



ARIZONA STATE SENATE

Fiftieth Legislature, Second Regular Session

FACT SHEET FOR H.B. 2408

CORP; pension buyback payments

Purpose

Allows members of the Corrections Officer Retirement Program (CROP) and Elected Official's Retirement Program (EORP) to purchase credit for prior service through installment payments.

Background

The Corrections Officer Retirement Program (CORP) and Elected Official's Retirement Program (EORP) are defined benefits plans with separate non-appropriated funds managed by the Public Safety Personnel Retirement System's (PSPRS) board of trustees.

Buyback programs allow members of a retirement system to repurchase forfeited credit for qualified service. Members of CORP and EORP with ten years of service may redeem up to five years of credited service to an employer presently covered by CORP, EORP or an agency of the United States Government. Members with ten years service may also purchase credit for full or part time paid service as a firefighter, or certified peace officer. Statute requires payment for these credits plus accumulated interest be made by lump sum payment, trustee-to-trustee transfer or direct rollover distribution retirement plans, accounts or annuities as described in the Internal Revenue Code of the United States.

There is no fiscal impact to the state General Fund anticipated as a result of this legislation.

Provisions

1. Establishes that members of CORP or EORP who purchase pension buybacks shall make payment by one or a combination of the following:
 - a) lump sum,
 - b) installments made through an arrangement with the system, or
 - c) rollover distribution from one or more of the following, as described and qualified by the Internal Revenue Code of the United States:
 - i. retirement programs,
 - ii. annuity contracts,
 - iii. eligible deferred compensation plans,
 - d) eligible rollover contribution from an individual retirement account or individual retirement annuity.
2. Becomes effective on the general effective date.

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House Action

ERA	1/31/12	DPA	9-0-0-0
3 rd Read	2/21/12		57-0-2-0-1

Prepared by Senate Research

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