

REFERENCE TITLE: PSPRS; service requirement; cost-of-living adjustment

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1504

Introduced by
Senator Gowan

AN ACT

AMENDING SECTIONS 38-842, 38-846.01 AND 38-856.06, ARIZONA REVISED STATUTES; RELATING TO THE PUBLIC SAFETY PERSONNEL 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 38-842, 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 (c) Does not include an employee who is hired on or after July 1,
40 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 (i) Twenty-five years of service. ~~or~~

11 (ii) Fifteen years of credited service if the employee is at least
12 fifty-two and one-half years of age.

13 (c) For an employee who becomes a member of the system on or after
14 July 1, 2017, the first day of the calendar month immediately following
15 the employee's completion of EITHER:

16 (i) TWENTY-FIVE YEARS OF SERVICE.

17 (ii) Fifteen years of credited service if the employee is at least
18 fifty-five years of age.

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

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

30 35. "Participant" means a member who is subject to a domestic
31 relations order.

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

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

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

39 39. "Physician" means a physician who is licensed pursuant to title
40 32, chapter 13 or 17.

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

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

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

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

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

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

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

23 47. "System" means the public safety personnel retirement system
24 established by this article.

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

30 Sec. 2. Section 38-846.01, Arizona Revised Statutes, is amended to
31 read:

32 38-846.01. Deferred annuity; exception

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

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

15 Sec. 3. Section 38-856.06, Arizona Revised Statutes, is amended to
16 read:

17 38-856.06. Cost-of-living adjustment; members hired on or
18 after July 1, 2017; definition

19 A. For members who are hired on or after July 1, 2017, each
20 eligible retired member or survivor of a retired member may receive a
21 compounding cost-of-living adjustment in the base benefit as provided in
22 this section.

23 B. A retired member or survivor of a retired member is eligible to
24 receive a cost-of-living adjustment under this section beginning the
25 earlier of the first calendar year after the ~~seventh~~ THIRD anniversary of
26 the retired member's retirement or when the retired member is or would
27 have been sixty years of age.

28 C. A cost-of-living adjustment shall be paid on July 1 each year
29 that the funded ratio for members who are hired on or after July 1, 2017
30 is seventy percent or more, as reported in the most recent actuarial
31 valuation.

32 D. An eligible retired member or survivor of a retired member shall
33 receive annually a cost-of-living adjustment in the base benefit based on
34 the average annual percentage change in the metropolitan Phoenix-Mesa
35 consumer price index published by the United States department of labor,
36 bureau of labor statistics, with the immediately preceding year as the
37 base year for making the determination, not to exceed annually the
38 following:

39 1. Two percent of the retired member's or survivor's base benefit
40 if the funded ratio for members who are hired on or after July 1, 2017 is
41 ninety percent or more, as reported in the most recent actuarial
42 valuation.

43 2. One and one-half percent of the retired member's or survivor's
44 base benefit if the funded ratio for members who are hired on or after

1 July 1, 2017 is eighty percent or more but less than ninety percent, as
2 reported in the most recent actuarial valuation.

3 3. One percent of the retired member's or survivor's base benefit
4 if the funded ratio for members who are hired on or after July 1, 2017 is
5 seventy percent or more but less than eighty percent, as reported in the
6 most recent actuarial valuation.

7 E. The system actuary shall include the projected cost of providing
8 the cost-of-living adjustment specified in subsection D of this section in
9 the calculation of normal cost and accrued liability.

10 F. For the purposes of this section, "funded ratio" means the ratio
11 of the market value of assets to the actual accrued liabilities.