

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1287
(Reference to Senate engrossed bill)

Amendment instruction key:
[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.
[Green underlining in brackets] indicates text added to new session law or text restoring existing law.
[GREEN STRIKEOUT IN BRACKETS] indicates new text removed from statute or previously enacted session law.
[Green strikeout in brackets] indicates text removed from existing statute, previously enacted session law or new session law.
<<Green carets>> indicate a section added to the bill.
<<Green strikeout in carets>> indicates a section removed from the bill.

1 The bill as proposed to be amended is reprinted as follows:

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:

1 (a) Before January 1, 2012, the considered period shall be the
2 three consecutive years within the last twenty 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 (b) On or after January 1, 2012 and before July 1, 2017, the
9 considered period is the five consecutive years within the last twenty
10 completed years of credited service that yield the highest average. In
11 the computation under this subdivision, a period of nonpaid or partially
12 paid industrial leave shall be considered based on the compensation the
13 employee would have received in the employee's job classification if the
14 employee was not on industrial leave.

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

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

24 9. "Catastrophic disability" means a physical and not a
25 psychological condition that the local board determines prevents the
26 employee from totally and permanently engaging in any gainful employment
27 and that results from a physical injury incurred in the performance of the
28 employee's duty.

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

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

33 12. "Compensation" means, for the purpose of computing retirement
34 benefits, base salary, overtime pay, shift differential pay, military
35 differential wage pay, compensatory time used by an employee in lieu of
36 overtime not otherwise paid by an employer and holiday pay paid to an
37 employee by the employer for the employee's performance of services in an
38 eligible group on a regular monthly, semimonthly or biweekly payroll basis
39 and longevity pay paid to an employee at least every six months for which
40 contributions are made to the system pursuant to section 38-843,
41 subsection D. Compensation does not include, for the purpose of computing
42 retirement benefits, payment for unused sick leave, payment in lieu of
43 vacation, payment for unused compensatory time or payment for any fringe
44 benefits. In addition, compensation does not include, for the purpose of
45 computing retirement benefits, payments made directly or indirectly by the

1 employer to the employee for work performed for a third party on a
2 contracted basis or any other type of agreement under which the third
3 party pays or reimburses the employer for the work performed by the
4 employee for that third party, except for third-party contracts between
5 public agencies for law enforcement, criminal, traffic and crime
6 suppression activities training or fire, wildfire, emergency medical or
7 emergency management activities or where the employer supervises the
8 employee's performance of law enforcement, criminal, traffic and crime
9 suppression activities training or fire, wildfire, emergency medical or
10 emergency management activities. For the purposes of this paragraph,
11 "base salary" means the amount of compensation each employee is regularly
12 paid for personal services rendered to an employer before the addition of
13 any extra monies, including overtime pay, shift differential pay, holiday
14 pay, longevity pay, fringe benefit pay and similar extra payments.

15 13. "Credited service":

16 (a) Means the member's total period of service before the member's
17 effective date of participation, plus those compensated periods of the
18 member's service thereafter for which the member made contributions to the
19 fund.

20 (b) INCLUDES THOSE COMPENSATED PERIODS OF THE MEMBER'S ~~[PART-TIME]~~
21 ~~[PART-TIME]~~ SERVICE, CALCULATED ON A PRO RATA BASIS, DURING WHICH THE
22 MEMBER MADE CONTRIBUTIONS TO THE FUND.

23 14. "Cure period" means the ninety-day period in which a
24 participant or alternate payee may submit an amended domestic relations
25 order and request a determination, calculated from the time the system
26 issues a determination finding that a previously submitted domestic
27 relations order did not qualify as a plan approved domestic relations
28 order.

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

32 16. "Determination" means a written document that indicates to a
33 participant and alternate payee whether a domestic relations order
34 qualifies as a plan approved domestic relations order.

35 17. "Determination period" means the ninety-day period in which the
36 system must review a domestic relations order that is submitted by a
37 participant or alternate payee to determine whether the domestic relations
38 order qualifies as a plan approved domestic relations order, calculated
39 from the time the system mails a notice of receipt to the participant and
40 alternate payee.

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

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

1 20. "Domestic relations order" means an order of a court of this
2 state that is made pursuant to the domestic relations laws of this state
3 and that creates or recognizes the existence of an alternate payee's right
4 to, or assigns to an alternate payee the right to, receive a portion of
5 the benefits payable to a participant.

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

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

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

14 (a) Is under eighteen years of age.

15 (b) Is at least eighteen years of age and under twenty-three years
16 of age only during any period that the child is a full-time student.

17 (c) Is under a disability that began before the child attained
18 twenty-three years of age and remains a dependent of the surviving spouse
19 or guardian.

20 24. "Eligible groups" means only the following who are regularly
21 assigned to hazardous duty:

22 (a) Municipal police officers who are certified peace officers.

23 (b) Municipal firefighters.

24 (c) Paid full-time firefighters employed directly by a fire
25 district organized pursuant to section 48-803 or 48-804 or a joint powers
26 authority pursuant to section 48-805.01 with three or more full-time
27 firefighters, but not including firefighters employed by a fire district
28 pursuant to a contract with a corporation.

29 (d) State highway patrol officers who are certified peace officers.

30 (e) State firefighters.

31 (f) County sheriffs and deputies who are certified peace officers.

32 (g) Game and fish wardens who are certified peace officers.

33 (h) Police officers who are certified peace officers and
34 firefighters of a nonprofit corporation operating a public airport
35 pursuant to sections 28-8423 and 28-8424. A police officer shall be
36 designated pursuant to section 28-8426 to aid and supplement state and
37 local law enforcement agencies and a firefighter's sole duty shall be to
38 perform firefighting services, including services required by federal
39 regulations.

40 (i) Police officers who are certified peace officers and who are
41 appointed by the Arizona board of regents.

42 (j) Police officers who are certified peace officers and who are
43 appointed by a community college district governing board.

44 (k) State attorney general investigators who are certified peace
45 officers.

1 (l) County attorney investigators who are certified peace officers.

2 (m) Police officers who are certified peace officers and who are
3 employed by an Indian reservation police agency.

4 (n) Firefighters who are employed by an Indian reservation
5 firefighting agency.

6 (o) Department of liquor licenses and control investigators who are
7 certified peace officers.

8 (p) Arizona department of agriculture officers who are certified
9 peace officers.

10 (q) Arizona state parks board rangers and managers who are
11 certified peace officers.

12 (r) County park rangers who are certified peace officers.

13 (s) Game rangers who are certified peace officers and who are
14 employed by an Indian reservation.

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

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

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

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

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

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

27 (f) An eligible deferred compensation plan described in section
28 457(b) of the internal revenue code that is maintained by a state, a
29 political subdivision of a state or any agency or instrumentality of a
30 state or a political subdivision of a state and that agrees to separately
31 account for amounts transferred into the eligible deferred compensation
32 plan from this plan.

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

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

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

40 (a) Any distribution that is one of a series of substantially equal
41 periodic payments made not less frequently than annually for the life or
42 life expectancy of the member or the joint lives or joint life
43 expectancies of the member and the member's beneficiary or for a specified
44 period of ten years or more.

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

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

5 (d) Any distribution made to satisfy the requirements of section
6 415 of the internal revenue code.

7 (e) Hardship distributions.

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

11 27. "Employee" means any person who is employed by a participating
12 employer and who is a member of an eligible group but does not include any
13 persons compensated on a contractual or fee basis. If an eligible group
14 requires certified peace officer status or firefighter certification and
15 at the option of the local board, employee may include a person who is
16 training to become a certified peace officer or firefighter.

17 28. "Employers" means:

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

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

26 (c) The state highway patrol covered under the state highway patrol
27 retirement system.

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

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

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

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

43 31. "Member":

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

1 (i) Who is either a paid municipal police officer, a paid
2 firefighter, a law enforcement officer who is employed by this state
3 including the director thereof, a state firefighter who is primarily
4 assigned to firefighting duties, a firefighter or police officer of a
5 nonprofit corporation operating a public airport pursuant to sections
6 28-8423 and 28-8424, all ranks designated by the Arizona law enforcement
7 merit system council, a state attorney general investigator who is a
8 certified peace officer, a county attorney investigator who is a certified
9 peace officer, a department of liquor licenses and control investigator
10 who is a certified peace officer, an Arizona department of agriculture
11 officer who is a certified peace officer, an Arizona state parks board
12 ranger or manager who is a certified peace officer, a county park ranger
13 who is a certified peace officer, a person who is a certified peace
14 officer and who is employed by an Indian reservation police agency, a game
15 ranger who is a certified peace officer and who is employed by an Indian
16 reservation, a firefighter who is employed by an Indian reservation
17 firefighting agency or an employee included in a group designated as
18 eligible employees under a joinder agreement entered into by their
19 employer after July 1, 1968 and who is or was regularly assigned to
20 hazardous duty or, beginning retroactively to January 1, 2009, who is a
21 police chief or a fire chief.

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

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

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

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

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

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

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

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

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

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

9 ~~(b)~~ (c) Does not include an employee who is hired on or after July
10 1, 2017, who makes the irrevocable election to participate solely in the
11 public safety personnel defined contribution retirement plan established
12 pursuant to article 4.1 of this chapter and who was not an active, an
13 inactive or a retired member of the system or a member of the system with
14 a disability on June 30, 2017.

15 32. "Normal retirement date" means:

16 (a) For an employee who becomes a member of the system before
17 January 1, 2012, the first day of the calendar month immediately following
18 the employee's completion of twenty years of service or the employee's
19 sixty-second birthday and the employee's completion of fifteen years of
20 service.

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

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

30 33. "Notice of receipt" means a written document that is issued by
31 the system to a participant and alternate payee and that states that the
32 system has received a domestic relations order and a request for a
33 determination that the domestic relations order is a plan approved
34 domestic relations order.

35 34. "Ordinary disability" means a physical condition that the local
36 board determines will prevent an employee totally and permanently from
37 performing a reasonable range of duties within the employee's department
38 or a mental condition that the local board determines will prevent an
39 employee totally and permanently from engaging in any substantial gainful
40 activity.

41 35. "Participant" means a member who is subject to a domestic
42 relations order.

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

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

4 38. "Personal representative" means the personal representative of
5 a deceased alternate payee.

6 39. "Physician" means a physician who is licensed pursuant to title
7 32, chapter 13 or 17.

8 40. "Plan approved domestic relations order" means a domestic
9 relations order that the system approves as meeting all the requirements
10 for a plan approved domestic relations order as otherwise prescribed in
11 this article.

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

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

40 43. "Retirement" or "retired" means termination of employment after
41 a member has fulfilled all requirements for a pension, for an employee who
42 becomes a member of the system on or after January 1, 2012 and before
43 July 1, 2017, attains the age and service requirements for a normal
44 retirement date or for an employee who becomes a member of the system on
45 or after July 1, 2017 attains the age and credited service requirements

1 for a normal retirement date. Retirement shall be considered as
2 commencing on the first day of the month immediately following a member's
3 last day of employment or authorized leave of absence, if later.

4 44. "Segregated funds" means the amount of benefits that would
5 currently be payable to an alternate payee pursuant to a domestic
6 relations order under review by the system, or a domestic relations order
7 submitted to the system that failed to qualify as a plan approved domestic
8 relations order, if the domestic relations order were determined to be a
9 plan approved domestic relations order.

10 45. "Service" means the last period of continuous employment of an
11 employee by the employers before the employee's retirement, except that if
12 such period includes employment during which the employee would not have
13 qualified as a member had the system then been effective, such as
14 employment as a volunteer firefighter, then only twenty-five percent of
15 such noncovered employment shall be considered as service. Any absence
16 that is authorized by an employer shall not be considered as interrupting
17 continuity of employment if the employee returns within the period of
18 authorized absence. Transfers between employers also shall not be
19 considered as interrupting continuity of employment. Any period during
20 which a member is receiving sick leave payments or a temporary disability
21 pension shall be considered as service. Notwithstanding any other
22 provision of this paragraph, any period during which a person was employed
23 as a full-time paid firefighter for a corporation that contracted with an
24 employer to provide firefighting services on behalf of the employer shall
25 be considered as service if the employer has elected at its option to
26 treat part or all of the period the firefighter worked for the company as
27 service in its applicable joinder agreement. Any reference in this system
28 to the number of years of service of an employee shall be deemed to
29 include fractional portions of a year.

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

32 47. "System" means the public safety personnel retirement system
33 established by this article.

34 48. "Temporary disability" means a physical or mental condition
35 that the local board finds totally and temporarily prevents an employee
36 from performing a reasonable range of duties within the employee's
37 department and that was incurred in the performance of the employee's
38 duty.

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

41 38-842.03. Part-time employees: requirements: prohibition:
42 definitions

43 A. TO QUALIFY AS A MEMBER AS DEFINED IN SECTION 38-842, PARAGRAPH
44 31, SUBDIVISION (b), A PART-TIME EMPLOYEE SHALL MEET BOTH OF THE
45 FOLLOWING:

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

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

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

7 C. FOR THE PURPOSES OF THIS SECTION:

8 1. "IMMEDIATE FAMILY MEMBER" MEANS A CHILD, SPOUSE, PARENT,
9 GRANDCHILD OR GRANDPARENT.

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

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

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

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

20 38-845. Amount of retirement benefit

21 A. A member who meets the requirements for a normal pension, who
22 becomes a member of the system before January 1, 2012 and who has twenty
23 years of credited service shall receive a monthly amount that equals fifty
24 percent of the member's average monthly benefit compensation. If the
25 member retires with other than twenty years of credited service, the
26 foregoing amount shall be:

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

29 2. Increased by a monthly amount equal to two percent of the
30 member's average monthly benefit compensation multiplied by the number of
31 the member's years of credited service in excess of twenty years, with pro
32 rata increase for any fractional year, except that if a member retires
33 with twenty-five or more years of credited service the amount shall be
34 increased by a monthly amount equal to two and one-half percent of the
35 member's average monthly benefit compensation multiplied by the number of
36 the member's years of credited service in excess of twenty years, with pro
37 rata increase for any fractional year.

38 B. A member who meets the requirements for an accidental disability
39 pension shall receive a monthly amount, which shall be computed in the
40 same manner as a normal pension, using the member's average monthly
41 benefit compensation before termination of employment and the member's
42 actual credited service or twenty years of credited service, whichever is
43 greater. Notwithstanding any other provision of this section, the
44 accidental disability pension for a member shall be a monthly amount that

1 equals not less than fifty percent of the member's average monthly benefit
2 compensation.

3 C. A member who meets the requirements for an ordinary disability
4 pension shall receive a monthly amount that is equal to a fraction times
5 the member's normal pension that is computed according to subsection A,
6 ~~G~~ H OR I of this section if the member had twenty years of credited
7 service. The fraction is the result obtained by dividing the member's
8 actual years of credited service, not to exceed twenty years of credited
9 service, by the member's required credited service for the applicable
10 normal retirement date.

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

15 E. A member who meets the requirements for a catastrophic
16 disability pension is entitled to receive a monthly amount computed as
17 follows:

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

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

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

29 ~~F~~ G. A member who was employed before September 15, 1989 by an
30 employer participating in the system and who retires on or after November
31 1, 2001 is entitled to receive a tax equity benefit allowance consisting
32 of a permanent increase of two percent of the member's base benefit
33 retroactive to the day of retirement.

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

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

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

7 ~~H.~~ I. A member who becomes a member of the system on or after July
8 1, 2017 and who retires on or after the member's normal retirement date
9 shall receive a monthly amount equal to the member's average monthly
10 benefit compensation multiplied by the number of whole and fractional
11 years of credited service multiplied by the following:

12 1. 1.50 percent if the member has at least fifteen years of
13 credited service but less than seventeen years of credited service.

14 2. 1.75 percent if the member has at least seventeen years of
15 credited service but less than nineteen years of credited service.

16 3. 2.00 percent if the member has at least nineteen years of
17 credited service but less than twenty-two years of credited service.

18 4. 2.25 percent if the member has at least twenty-two years of
19 credited service but less than twenty-five years of credited service.

20 5. 2.50 percent if the member has at least twenty-five years of
21 credited service.

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

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

27 38-845.03. Early retirement

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

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

35 38-846.01. Deferred annuity; exception

36 A. If any member who has at least ten years of credited service
37 terminates employment for reasons other than retirement or disability, the
38 member may elect to receive a deferred annuity, except that if the
39 annuitant withdraws all or part of the annuitant's accumulated
40 contributions in the system all rights in and to a deferred annuity shall
41 be forfeited by the annuitant. A deferred annuity is a lifetime monthly
42 payment actuarially equivalent to the annuitant's accumulated
43 contributions in the system plus an equal amount paid by the employer and
44 shall commence on application on or after the sixty-second birthday of the
45 annuitant. The annuity is not a retirement benefit and annuitants are not

1 entitled to receive any amount prescribed by section 38-845, subsection
2 ~~F~~ G or section 38-846, 38-856.05 or 38-857.

3 B. This section does not apply to a member who becomes a member of
4 the system on or after January 1, 2012. For a member who is hired on or
5 after January 1, 2012 and before July 1, 2017, a member who attains a
6 normal retirement date is eligible for retirement and a retirement benefit
7 even if the member terminates employment with an employer before the age
8 requirement for normal retirement if the member attains the service
9 requirement for normal retirement. For a member who is hired on or after
10 July 1, 2017, a member who attains a normal retirement date is eligible
11 for retirement and a retirement benefit even if the member terminates
12 employment with an employer before the age requirement for normal
13 retirement if the member attains the credited service requirement for
14 normal retirement. Once a member described in this subsection reaches the
15 normal retirement age, the member may receive payments made under section
16 38-845.

17 <<Sec. 6 Section 38-846.05, Arizona Revised Statutes, is amended to
18 read:

19 38-846.05. Retiree pool account; transfers; funding

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

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

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

1 If a member who is determined eligible for an accidental, ordinary or
2 catastrophic disability pension has reached the member's normal retirement
3 date, the amount transferred to the retiree pool account is calculated in
4 the same manner as a normal retirement pursuant to subsection B of this
5 section.

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

17 E. The retiree pool account shall remain one hundred percent
18 funded. In any fiscal year that the retiree [POOL] account is not one
19 hundred percent funded as of June 30, the amount necessary to adjust the
20 retiree pool account up or down to one hundred percent funded shall be
21 transferred from or to the investment earnings of the fund before those
22 earnings are distributed to each employer's account.>>

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

25 38-865. Definitions

26 In this article, unless the context otherwise requires:

27 1. "Annuity account" means an account that is established for each
28 participant to record the deposit of participant contributions, employer
29 contributions and interest, dividends or other accumulations credited on
30 behalf of the participant.

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

33 3. "Compensation":

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

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

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

41 5. "Employer" has the same meaning prescribed in section 38-842 or
42 38-881, as applicable.

1 6. "Employer contribution" means an amount deposited by an
2 employer, from the employer's own monies, in the participant's annuity
3 account on a periodic basis coinciding with the participant's regular pay
4 period.

5 7. "Participant" means:

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

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

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

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

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

25 (ii) An employee who is hired on or after July 1, 2018, who is in a
26 designated position as defined in section 38-881, paragraph 13,
27 subdivision (g), who makes the irrevocable election pursuant to section
28 38-881.01 to participate solely in the defined contribution plan
29 established pursuant to this article and who was not an active, an
30 inactive or a retired member of the corrections officer retirement plan or
31 a member of the corrections officer retirement plan with a disability on
32 June 30, 2018.

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

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

38 Sec. 8. Section 38-865.01, Arizona Revised Statutes, is amended to
39 read:

40 38-865.01. Definition of participant

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

