

1 HB190
2 136131-1
3 By Representative Hill
4 RFD: State Government
5 First Read: 07-FEB-12

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8 SYNOPSIS: Under existing law, the State of Alabama
9 Personnel Board is authorized to adopt a plan
10 recommended by the employees of the State of
11 Alabama through the Alabama State Employees
12 Association providing for tax deferred annuity and
13 deferred compensation programs for the salaried
14 employees of the State of Alabama and arrange for
15 efficient administrative services through the
16 Alabama State Employees Association or its
17 designated agent.

18 This bill would authorize the State of
19 Alabama Personnel Board to adopt a plan providing
20 for such tax deferred annuity and deferred
21 compensation programs for employees of counties,
22 cities, towns, or any subdivision that may
23 participate, and arrange for efficient
24 administrative investments and professional
25 services.

26 This bill would allow retired program
27 participants to have their monthly insurance

1 premiums deducted from their deferred compensation
2 distribution in accordance with the Internal
3 Revenue Service guidelines.

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5 A BILL
6 TO BE ENTITLED
7 AN ACT

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9 To amend Section 36-26-14, Code of Alabama 1975,
10 relating to the tax deferred annuity and deferred compensation
11 programs for the salaried employees of the State of Alabama to
12 authorize the State of Alabama Personnel Board to adopt a plan
13 providing for tax deferred annuity and deferred compensation
14 programs for state, city, and county employees or public
15 organizations of the state or any political subdivision
16 thereof; to arrange for efficient administrative investments
17 and professional services; and to allow participants to have
18 their monthly insurance premiums deducted from their deferred
19 compensation distribution.

20 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

21 Section 1. Section 36-26-14, Code of Alabama 1975,
22 is amended to read as follows:

23 "§36-26-14.

24 "(a) The personnel board is hereby authorized and
25 directed to adopt ~~a plan or plans as recommended by the~~
26 ~~employees of the State of Alabama through the Alabama State~~
27 ~~Employees Association providing for tax-deferred annuity and,~~

1 establish, and maintain a deferred compensation programs plan
2 or plans for the ~~salari~~ employees of the State of Alabama or
3 any county, city, town, or public organization of the state or
4 any political subdivision thereof. The personnel board may
5 include in any such plan any provision that does not cause the
6 plan to fail to qualify for its tax-favored treatment under
7 the United States Internal Revenue Code, including, but not
8 limited to, participant loans, unforeseeable emergency or
9 hardship distributions, Roth deferrals, rollovers, transfers
10 to purchase service credit, and distributions to purchase a
11 retired public safety officer's health insurance.

12 " (b) The State of Alabama Personnel Board is hereby
13 authorized to adopt and arrange for consolidated billing and
14 efficient investment, trustee, administrative, and
15 professional services through the Alabama State Employees
16 Association or its designated agent in order that any such
17 plans adopted shall operate without cost to or contribution
18 from the State of Alabama except for ~~the incidental expense of~~
19 expenses associated with administering any such plan, the
20 payroll salary-reductions and the remittance thereof to the
21 trustee or custodian of the plan or plans.

22 "~~(b)~~ (c) Alabama state employees, or the employees of
23 any county, city, town, or public organization of the state or
24 any political subdivision thereof may participate in these
25 plans on a voluntary basis by authorizing in writing to their
26 employer a reduction in their cash remuneration to be placed
27 in ~~annuity contracts~~ the plan or plans.

1 "~~(c)~~(d) The Finance Director, Comptroller or other
2 appropriate ~~state~~ official is hereby authorized and directed
3 to initiate payroll deductions for the plans as directed by
4 each employee.

5 "(e) Participants who are receiving monthly benefits
6 from the Employees' Retirement System of Alabama, the Judicial
7 Retirement Fund of Alabama, the Teachers' Retirement System of
8 Alabama, or any other public retirement plan may opt to have
9 the cost of their retiree health insurance deducted from their
10 deferred compensation distribution in accordance with the
11 guidelines of the United States Internal Revenue Service.

12 "~~(d)~~(f) It is expressly provided that any benefits
13 under the provisions of this section shall be in addition to
14 any other benefits provided by law for any employees of the
15 State of Alabama, and this section is specifically made
16 supplemental to and shall be construed in pari materia with
17 the provisions of the employees' retirement law of Alabama.

18 "(g) Except as otherwise required under the Internal
19 Revenue Code, each such deferred compensation plan and its
20 trust shall be established and maintained for the exclusive
21 benefit, as defined by law of the plan's participants and
22 their beneficiaries, and all assets of any such plan shall be
23 held for the exclusive benefit of the plan's participants and
24 their beneficiaries. For the purposes and within the meaning
25 of Section 19-3B-102, each such plan is declared to be a trust
26 created by statute and is therefore required to be
27 administered in the manner of an express trust."

1 Section 2. This act shall become effective
2 immediately following its passage and approval by the
3 Governor, or its otherwise becoming law.