



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

Senate: FIN DP 7-0-0-0 | 3<sup>rd</sup> Read 29-0-1-0

## **SB1173: public retirement systems; plan election**

**Sponsor: Senator Mesnard, LD 13**

**Committee on Ways & Means**

### **Overview**

Changes requirements for benefit elections, eligibility and employer and employee contributions under Public Safety Personnel Retirement System (PSPRS) and the Corrections Officer Retirement Plan (CORP).

### **History**

On July 1, 1968, the PSPRS was established to provide a uniform, consistent and equitable statewide retirement program for Arizona's public safety personnel. A separate plan for Arizona's officers, CORP, was created by the legislature in 1986, respectively. Both plans are qualified governmental pension plans under section 401(a) of the Internal Revenue Code. PSPRS and CORP are agent multiple-employer defined benefit plans. PSPRS also administers a defined contribution (DC) plan, where retirement benefits are determined ("defined") based on contributions and investment earnings on those contributions. ([psprs.com](http://psprs.com))

### **Provisions**

1. Adds that for employees hired beginning July 1, 2017 and that are hired or rehired by an employer under PSPRS or CORP, the employee's participation begins on the date the employee is hired or rehired. (Sec. 1)
2. Changes the requirement that the late penalty for employer and employee contributions to the PSPRS board are to be compounded annually instead of daily. (Sec. 2)
3. Allows employees to participate in the CORP or the PSPRS DC plan if they are a probation or surveillance officer hired on or after July 1, 2018. (Sec. 3)
4. Reduces the time period after which a member retires that they must pay an alternate contribution rate from 12 to 6 months. (Sec. 4)
5. Strikes the requirement that the PSPRS Board use a total asset amount comprised of the sum of the assets in the prefunding plan and the assets of the defined benefit pension will be used in the calculation of the unfunded pension liability and the annual actuarial required contribution amount in its preparation of the annual employer valuation report. (Sec. 5)
6. Makes conforming changes. (Sec. 5)

Prop 105 (45 votes)     Prop 108 (40 votes)     Emergency (40 votes)     Fiscal Note