

SECOND YARBROUGH FLOOR AMENDMENT
SENATE AMENDMENT TO S.B. 1116
(Reference to printed bill)

1 Add Section 17 which reads:

2 Section 17. Section 38-816, Arizona Revised Statutes, is amended to
3 read:

4 38-816. Redemption of prior service

5 A. Any present active elected official who has at least ten years of
6 credited service with the plan may elect to redeem up to sixty months of any
7 part of the following prior service or employment by paying into the fund the
8 amounts required under subsection B of this section if the prior service or
9 employment is not on account with any other retirement system or plan:

10 1. Prior service in this state as an elected official with an employer now
11 covered by the plan before the effective date of participation if the elected
12 official has received a refund from a prior retirement system or plan on
13 termination of employment before the elected official's application for
14 redemption of prior service.

15 2. Prior service in this state as an elected official with an employer now
16 covered by the plan before the effective date of participation if the elected
17 official was not covered by a retirement system or plan during the elected
18 official's prior elected official service.

19 3. Prior service as an elected official of this state or a city, town or
20 county of this state if the elected official was not covered by a retirement
21 system or plan during that service whether or not the city, town or county is an
22 employer now covered by the plan.

23 4. Prior employment with the United States government, a state of the
24 United States or a political subdivision of a state of the United States.

25 B. Any present active elected official who elects to redeem any part of
26 the prior service or employment for which the elected official is deemed eligible
27 by the board under this section shall pay into the plan the amounts previously
28 withdrawn by the elected official as a refund of the elected official's
29 accumulated contributions, if any, plus the additional amount, if any, that is
30 computed by the plan's actuary and that is necessary to equal the increase in
31 the actuarial present value of projected benefits resulting from the redemption
32 calculated using the actuarial methods and assumptions that are prescribed by
33 the plan's actuary. **THE DISCOUNT RATE USED BY THE ACTUARY FOR THE
34 CALCULATION OF THE ACTUARIAL PRESENT VALUE OF THE PROJECTED
35 BENEFITS RESULTING FROM THE REDEMPTION CALCULATION PURSUANT
36 TO THIS SUBSECTION IS AN AMOUNT EQUAL TO THE LESSER OF THE
37 ASSUMED RATE OF RETURN THAT IS PRESCRIBED BY THE BOARD OR AN
38 AMOUNT EQUAL TO THE YIELD ON A TEN-YEAR TREASURY NOTE AS OF
39 MARCH 1 THAT IS PUBLISHED BY THE FEDERAL RESERVE BOARD PLUS
40 TWO PER CENT. THIS DISCOUNT RATE IS EFFECTIVE BEGINNING IN THE**

1 NEXT FISCAL YEAR AND, THE BOARD SHALL RECALCULATE THE RATE
2 EACH YEAR.

3 C. On approval by the governing body of an incorporated city or town
4 that executes a joinder agreement under section 38-815, the city or town may
5 pay into the fund all or any part of the amount sufficient to provide retirement
6 benefits for elected officials or former elected officials for the time of service as
7 an elected official of the city or town before the joinder agreement if no
8 retirement benefits were in effect for elected officials during the time of service
9 being redeemed under this section.

10 D. A member electing to redeem service pursuant to this section may
11 pay for service being redeemed in the form of a lump sum payment to the plan,
12 a trustee-to-trustee transfer or a direct rollover of an eligible distribution from a
13 plan described in section 402(c)(8)(B)(iii), (iv), (v) or (vi) of the internal
14 revenue code or a rollover of an eligible distribution from an individual
15 retirement account or annuity described in section 408(a) or (b) of the internal
16 revenue code.

17 Amend title to conform

(date)

(time)

_(drafter's initials)