

REFERENCE TITLE: retirement; legislative employees option; transfers

State of Arizona
House of Representatives
Forty-fourth Legislature
Second Regular Session
2000

HB 2007

Introduced by
Representative Kyle

AN ACT

AMENDING SECTION 38-727, ARIZONA REVISED STATUTES; RELATING TO THE RETIREMENT
OPTION FOR LEGISLATIVE EMPLOYEES.

(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 The following provisions apply to all employees hired on or after the
6 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 who as a result of state
10 service or service for the political subdivision are included in agreements
11 providing for their coverage under the federal old age and survivors
12 insurance system are subject to this article, except that membership is not
13 mandatory:

14 (a) On the part of any employee who is eligible and who elects to
15 participate in the optional retirement programs established by the Arizona
16 board of regents pursuant to the authority conferred by section 15-1628 or by
17 a community college district board pursuant to authority conferred by section
18 15-1451.

19 (b) For a state elected official who is subject to term limits, who is
20 eligible for participation in ASRS because the state elected official elected
21 not to participate in the elected officials' retirement plan as provided in
22 section 38-804, subsection A and who elects not to participate in ASRS as
23 provided in paragraph 7 of this section.

24 (c) For an employee of the legislature who elects as provided
25 in paragraph 8 of this section to participate in a tax deferred annuity and
26 deferred compensation program established pursuant to article 5 of this
27 chapter in lieu of participation in ASRS.

28 (d) For exempt state officers or employees as defined in section
29 38-951 who elect to participate in the defined contribution retirement plan
30 option pursuant to article 8 of this chapter.

31 2. All employees and officers of political subdivisions whose
32 compensation is provided wholly or in part from state monies and who are
33 declared to be state employees and officers by the legislature for retirement
34 purposes are subject, on legislative enactment, to this article and are
35 members of ASRS.

36 3. Any member whose service terminates other than by death or
37 withdrawal from membership is deemed to be a member of ASRS until the
38 member's death benefit is paid.

39 4. Employees and officers shall not become members of ASRS and, if
40 they are members immediately before becoming employed as provided by this
41 section, shall have their membership status suspended while they are employed
42 by state departments paying the salaries of their officers and employees
43 wholly or in part from monies received from sources other than appropriations
44 from the state general fund for the period or periods payment of the employer
45 contributions is not made by or on behalf of the 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 employment
4 continues beyond six successive months, the employee may elect to either:

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

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

14 6. A person who is employed in postgraduate training in an approved
15 medical residency training program of an employer is ineligible for
16 membership in ASRS.

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

35 8. In lieu of participation in ASRS or the defined contribution
36 retirement plan option pursuant to article 8 of this chapter, an employee of
37 the legislature may elect pursuant to this paragraph to participate in a tax
38 deferred annuity and deferred compensation program established pursuant to
39 article 5 of this chapter. An employee of the legislature shall make the
40 election in writing and file the written election with ASRS. If an employee
41 of the legislature elects to participate in a tax deferred annuity and
42 deferred compensation program pursuant to this paragraph: ~~—~~

43 (a) The election is irrevocable and constitutes a waiver of all
44 benefits provided by ASRS, except for any benefits accrued by the employee
45 before election pursuant to this paragraph **IF A TRANSFER IS NOT MADE PURSUANT**

1 TO SUBDIVISION (b) OF THIS PARAGRAPH. ~~If an employee of the legislature~~
2 ~~elects to participate in a tax deferred annuity and deferred compensation~~
3 ~~program pursuant to this paragraph.~~

4 (b) IF REQUESTED BY THE EMPLOYEE IN THE WRITTEN ELECTION FILED WITH
5 ASRS, ASRS SHALL TRANSFER TO THE TAX DEFERRED ANNUITY AND DEFERRED
6 COMPENSATION PROGRAM AN AMOUNT EQUAL TO THE EMPLOYEE'S ACTUARIAL ACCRUED
7 LIABILITY COMPUTED BY THE ASRS ACTUARY. THE ACTUARIAL ACCRUED LIABILITY
8 SHALL BE BASED ON THE SAME ACTUARIAL COST METHOD AND ASSUMPTIONS THAT WERE
9 USED FOR COMPUTING THE FUNDING REQUIREMENTS OF ASRS IN THE ANNUAL ACTUARIAL
10 VALUATION PRECEDING THE TRANSFER.

11 (c) The employee's employer shall pay an amount equal to five per cent
12 of the employee's base salary directly to the program in lieu of employer
13 contributions to ASRS.