

House Engrossed

ASRS; eligibility waiver

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HOUSE BILL 2092

AN ACT

AMENDING SECTION 38-727, 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 38-727, Arizona Revised Statutes, is amended to
3 read:
4 38-727. Eligibility; options
5 A. The following provisions apply to all employees hired on or
6 after the effective date:
7 1. All employees and officers of this state and all officers and
8 employees of political subdivisions establishing a retirement plan
9 administered by the board pursuant to this article are subject to this
10 article, except that membership is not mandatory:
11 (a) On the part of any employee who is eligible and who elects to
12 participate in the optional retirement programs established by the Arizona
13 board of regents pursuant to the authority conferred by section 15-1628 or
14 by a community college district board pursuant to authority conferred by
15 section 15-1451.
16 (b) For a state elected official who is subject to term limits, who
17 is elected or appointed before January 1, 2014, who is eligible for
18 participation in ASRS because the state elected official elected not to
19 participate in the elected officials' retirement plan as provided in
20 section 38-804, subsection A and who elects not to participate in ASRS as
21 provided in paragraph 7 of this subsection.
22 (c) On the part of any employee or officer who is eligible to
23 participate and who participates in the elected officials' retirement plan
24 pursuant to article 3 of this chapter, the elected officials' defined
25 contribution retirement system pursuant to article 3.1 of this chapter,
26 the public safety personnel retirement system pursuant to article 4 of
27 this chapter or the corrections officer retirement plan pursuant to
28 article 6 of this chapter.
29 2. All employees and officers of political subdivisions whose
30 compensation is provided wholly or in part from state monies and who are
31 declared to be state employees and officers by the legislature for
32 retirement purposes are subject, on legislative enactment, to this article
33 and are members of ASRS.
34 3. Any member whose service terminates other than by death or
35 withdrawal from membership is deemed to be a member of ASRS until the
36 member's death benefit is paid.
37 4. Employees and officers shall not become members of ASRS and, if
38 they are members immediately before becoming employed as provided by this
39 section, shall have their membership status suspended while they are
40 employed by state departments paying the salaries of their officers and
41 employees wholly or in part from monies received from sources other than
42 appropriations from the state general fund for the period or periods
43 payment of the employer contributions is not made by or on behalf of the
44 departments.

1 5. Notwithstanding other provisions of this section, a temporary
2 employee of the legislature whose projected term of employment is for not
3 more than six months is ineligible for membership in ASRS. If the
4 employment continues beyond six successive months, the employee may elect
5 to either:

6 (a) Receive credit for service for the first six months of
7 employment and establish membership in ASRS as of the beginning of the
8 current term of employment if, within forty-five days after the first six
9 months of employment, both the employer and the employee contribute to
10 ASRS the amount that would have been required to be contributed to ASRS
11 during the first six months of employment as if the employee had been a
12 member of ASRS during those six months.

13 (b) Establish membership in ASRS as of the day following the
14 completion of six months of employment.

15 6. A person who is employed in postgraduate training in an approved
16 medical residency training program of an employer or a postdoctoral
17 scholar who is employed by a university under the jurisdiction of the
18 Arizona board of regents is ineligible for membership in ASRS.

19 7. A state elected official who is subject to term limits, who is
20 elected or appointed before January 1, 2014 and who is eligible for
21 participation in ASRS because the state elected official elected not to
22 participate in the elected officials' retirement plan as provided in
23 section 38-804, subsection A may elect not to participate in ASRS. The
24 election not to participate is specific for that term of office. The
25 state elected official who is subject to term limits shall make the
26 election in writing and file the election with ASRS within thirty days
27 after the elected official's retirement plan mails the notice to the state
28 elected official of the state elected official's eligibility to
29 participate in ASRS. The election is effective on the first day of the
30 state elected official's eligibility. If a state elected official who is
31 subject to term limits fails to make an election as provided in this
32 paragraph, the state elected official is deemed to have elected to
33 participate in ASRS. The election not to participate in ASRS is
34 irrevocable and constitutes a waiver of all benefits provided by ASRS for
35 the state elected official's entire term, except for any benefits accrued
36 by the state elected official in ASRS for periods of participation before
37 being elected to an office subject to term limits or any benefits
38 expressly provided by law.

39 8. A person may elect not to participate in ASRS if the person
40 becomes ~~employed by an employer~~ ELIGIBLE TO PARTICIPATE IN ASRS after the
41 person has attained at least sixty-five years of age, is not an active
42 member, inactive member, retired member or receiving benefits pursuant to
43 article 2.1 of this chapter and does not have any credited service or
44 prior service in ASRS. The employee shall make the election not to
45 participate in writing and file the election with ASRS within thirty days

1 after ~~employment~~ BECOMING ELIGIBLE TO PARTICIPATE IN ASRS. The election
2 not to participate is irrevocable for the remainder of the person's
3 employment for which the person made the election and constitutes a waiver
4 of all benefits provided by ~~the Arizona state retirement system~~ ASRS. The
5 period the person works is not eligible for purchase under section 38-743
6 or 38-744.

7 9. The following are ineligible for membership in ASRS:

8 (a) A person who performs services in a hospital, home or other
9 institution as an inmate or patient at the hospital, home or other
10 institution.

11 (b) A person who performs agricultural labor services, as defined
12 in section 210 of the social security act.

13 (c) A person who is a nonresident alien temporarily residing in the
14 United States and who holds an F-1, J-1, M-1 or Q-1 visa when services are
15 performed.

16 (d) A person who performs services for a school, college or
17 university in this state at which the person is enrolled as a student, as
18 defined by the employing institution. The employing institution shall
19 maintain an appeal process for a person who disagrees with the employing
20 institution's determination that the person is a student and not eligible
21 for membership in ASRS.

22 (e) A person who performs services under a program designed to
23 relieve the person from unemployment.

24 B. The following elected officials are subject to this article if
25 the member's employer is an employer under article 3 of this chapter:

26 1. A state elected official who is subject to term limits, who is
27 elected or appointed on or before December 31, 2013 and who is an active,
28 an inactive or a retired member of ASRS or a member of ASRS with a
29 disability because the state elected official had previously elected not
30 to participate in the elected officials' retirement plan as provided in
31 section 38-804, subsection A.

32 2. An elected official, as defined in section 38-831, who is an
33 active, an inactive or a retired member of ASRS or a member of ASRS with a
34 disability, if the elected official's employer is a participating employer
35 under this article and the elected official is eligible for ASRS service
36 credit for the elected official's service.