  
18 to section 38-844 or for an accidental, ordinary or catastrophic  
19 disability pension pursuant to section 38-844 and for survivors of members  
20 who are hired on or after July 1, 2017 and who are determined eligible for  
21 a death benefit pursuant to section 38-846.

22 B. For members who are determined eligible for a normal retirement  
23 benefit pursuant to section 38-844, an amount equal to the actuarial  
24 present value of future benefit payments, calculated as of the member's  
25 retirement date, shall be transferred from the employer's account to the  
26 retiree pool account.

27 C. For a member who is determined eligible for an accidental,  
28 ordinary or catastrophic disability pension pursuant to section 38-844 and  
29 who has not reached the member's normal retirement date, an amount equal  
30 to the actuarial present value of future benefit payments already accrued,  
31 calculated as of the date of disability retirement, shall be transferred  
32 from the employer's account to the retiree pool account. **FOR A MEMBER AS  
33 DEFINED IN SECTION 38-842, PARAGRAPH 31, SUBDIVISION (b) WHO IS DETERMINED  
34 ELIGIBLE FOR AN ACCIDENTAL, ORDINARY OR CATASTROPHIC DISABILITY PENSION  
35 PURSUANT TO SECTION 38-844 AND WHO HAS NOT REACHED THE MEMBER'S NORMAL  
36 RETIREMENT DATE, THE SYSTEM ACTUARY SHALL DETERMINE AND THE SYSTEM SHALL  
37 ASSESS THE EMPLOYER AN AMOUNT EQUAL TO THE ACTUARIAL PRESENT VALUE OF  
38 FUTURE BENEFIT PAYMENTS ALREADY ACCRUED, CALCULATED AS OF THE MEMBER'S  
39 DISABILITY RETIREMENT DATE, CONSISTENT WITH SECTION 38-845, SUBSECTION F.**  
40 If a member who is determined eligible for an accidental, ordinary or  
41 catastrophic disability pension has reached the member's normal retirement  
42 date, the amount transferred to the retiree pool account is calculated in  
43 the same manner as a normal retirement pursuant to subsection B of this  
44 section.

1 D. For a survivor of a deceased member determined eligible for a  
2 death benefit pursuant to section 38-846, if the member was not retired  
3 and had not reached the member's normal retirement date, an amount equal  
4 to the actuarial present value of future survivor benefit payments already  
5 accrued, calculated as of the survivor's retirement date, shall be  
6 transferred from the employer's account to the retiree pool account. If  
7 the deceased member had reached the member's normal retirement date, an  
8 amount equal to the actuarial present value of future survivor benefit  
9 payments, plus any amount payable, calculated as of the survivor's  
10 retirement date, shall be transferred from the employer's account to the  
11 retiree pool account.

12 E. The retiree pool account shall remain one hundred percent  
13 funded. In any fiscal year that the retiree **POOL** account is not one  
14 hundred percent funded as of June 30, the amount necessary to adjust the  
15 retiree pool account up or down to one hundred percent funded shall be  
16 transferred from or to the investment earnings of the fund before those  
17 earnings are distributed to each employer's account.

18 Sec. 7. Section 38-849, Arizona Revised Statutes, is amended to  
19 read:

20 **38-849. Limitations on receiving pension; violation;**  
21 **classification; reemployment after severance;**  
22 **reinstatement of service credits; reemployment of**  
23 **retired member or member with a disability;**  
24 **definition**

25 A. If a member is convicted of, or discharged because of, theft,  
26 embezzlement, fraud or misappropriation of an employer's property or  
27 property under the control of the employer, the member shall be subject to  
28 restitution and fines imposed by a court of competent jurisdiction. The  
29 court may order the restitution or fines to be paid from any payments  
30 otherwise payable to the member from the retirement system.

31 B. A person who knowingly makes any false statement or who  
32 falsifies or allows to be falsified any record of the system with an  
33 intent to defraud the system is guilty of a class 5 felony. If any change  
34 or error in the records results in any member or beneficiary receiving  
35 from the system more or less than the member or beneficiary would have  
36 been entitled to receive had the records been correct, the local board  
37 shall correct such error, and as far as practicable shall adjust the  
38 payments in such manner that the actuarial equivalent of the benefit to  
39 which such member or beneficiary was correctly entitled shall be paid. If  
40 a member is convicted of a crime specified in this subsection, section  
41 13-713 applies.

42 C. If a member who received a severance refund on termination of  
43 employment pursuant to section 38-846.02 becomes reemployed with the same  
44 employer within two years after the former member's termination date, the  
45 member may have forfeited credited service attributable to service



1 rendered during a prior period of service as an employee restored on  
2 satisfaction of each of the following conditions:

3 1. The member files with the system a written application for  
4 reinstatement of forfeited credited service within ninety days after again  
5 becoming an employee.

6 2. The retirement fund is paid the total amount previously  
7 withdrawn pursuant to section 38-846.02 plus compound interest from the  
8 date of withdrawal to the date of repayment. Interest shall be computed  
9 at the rate of nine percent for each year compounded each year from the  
10 date of withdrawal to the date of repayment. Forfeited credited service  
11 shall not be restored until complete payment is received by the fund.

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

14 D. If a member who received a severance refund on termination of  
15 employment, as provided in section 38-846.02, is subsequently reemployed  
16 by an employer, the member's prior service credits shall be cancelled and  
17 service shall be credited only from the date the member's most recent  
18 reemployment period commenced. However, a present active member of the  
19 system who forfeited credited service, received a severance refund  
20 pursuant to section 38-846.02 and becomes reemployed with the same  
21 employer two years or more after the member's termination date or becomes  
22 reemployed with another employer may elect to redeem any part of that  
23 forfeited credited service by paying into the system any amounts required  
24 pursuant to this subsection. A present active member who elects to redeem  
25 any part of forfeited credited service for which the member is deemed  
26 eligible by the board shall pay into the system the amounts previously  
27 paid or transferred to the member as a severance refund plus an amount  
28 that is computed by the system's actuary that is necessary to equal the  
29 increase in the actuarial present value of projected benefits resulting  
30 from the redemption calculated using the actuarial methods and assumptions  
31 prescribed by the system's actuary. On satisfaction of this obligation,  
32 the member's prior service credits shall be reinstated.

33 E. If a retired member becomes reemployed in any capacity by the  
34 employer from which the member retired before six months after the date of  
35 retirement or in the same position at any time following retirement:

36 1. The following apply:

37 (a) Within ten days after the retired member is reemployed, the  
38 local board shall advise the system in writing of the retired member's  
39 reemployment.

40 (b) The system shall not make pension payments to the retired  
41 member during the period of reemployment.

42 (c) Employee contributions shall not be made on the retired  
43 member's account, nor shall any service be credited during the period of  
44 reemployment. On subsequent termination of employment by the retired  
45 member, the retired member is entitled to receive a pension based on the

1 member's service and compensation before the date of the member's  
2 reemployment. The employer shall pay the alternate contribution rate  
3 pursuant to section 38-843.05.

4 (d) Any pension payments received by the retired member, who  
5 retired on or after July 1, 2009, during the period of reemployment are  
6 considered overpayments pursuant to section 38-850, unless subsection B of  
7 this section applies. If the board determines in the board's sole  
8 discretion, for a member who retired on or after July 1, 2009, that the  
9 retired member's reemployment during the six-month period and the failure  
10 of the employer or the local board to suspend the member's pension were  
11 not intentional to circumvent the requirements of this subsection, the  
12 pension payments received by the retired member after the retired member's  
13 reemployment are subject to repayment up to only the amount received  
14 between the date of the member's reemployment and the expiration of the  
15 six-month period.

16 2. The retired member, who retired on or after July 1, 2009 and who  
17 is reemployed terminates employment, may be subsequently reemployed with  
18 the employer from which the member retired and resume receiving pension  
19 payments after a period of six months, less the period of time the retired  
20 member was not reemployed after retirement with the employer from which  
21 the member retired, if at least sixty days of the six months are  
22 consecutive.

23 3. Paragraph 1, subdivisions (a), (b) and (d) of this subsection do  
24 not apply if any of the following occurs:

25 (a) The retired member becomes reemployed after sixty consecutive  
26 days from the member's retirement date as a result of participating in an  
27 open competitive new hire process except if the retired member is hired  
28 for the same position or if the retired member has a prearranged  
29 reemployment agreement with the employer.

30 (b) The retired member is hired as a fire inspector, ~~or~~ arson  
31 investigator ~~OR SCHOOL RESOURCE OFFICER~~.

32 (c) The retired member who is receiving an accidental disability,  
33 ordinary disability, catastrophic disability or temporary disability  
34 pension accepts a job reassignment as an accommodation in accordance with  
35 the Americans with disabilities act of 1990 due to a disability that is  
36 directly related to the retired member being awarded an accidental  
37 disability, ordinary disability, catastrophic disability or temporary  
38 disability benefit.

39 F. If a retired member is assigned voluntary duties acting as a  
40 limited authority peace officer, pursuant to the Arizona peace officer  
41 standards and training board rules, employee contributions shall not be  
42 made on the retired member's account, and any service shall not be  
43 credited during the period of reemployment. The employer shall not pay  
44 the alternate contribution rate pursuant to section 38-843.05.

1       G. If after six months after the date of retirement a retired  
2 member becomes reemployed by the employer from which the member retired in  
3 a position other than the same position from which the member retired,  
4 employee contributions shall not be made on the retired member's account,  
5 and any service shall not be credited during the period of reemployment.  
6 The employer shall pay the alternate contribution rate pursuant to section  
7 38-843.05.

8       H. At any time following retirement, if the retired member becomes  
9 employed by an employer, other than the employer from which the member  
10 retired, in a position ordinarily filled by an employee of an eligible  
11 group, employee contributions shall not be made on the retired member's  
12 account, and any service shall not be credited during the period of  
13 reemployment. The employer shall pay the alternate contribution rate  
14 pursuant to section 38-843.05.

15       I. If a member who retired under an accidental or ordinary  
16 disability becomes reemployed as an employee of an eligible group, section  
17 38-844 applies and a determination shall be made by the local board as to  
18 whether subsection E, F, G or H of this section applies.

19       J. The local board shall review all reemployment determinations and  
20 voluntary assignments as described in subsection F of this section. If  
21 the local board or the system is not provided the necessary information  
22 required by the system to make a reemployment determination, the local  
23 board and the system shall suspend pension payments until information is  
24 received and a determination is made regarding whether the reemployment  
25 meets the requirements of subsection E, F, G, H or I of this section.

26       K. A person who defrauds the system or who takes, converts, steals  
27 or embezzles monies owned by or from the system and who fails or refuses  
28 to return the monies to the system on the board's written request is  
29 subject to civil suit by the system in the superior court in Maricopa  
30 county. On entry of an order finding the person has defrauded the system  
31 or taken, converted, stolen or embezzled monies owned by or from the  
32 system, the court shall enter an order against that person and for the  
33 system awarding the system all of its costs and expenses of any kind,  
34 including attorney fees, that were necessary to successfully prosecute the  
35 action. The court shall also grant the system a judicial lien on all of  
36 the nonexempt property of the person against whom judgment is entered  
37 pursuant to this subsection in an amount equal to all amounts awarded to  
38 the system, plus interest at the rate prescribed by section 44-1201, until  
39 all amounts owed are paid to the system.

40       L. Notwithstanding any other provision of this article, the board  
41 may offset against any benefits otherwise payable by the system to an  
42 active or retired member or survivor any court ordered amounts awarded to  
43 the board and system and assessed against the member or survivor.

44       M. Notwithstanding any other provision of this article, a member  
45 who retires having met all of the qualifications for retirement and who

1 subsequently becomes an elected official, by election or appointment, is  
2 not considered reemployed by the same employer.

3 N. For the purposes of this section, "same position" means a  
4 position in which the member performs substantially similar duties that  
5 were performed and exercises substantially similar authority that was  
6 exercised by the retired member before retirement.

7 Sec. 8. Section 38-865, Arizona Revised Statutes, is amended to  
8 read:

9 38-865. Definitions

10 In this article, unless the context otherwise requires:

11 1. "Annuity account" means an account that is established for each  
12 participant to record the deposit of participant contributions, employer  
13 contributions and interest, dividends or other accumulations credited on  
14 behalf of the participant.

15 2. "Board" means the board of trustees of the public safety  
16 personnel retirement system established by section 38-848.

17 3. "Compensation":

18 (a) For participants as defined in paragraph 7, subdivision (a) of  
19 this section and section 38-865.01, has the same meaning prescribed in  
20 section 38-842.

21 (b) For participants as defined in paragraph 7, subdivision (b) of  
22 this section, means salary as defined in section 38-881.

23 4. "Defined contribution plan" means the public safety personnel  
24 defined contribution retirement plan established pursuant to this article.

25 5. "Employer" has the same meaning prescribed in section 38-842 or  
26 38-881, as applicable.

27 6. "Employer contribution" means an amount deposited by an  
28 employer, from the employer's own monies, in the participant's annuity  
29 account on a periodic basis coinciding with the participant's regular pay  
30 period.

31 7. "Participant" means:

32 (a) A member as defined in section 38-842, paragraph 31,  
33 subdivision (a) OR (b), excluding subdivision (a), item (vi), who is one  
34 of the following:

35 (i) An employee who is hired on or after July 1, 2017, who makes  
36 the irrevocable election to participate solely in the defined contribution  
37 plan established pursuant to this article and who was not an active, an  
38 inactive or a retired member of the system or a member of the system with  
39 a disability on June 30, 2017.

40 (ii) An employee who is hired on or after July 1, 2017, who is not  
41 covered by the federal old age and survivors insurance system and who  
42 makes the irrevocable election to participate in the system or is enrolled  
43 in the system pursuant to section 38-842.01, subsection A.

44 (b) A member as defined in section 38-881, paragraph 27,  
45 subdivision (a) who is one of the following:

1 (i) An employee who is hired on or after July 1, 2018, who is not  
2 in a designated position as defined in section 38-881, paragraph 13,  
3 subdivision (g) and who was not an active, an inactive or a retired member  
4 of the corrections officer retirement plan or a member of the corrections  
5 officer retirement plan with a disability on June 30, 2018.

6 (ii) An employee who is hired on or after July 1, 2018, who is in a  
7 designated position as defined in section 38-881, paragraph 13,  
8 subdivision (g), who makes the irrevocable election pursuant to section  
9 38-881.01 to participate solely in the defined contribution plan  
10 established pursuant to this article and who was not an active, an  
11 inactive or a retired member of the corrections officer retirement plan or  
12 a member of the corrections officer retirement plan with a disability on  
13 June 30, 2018.

14 8. "Pensionable compensation" means the amount of the participant's  
15 annual compensation that does not exceed the limitation specified in  
16 section 38-843.04 or 38-895.01, as applicable.

17 9. "System" means the public safety personnel retirement system  
18 established by article 4 of this chapter.

19 Sec. 9. Section 38-865.01, Arizona Revised Statutes, is amended to  
20 read:

21 38-865.01. Definition of participant

22 For the purposes of this article, "participant" includes a member as  
23 defined in section 38-842, paragraph 31, subdivision (a) OR (b), excluding  
24 subdivision (a), item (vi), who is hired on or after January 1, 2012 and  
25 before July 1, 2017, who is not covered by the federal old age and  
26 survivors insurance system and who is a member of the system.

27 Sec. 10. Section 38-867.02, Arizona Revised Statutes, is amended to  
28 read:

29 38-867.02. Trustee-to-trustee transfers from system;  
30 definitions

31 A. A trustee-to-trustee transfer made pursuant to section  
32 38-844.06, subsection C shall be deposited in a separate transfer account  
33 established on behalf of the participant and made immediately available  
34 for the participant's beneficiary to either withdraw all or any portion of  
35 the deposited monies or directly transfer all or any portion of the monies  
36 to an eligible retirement plan in accordance with section 401(a)(31) of  
37 the internal revenue code.

38 B. For the purposes of this section:

39 1. "Beneficiary" means the person designated as the beneficiary of  
40 a participant's deferred retirement option plan participation account  
41 pursuant to section 38-844.07.

42 2. "Participant" means a member as defined in section 38-842,  
43 paragraph 31, subdivision (a), item (vi) OR (b), who has both:

44 (a) Elected to enter into the deferred retirement option plan  
45 established by section 38-844.02.

1           (b) Died while a participant in the deferred retirement option  
2 plan.

3           3. "Separate transfer account" means a fully vested and  
4 nonforfeitable separate account under the defined contribution plan  
5 established by the trustee in accordance with subsection A of this  
6 section.

APPROVED BY THE GOVERNOR MAY 13, 2025.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 13, 2025.