

Senate Engrossed

ASRS retirement; legislators; other employment

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

SENATE BILL 1474

AN ACT

AMENDING SECTION 38-764, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA
STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 38-764, Arizona Revised Statutes, is amended to
3 read:

4 38-764. Commencement of retirement; payment of retirement
5 benefits; lump sum payments

6 A. Retirement is deemed to commence on a date elected by the
7 member. That date shall not be earlier than the day following the date of
8 termination of employment, the date ASRS receives the member's completed
9 retirement application or the date specified by the member pursuant to
10 subsection I OR J of this section.

11 B. All retirement benefits:

12 1. Are normally payable in monthly installments beginning on the
13 commencement of retirement as prescribed in subsection A of this section.

14 2. Continue to and include the first day of the month in which
15 death occurs or continue until the date of their cessation in accordance
16 with any optional method of payment that may have been elected.

17 C. Except as provided in subsection D of this section, at the
18 request of a retired member, a retired member's guardian or a court
19 appointed conservator, the board may pay any increase in retirement
20 benefits or the entire retirement benefit in a lump sum payment based on
21 the actuarial present value of the benefit or the increase in the benefit
22 if the payment of the benefits would result in ineligibility, reduction or
23 elimination of social service programs provided to the member by this
24 state, its political subdivisions or the federal government.

25 D. The board may pay the entire retirement benefit in a lump sum
26 pursuant to subsection C of this section only if continued membership in
27 ASRS will result in additional requests for lump sum payments based on
28 cost of living adjustments or the establishment of minimum benefit awards.

29 E. If any benefit that is payable as a series of periodic payments
30 amounts to less than a threshold amount determined by the board, the
31 board, in its sole discretion and based on uniform rules it establishes,
32 may order the amount to be paid in a lump sum. A member who receives a
33 lump sum payment pursuant to this subsection remains a member of ASRS and
34 is eligible for the coverage provided pursuant to section 38-782 and the
35 payment pursuant to section 38-783 but is not eligible for a benefit
36 increase pursuant to section 38-767.

37 F. All distributions of retirement benefits to a member shall be
38 distributed within the required distribution provisions of section
39 401(a)(9) of the internal revenue code and the regulations that are issued
40 under that section by the United States secretary of the treasury as
41 prescribed in section 38-775.

42 G. Notwithstanding subsection H of this section, a member may elect
43 to cancel the effective date of retirement within thirty days of
44 retirement or before the member's receipt of retirement benefits,
45 whichever is later.

1 H. A member may elect to make changes to a retirement application
2 before the member's retirement date. A member may exercise a onetime
3 election to make changes to the retirement application within sixty days
4 after the member's retirement date. The member may not change the
5 member's retirement date, and any changes made to the retirement
6 application are retroactive to the member's retirement date.

7 I. A member who attains a normal retirement date may retire at any
8 time without terminating employment if the member is employed for less
9 than the hours required for active membership pursuant to section 38-711,
10 paragraph 23, subdivision (b).

11 J. A MEMBER WHO IS A STATE ELECTED OFFICIAL AND WHO ATTAINS A
12 NORMAL RETIREMENT DATE THROUGH EMPLOYMENT OTHER THAN AS A STATE ELECTED
13 OFFICIAL MAY RETIRE AT ANY TIME WITHOUT RESIGNING THE MEMBER'S POSITION AS
14 A STATE ELECTED OFFICIAL. A MEMBER WHO RETIRES PURSUANT TO THIS
15 SUBSECTION IS A RETIRED MEMBER AS OF THE DATE OF RETIREMENT. THE EMPLOYER
16 SHALL PAY THE ALTERNATE CONTRIBUTION RATE ON BEHALF OF THE RETIRED MEMBER
17 PURSUANT TO SECTION 38-766.02.