



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature
Second Regular Session

Senate: FIN DPA 6-3-1-0 | 3rd Read 21-6-3-0

SB 1268: PSPRS; deferred retirement option plan
Sponsor: Senator Livingston, LD 22
Committee on Government & Elections

Overview

Modifies the participation period and specified amount received for a Public Safety Personnel Retirement (PSPRS) Deferred Retirement Option Plan (DROP) participant.

History

A PSPRS member is eligible for a normal pension on retirement on or after the normal retirement date of the member. The payment of a normal pension must commence as of the first day of the month following the date of retirement, and the last payment occurs as of the last day of the month in which the death of the retired member occurs ([A.R.S. § 38-844](#)).

For employees who become members of PSPRS before January 1, 2012, a deferred retirement option plan is established. Any member who is eligible for a normal pension and who has at least 20 years of credited service is eligible to participate in the DROP. A member who elects to participate in the DROP must voluntarily and irrevocably designate a period of participation that is not more than 60 consecutive months (A.R.S. §§ [38-844.02](#), [38-844.03](#)).

A DROP member's account is to be credited with a monthly amount that is computed in the same manner as a normal retirement benefit using the factors of credited service and average monthly benefit compensation and an amount credited monthly that represents interest on such credited amount at a rate equal to the assumed rate of return determined by the board of trustees ([A.R.S. § 38-844.05](#)).

Provisions

1. Stipulates that a PSPRS DROP member must voluntarily and irrevocably designate a period of participation that is no more than 84, rather than 60, consecutive months. (Sec. 1)
2. Maintains that a member's DROP participation account, for the first 60 months, must be credited monthly with an amount pursuant to statute. (Sec. 2)
3. Specifies that for the remaining 24 months, the DROP account of a member must be credited monthly with an amount that represents the interest on the statutory amount at a rate equal to the actual rate of return, smoothed over a period of seven years, and must not be less than 0% and not more than 9%. (Sec. 2)
4. Directs the board of trustees of PSPRS, by December 31, 2022, to report on recommendations from stakeholders regarding measures that can improve retention for members hired on or after January 1, 2012 and before July 1, 2017 and measures that can improve recruitment and retention for members hired on or after July 1, 2017. (Sec. 3)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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