

REFERENCE TITLE: ASRS; employer termination incentive program

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HB 2027

Introduced by
Representative McClure

AN ACT

AMENDING SECTION 38-749, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-749, Arizona Revised Statutes, is amended to
3 read:

4 38-749. Employer termination incentive program; employer
5 payment of actuarial cost; definition

6 A. If a termination incentive program that is offered by an employer
7 results in an actuarial unfunded liability to ASRS, the employer shall pay to
8 ASRS the amount of the unfunded liability. ASRS shall determine the amount
9 of the unfunded liability in consultation with its actuary.

10 B. An employer shall notify ASRS if the employer plans to implement a
11 termination incentive program that may affect ASRS funding.

12 C. If ASRS determines that an employer has implemented a termination
13 incentive program that results in an actuarial unfunded liability to ASRS,
14 ASRS shall assess the cost of the unfunded liability to that employer. If
15 the employer does not remit full payment of all monies due within ~~ninety~~
16 ~~SIXTY~~ days after being notified by ASRS of the amount due, the unpaid amount
17 accrues interest until the amount is paid in full. The interest rate is the
18 interest rate assumption that is approved by the board for actuarial
19 equivalency for the period in question to the date payment is received.

20 D. For the purposes of this section, " termination incentive program":

21 1. Means a total increase in compensation of thirty per cent or more
22 that is given to a member in any one or more years of the last three years
23 before termination if that increase in compensation is used to calculate the
24 member's retirement benefit and that increase in compensation is not
25 attributed to a:

- 26 (a) Promotion.
- 27 (b) Reclassification of the position.
- 28 (c) Merit or a cost of living increase.

29 2. Means any monies, credited service or points that the employer
30 provides to a member in exchange for a member's written agreement to
31 terminate on or before a date certain.

32 3. Does not include payments to an employee for:

- 33 (a) Compensation for accrued vacation.
- 34 (b) Compensation for accrued sick leave.
- 35 (c) Compensatory time.