



**ARIZONA STATE SENATE**  
*Fifty-Sixth Legislature, Second Regular Session*

**AMENDED**  
FACT SHEET FOR H.B. 2203

public retirement plans; liabilities; administration

Purpose

Modifies administration of the Public Safety Personnel Retirement System (PSPRS) and other PSPRS-managed retirement plans relating to actuarially accrued liability, abandoned benefits, loans and supplemental plans.

Background

PSPRS provides a uniform, consistent and equitable statewide retirement program for Arizona's public safety personnel. PSPRS administers separate plans for Arizona's elected officials, known as the Elected Officials' Retirement Plan (EORP), and for corrections officers, known as the Corrections Officer Retirement Plan (CORP). If a PSPRS or CORP member's employment is terminated with an employer by either party, the total liability under the plan or system associated with the member's service remains with the employer (A.R.S. §§ [38-841](#); [38-843](#) and [38-891](#)).

The PSPRS Board of Trustees (PSPRS Board) has the full power in its sole discretion to invest and reinvest, alter and change the monies accumulated under PSPRS and other PSPRS Board-administered retirement plans and trusts. All contributions under PSPRS and other PSPRS Board-administered retirement plans must be forwarded to the PSPRS Board and held, invested and reinvested as outlined. All property and monies of the PSPRS Fund and other PSPRS Board-administered retirement plans must be retained for the exclusive benefit of members and must be used to pay benefits to members or their beneficiaries or to pay operation and administration expenses ([A.R.S. § 38-848](#)).

Statute prohibits participants of the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP) from taking loans on any portion of the accumulated assets in the participant's annuity account. An *annuity account* is established for each participant to record the deposit of participant contributions, employer contributions and interest, dividends or other accumulations credited on behalf of the participant (A.R.S. §§ [38-865](#) and [38-867](#)).

The board or employer of an eligible group may establish, administer, manage and operate a supplemental defined contribution plan. Currently, an *eligible group* includes: 1) the Arizona State Retirement System; 2) EORP; 3) PSPRS; 4) CORP; and 5) optional retirement programs established by a community college district board or the Arizona Board of Regents. A supplemental defined contribution plan is in addition to and does not replace an employee's existing state defined benefit retirement plan (A.R.S. §§ [38-951](#); [38-952](#); and [38-953](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

***PSPRS Actuarially Accrued Liability  
(Retroactive to August 6, 2016)***

1. Stipulates that, if an active or inactive PSPRS member is reemployed in the same retirement plan under PSPRS with a subsequent employer, the assets equal to the actuarially accrued liability earned with the previous employer through the date of reemployment must transfer to the subsequent employer and all benefit liabilities for the member are attributed to that employer.
2. Requires the actuarially accrued liability to be computed using the actuarial methods and assumptions prescribed by PSPRS's actuary and prescribed by the PSPRS Board.

***CORP Actuarially Accrued Liability  
(Retroactive to August 10, 2017)***

3. Stipulates that, if an active or inactive CORP member is reemployed in the same retirement plan under PSPRS with a subsequent employer, the assets equal to the actuarially accrued liability earned with the previous employer through the date of reemployment must transfer to the subsequent employer and all benefit liabilities for the member are attributed to that employer.
4. Requires the actuarially accrued liability to be computed using the actuarial methods and assumptions prescribed by PSPRS's actuary and prescribed by the PSPRS Board.

***Abandoned Monies***

5. Exempts all trust funds administered by the PSPRS Board from the Arizona Unclaimed Property Act.
6. Requires the PSPRS Board to adopt policies for monies presumed to be abandoned, including requirements for:
  - a) notifying the presumed owner; and
  - b) distributing the monies, if the owner establishes an entitlement in the monies.
7. Presumes that monies in PSPRS and any PSPRS Board-administered retirement plans are abandoned two years after the first occurrence of:
  - a) the date of the distribution or attempted distribution of the monies;
  - b) the date of the required distribution stated in the plan or the plan's trust agreement; or
  - c) if determinable by the holder, the date specified in the federal income tax laws by which the distribution of monies must begin to avoid a tax penalty.

***Supplemental Defined Contribution Plans***

8. Adds, to the definition of *eligible groups* for the purposes of establishing or participating in a supplemental defined contribution plan, the Elected Officials' Defined Contribution (EODC) Retirement System and PSPDCRP.

9. Specifies that a supplemental defined contribution plan is in addition to and does not replace an employee's existing state defined contribution retirement plan.

*Miscellaneous*

10. Removes the prohibition on a PSPDCRP participant from taking loans on any portion of the accumulated assets in the participant's annuity account.
11. Requires the late penalty on Elected Officials' Defined Contribution Retirement System Disability Program employer and employee contributions that are transferred by the Arizona Department of Administration and each participating county, city or town treasurer to the PSPRS Board after the due date to be compounded annually, rather than daily.
12. Makes technical and conforming changes.
13. Becomes effective on the general effective date, with retroactive provisions as noted.

Amendment Adopted by Committee

- Makes a clarifying change.

House Action

WM 1/31/24 DP  
3<sup>rd</sup> Read 2/15/24

Senate Action

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Prepared by Senate Research  
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MG/AB/cs