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3 By Representative Love
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ENROLLED, An Act,

To amend Sections 12-18-5, 12-18-52, 12-18-82, 16-25-21, 36-27-24, and 36-27-59, Code of Alabama 1975, to provide for increases in employee contributions for retirement.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 12-18-5, 12-18-52, 12-18-82, 16-25-21, 36-27-24, and 36-27-59, Code of Alabama 1975, are amended as follows:

"§12-18-5.

(a) Every justice of the Supreme Court, judge of the Court of Civil Appeals, judge of the Court of Criminal Appeals, and judge of the circuit court of the state holding office on September 18, 1973, shall have the right of election to come under this article. Each justice or judge holding office on September 18, 1973, shall have the right, within three years from September 18, 1973, to file with the clerk of the Supreme Court of Alabama, an instrument in writing electing to come under this article. Each justice or judge of such courts elected or appointed to office after September 18, 1973, shall come under this article as a matter of law. After September 18, 1973, each justice and each judge who has elected to come under this article as provided by this section or who comes under this article by operation of law shall

1 contribute to the Judicial Retirement Fund four and one-half
2 percent of his earnable compensation; provided, that after
3 February 1, 1977, the rate of contribution to be paid by the
4 justices and judges shall be six percent of their salary
5 derived from the State of Alabama, but the increased rate of
6 contribution shall not be effective until February 1, 1977.
7 For all pay dates beginning on or after October 1, 2011, the
8 contribution to be paid by the justices and judges shall be
9 eight and one-quarter percent (8.25%) of their salary. For all
10 pay dates beginning on or after October 1, 2012, the rate of
11 contribution to be paid by the justices and judges shall be
12 eight and one-half percent (8.5%) of their salary. The
13 percentages shall be deducted by the State Comptroller from
14 each justice's or judge's salary and paid into the Judicial
15 Retirement Fund in the State Treasury and credited to the
16 individual account of the justice or judge from whose salary
17 it was deducted.

18 (b) Members of the retirement fund who heretofore,
19 during a term for which they had been appointed or elected to
20 a judicial office covered by this article for which prior
21 service credit toward retirement under this article is given,
22 entered the military services of the United States, and
23 judicial officers covered by this article hereafter entering
24 the armed forces of the United States who return to service as
25 a justice or judge shall be given full credit for the time of

1 such military service; provided, that a contribution shall be
2 made into the Judicial Retirement Fund in an amount equal to
3 that which would have been contributed had the member remained
4 and served in the judicial office to which he had been duly
5 elected or appointed. Request for the service credit must be
6 made within 90 days after returning to service as the justice
7 or judge or the service credit shall be forfeited forever.

8 When requests for the service credit have been approved by the
9 Board of Control of the Judicial Retirement Fund and the Chief
10 Justice of the Supreme Court, contributions as required shall
11 commence within 60 days and be made in equal payments within
12 the following 12 months. Military service credit granted to a
13 justice or a judge shall include credit for service during
14 World War II, but, in computing any service with the armed
15 forces for credit after World War II, service credit granted
16 shall be limited to service for a period not to exceed five
17 years, provided that the justice or judge was on official
18 leave of absence from his or her judicial position and further
19 provided that the length of service so granted shall not
20 exceed the term of office for which the justice or judge had
21 been appointed or elected prior to his or her entering
22 military service.

23 (c) The Supreme Court of Alabama may provide that
24 the state shall pick-up member contributions to the Judicial
25 Retirement Fund, as required by this section and Section

1 12-18-52, on behalf of all appellate justices or judges,
2 circuit, and district judges who participate in the Judicial
3 Retirement Fund and that the counties shall pick-up member
4 contributions to the Judicial Retirement Fund, as required by
5 Section 12-18-81, on behalf of all probate judges who
6 participate in the Judicial Retirement Fund, by a
7 corresponding reduction in the salary of the member, the
8 pick-up to be mandatory for all the judges, and the
9 contributions so picked up shall be treated as employer
10 contributions in determining tax treatment under the Internal
11 Revenue Code. These contributions shall be paid from the same
12 source of funds which is used in paying earnings to the
13 member. If member contributions are so picked up they shall be
14 treated for all other purposes of state law in the same manner
15 and to the same extent as member contributions made prior to
16 the date picked up.

17 "§12-18-52.

18 After January 16, 1977, each district judge who
19 comes under the provisions of Article 1 of this chapter by
20 election or by operation of law shall contribute to the
21 Judicial Retirement Fund annually, payable in equal monthly
22 installments, four and one-half percent of his annual
23 compensation paid by the State of Alabama; provided, that
24 after February 1, 1977, the rate of contribution to be paid by
25 such judge shall be six percent of his salary derived from the

1 State of Alabama, but such increased rate of contribution
2 shall not be effective until February 1, 1977. For all pay
3 dates beginning on or after October 1, 2011, the contribution
4 to be paid by the judges shall be eight and one-quarter
5 percent (8.25%) of their salary. For all pay dates beginning
6 on or after October 1, 2012, the rate of contribution to be
7 paid by the judges shall be eight and one-half percent (8.5%)
8 of their salary. Such percentages shall be deducted by the
9 State Comptroller from each such judge's salary and paid into
10 the Judicial Retirement Fund in the State Treasury and
11 credited to the individual account of the judge from whose
12 salary it was deducted.

13 The Supreme Court of Alabama may provide that the
14 state shall pick-up member contributions to the judicial
15 retirement fund, as required by Section 12-18-5 and this
16 section, on behalf of all appellate justices or judges,
17 circuit and district judges who participate in the Judicial
18 Retirement Fund and that the counties shall pick-up member
19 contributions to the Judicial Retirement Fund, as required by
20 Section 12-18-81, on behalf of all probate judges who
21 participate in the Judicial Retirement Fund, by a
22 corresponding reduction in the salary of the member, such
23 pick-up to be mandatory for all such judges, and the
24 contributions so picked up shall be treated as employer
25 contributions in determining tax treatment under the Internal

1 Revenue Code. These contributions shall be paid from the same
2 source of funds which is used in paying earnings to the
3 member. If member contributions are so picked up they shall be
4 treated for all other purposes of state law in the same manner
5 and to the same extent as member contributions made prior to
6 the date picked up.

7 "§12-18-82.

8 (a) Judges on fees. - After October 1, 1976, each
9 probate judge compensated by fees who elects to come under the
10 provisions of Article 1 of this chapter or who comes under the
11 provisions of Article 1 of this chapter by operation of law
12 shall contribute to the Judicial Retirement Fund annually,
13 payable in equal monthly installments, four and one-half
14 percent of a sum, hereinafter referred to as the "base sum,"
15 that is, 90 percent of the annual state compensation now
16 authorized by law to be paid to circuit judges in Alabama;
17 provided, that, after February 1, 1977, the rate of
18 contribution to be paid by such judge shall be six percent of
19 his salary derived from the State of Alabama, but such
20 increased rate of contribution shall not be effective until
21 February 1, 1977. For all pay dates beginning on or after
22 October 1, 2011, the contribution to be paid by the judges
23 shall be eight and one-quarter percent (8.25%) of their
24 salary. For all pay dates beginning on or after October 1,
25 2012, the rate of contribution to be paid by the judges shall

1 be eight and one-half percent (8.5%) of their salary. The base
2 sum shall be adjusted up or down in accordance with and equal
3 to future changes that are made in the state compensation of
4 such circuit judges. Such percentage shall be paid by each
5 such probate judge into the Judicial Retirement Fund in the
6 State Treasury and credited to the individual account of the
7 probate judge from whose fees it was paid.

8 (b) Judges on salary. - After October 1, 1976, each
9 probate judge compensated by salary who elects to come under
10 the provisions of Article 1 of this chapter or who comes under
11 the provisions of Article 1 of this chapter by operation of
12 law shall contribute to the Judicial Retirement Fund annually,
13 payable in equal monthly installments, four and one-half
14 percent of his salary; provided, that, after February 1, 1977,
15 the rate of contribution to be paid by such judge shall be six
16 percent of his salary derived from the State of Alabama, but
17 such increased rate of contribution shall not be effective
18 until February 1, 1977. For all pay dates beginning on or
19 after October 1, 2011, the contribution to be paid by the
20 judges shall be eight and one-quarter percent (8.25%) of their
21 salary. For all pay dates beginning on or after October 1,
22 2012, the rate of contribution to be paid by the judges shall
23 be eight and one-half percent (8.5%) of their salary. Such
24 percentage shall be paid into the Judicial Retirement Fund in

1 the State Treasury and credited to the individual account of
 2 the probate judge from whose salary it was deducted.

3 "§16-25-21.

4 Effective October 1, 1997, all the assets of the
 5 retirement system shall be credited according to the purpose
 6 for which they are held among three funds, namely: The Annuity
 7 Savings Fund, the Pension Accumulation Fund, and the Expense
 8 Fund. The operation of the former Pension Reserve Fund and the
 9 Annuity Reserve Fund shall be discontinued as of such date,
 10 the balance of the former Pension Reserve Fund shall be
 11 transferred to the Pension Accumulation Fund, and the balance
 12 of the former Annuity Reserve Fund shall be transferred to the
 13 Pension Accumulation Fund.

14 (1) The Annuity Savings Fund shall be a fund in
 15 which shall be accumulated contributions from the compensation
 16 of members to provide for their annuities. Contributions to
 17 and payments from the Annuity Savings Fund shall be made as
 18 follows:

19 a. Each employer shall cause to be deducted from the
 20 salary of each member on each and every payroll of such
 21 employer for each and every payroll period five percent of his
 22 or her earnable compensation. For all pay dates beginning on
 23 or after October 1, 2011, each employer shall cause to be
 24 deducted from the salary of each member on each and every
 25 payroll of such employer for each and every payroll period

1 seven and one-quarter percent (7.25%) of his or her earnable
2 compensation. For all pay dates beginning on or after October
3 1, 2012, each employer shall cause to be deducted from the
4 salary of each member on each and every payroll of such
5 employer for each and every payroll period seven and one-half
6 percent (7.5%) of his or her earnable compensation. In
7 determining the amount earnable by a member in a payroll
8 period, the Board of Control may consider the rate of annual
9 compensation payable to such member on the first day of the
10 payroll period as continuing throughout such payroll period,
11 and it may omit deductions from compensation for any period
12 less than a full payroll period if a teacher was not a member
13 on the first day of the payroll period, and to facilitate the
14 making of deductions it may modify the deduction required of
15 any member by such an amount as shall not exceed one tenth of
16 one percent of the annual compensation upon the basis of which
17 such deduction is to be made.

18 b. The deductions provided for herein shall be made
19 notwithstanding that the minimum compensation provided for by
20 law for any member shall be reduced thereby. Every member
21 shall be deemed to consent and agree to the deduction made and
22 provided for herein and shall receipt for his or her full
23 salary or compensation, and payment of salary or compensation
24 less such deduction shall be a full and complete discharge and
25 acquittance of all claims and demands whatsoever for the

1 service rendered by such person during the period covered by
2 such payment, except as to the benefits provided under this
3 chapter. The employer shall certify to the Board of Control on
4 each and every payroll or in such other manner as the board
5 may prescribe the amount to be deducted; and each of the
6 amounts shall be deducted, and when deducted shall be paid
7 into the Annuity Savings Fund and shall be credited, together
8 with regular interest thereon, to the individual account of
9 the member from whose compensation the deduction was made.

10 c. In addition to the contributions deducted from
11 compensation as hereinbefore provided, subject to the approval
12 of the Board of Control, any member may deposit in the Annuity
13 Savings Fund by a single payment or by an increased rate of
14 contribution an amount computed to be sufficient to purchase
15 an additional annuity which, together with his or her
16 prospective retirement allowance, will provide for him or her
17 a total retirement allowance not to exceed one half of his or
18 her average final compensation at age 60. Such additional
19 amounts so deposited shall become a part of his or her
20 accumulated contributions except in the case of retirement,
21 when they shall be treated as excess contributions returnable
22 to the member in cash or as an annuity of equivalent actuarial
23 value and shall not be considered in computing his or her
24 pension. The contributions and interest credits of a member
25 withdrawn by him or her, or paid to his or her estate or to

1 his or her designated beneficiary in event of his or her
2 death, shall be paid from the Annuity Savings Fund. Should a
3 member cease to be a member other than by retirement under the
4 provisions of this title, an amount equivalent to the
5 difference, if any, between his or her accumulated
6 contributions and the amount then paid shall be transferred to
7 the Expense Fund. Upon the retirement of a member or the death
8 of an eligible member where an allowance to the surviving
9 spouse is payable, his or her accumulated contributions shall
10 be transferred from the Annuity Savings Fund to the Pension
11 Accumulation Fund.

12 d. Notwithstanding the preceding provisions, no
13 deductions shall be made from any member's salary on account
14 of which the employer's contribution is in default.

15 (2) The Pension Accumulation Fund shall be the fund
16 in which shall be accumulated all reserves, other than amounts
17 held in the Annuity Savings Fund for the payment of all
18 pensions and other benefits. Contributions to and payments
19 from the Pension Accumulation Fund shall be made as follows:

20 a. On account of each member there shall be paid
21 monthly by the employer an amount equal to a certain
22 percentage of the earnable compensation of each member to be
23 known as the "normal contribution" and an additional amount
24 equal to a percentage of his or her earnable compensation to
25 be known as the "accrued liability contribution," and these

1 two amounts shall be paid monthly into the Pension
2 Accumulation Fund. The Teachers' Retirement System shall
3 recommend to the Legislature on or before the first
4 legislative day of each regular session of the Legislature the
5 rate for the following fiscal year. The Legislature shall set
6 the rate in the annual appropriation bill.

7 b. On the basis of regular interest and of such
8 mortality and other tables as shall be adopted by the Board of
9 Control, the actuary engaged by the board to make such
10 valuation required by this title shall, immediately after
11 making such valuation, determine the uniform and constant
12 percentage of the earnable compensation of the average new
13 entrant which, if contributed on the basis of his or her
14 compensation throughout his or her entire period of active
15 service, would be sufficient to provide for the payment of any
16 pension payable on his or her account. The rate per centum so
17 determined shall be known as the "normal contribution" rate.
18 The normal contribution rate shall be determined by the
19 actuary after each valuation.

20 c.1. The accrued liability contribution rate shall
21 be computed by the actuary on the basis of each valuation as
22 the per centum rate of the total annual compensation of all
23 members which is sufficient to liquidate the unfunded accrued
24 liability over a period to be determined by the Board of

1 Control which shall be not less than 10 nor more than 30
 2 years.

3 2. The unfunded accrued liability shall be computed
 4 by the actuary as the total liabilities of the system which
 5 are not dischargeable by the assets of the Annuity Savings
 6 Fund and the Pension Accumulation Fund and the present value
 7 of the aforesaid normal contributions. For purposes of
 8 computing the unfunded accrued liability the assets shall be
 9 determined as follows:

10 On June 30, 1997, the assets shall be determined by
 11 using the market value of such assets. For subsequent years
 12 the value of the assets shall be determined by the system's
 13 actuary using a five year smoothed market value.

14 d. The total amount payable in each year to the
 15 Pension Accumulation Fund shall be not less than the sum of
 16 the per centum rates known as the normal contribution rate and
 17 the accrued liability contribution rate of the total
 18 compensation earnable by all members during the year.

19 e. All interest and dividends earned on the funds of
 20 the retirement system shall be credited to the Pension
 21 Accumulation Fund. The amounts needed to allow regular
 22 interest on the reserves in the Annuity Savings Fund shall be
 23 transferred in accordance with the provisions of this chapter
 24 from the Pension Accumulation Fund. The Board of Control, in
 25 its discretion, may transfer to and from the Pension

1 Accumulation Fund the amount of any surplus or deficit which
2 may develop in the Annuity Savings Fund or the Expense Fund.

3 f. Upon the death of a member on account of whom no
4 survivor allowance is payable under subdivisions (2) and (3)
5 of subsection (g) of Section 16-25-14, the death benefit as
6 provided in subdivision (3) of subsection (g) of such section
7 equal to the accumulated contributions not to exceed \$5,000
8 shall be payable from the Pension Accumulation Fund.

9 (3) The Expense Fund shall be the fund from which
10 the expenses of the administration of the retirement system
11 shall be paid, exclusive of amounts payable as retirement
12 allowances and as other benefits provided herein. Any amounts
13 credited to the accounts of members withdrawing before
14 retirement and not returnable under the provisions of
15 subsection (g) of Section 16-25-14 shall be credited to the
16 Expense Fund. Any additional contributions required to meet
17 the expenses of the retirement system shall be made as
18 provided in paragraphs c., d., and e. of subdivision (4) of
19 this section.

20 (4)a. On or before October 1 of each year, each
21 local board of education, the State Board of Education, the
22 governing boards of the University of Alabama, Auburn
23 University, and the University of Montevallo and the Executive
24 Committee of the Alabama Education Association shall file with
25 the Board of Control of the retirement system a certified

1 statement containing the following information concerning the
2 members of the retirement system employed by such boards for
3 the scholastic year beginning on July first preceding the
4 date: Name, address, monthly salary, annual salary, and such
5 other information as the Board of Control may require. On or
6 before July 31 of each year, each local board of education;
7 the State Board of Education; the governing boards of the
8 University of Alabama, Auburn University, and the University
9 of Montevallo and the Executive Committee of the Alabama
10 Education Association shall file with the Board of Control of
11 the retirement system a certified statement containing the
12 following information concerning members of the retirement
13 system employed by such boards during the scholastic year
14 ending on June 30 preceding the date: Name, address, monthly
15 salary actually paid, total annual salary actually paid, and
16 such other information as the Board of Control may require.

17 b. The collection of members' contributions shall be
18 as follows: Each local board of education, the State Board of
19 Education, the governing boards of the University of Alabama,
20 Auburn University, and the University of Montevallo and the
21 Executive Committee of the Alabama Education Association shall
22 cause to be deducted on each and every payroll period
23 subsequent to the date of the establishment of the retirement
24 system the contributions payable by each member as provided in
25 this chapter. Each employer shall transmit monthly, or at such

1 time as the Board of Control shall designate, the total amount
2 so deducted to the Secretary-Treasurer of the Board of Control
3 accompanied by an itemized statement of the contributions of
4 each individual member of the retirement system. The
5 Secretary-Treasurer of the Board of Control after making a
6 record of all such receipts shall transmit the same to the
7 State Treasurer to be held for use according to the provisions
8 of this chapter. Notwithstanding anything in this section, the
9 Board of Control may modify the form of reports required of
10 employers and may modify the method of collecting the
11 contributions of members so that employers may retain the
12 amounts so deducted and have a corresponding amount deducted
13 from funds otherwise payable to them.

14 c. The employer's contributions shall be made from
15 the same funds used to pay salaries based on the employer cost
16 rate determined under paragraph a. of subdivision (2).

17 d. Where member contributions are made from salaries
18 paid from federal funds, the employer shall pay from federal
19 funds to the Teachers' Retirement System the amount calculated
20 as a percentage of the salaries of those teachers to be
21 contributed by the employer in accordance with subdivisions
22 (2) and (3) of this section. Such amounts shall be paid at the
23 same time as the member contributions are made to the
24 retirement system. The provisions of this paragraph shall not
25 apply to funds received under the provisions of the Hatch Act

1 of 1887, as amended in 1955, and the McIntyre-Stennis Act
2 (Cooperative Forestry Research Act of 1962) of the Congress of
3 the United States, for the support of agriculturally related
4 research.

5 e. Where member contributions are made from salaries
6 paid by the Alabama Education Association, the Alabama
7 Education Association shall pay the employer costs calculated
8 as a percentage of the salaries of those employees to be
9 contributed as employer in accordance with subdivisions (2)
10 and (3) of this section. Such amounts shall be paid monthly
11 and at the same time as the member contributions are made to
12 the Teachers' Retirement System.

13 f. To the extent that employer cost is collected for
14 any increase in benefits payable to retired employees of local
15 boards of education and state institutions of higher education
16 who are retired under the Employees' Retirement System, there
17 shall be a transfer of funds from these funds to the
18 Employees' Retirement System for each year such benefits are
19 payable.

20 g. Employer cost provided for in this article
21 together with member contributions required under this article
22 shall be paid to the Teachers' Retirement System on the first
23 day of the month following the month in which the related
24 member salary is earned. Delinquent accounts shall accrue
25 interest at the actuarial assumed investment rate beginning 30

1 days after the original due date. The member contributions for
2 each member shall be reported to the Teachers' Retirement
3 System in a format prescribed by the Teachers' Retirement
4 System.

5 "§36-27-24.

6 (a) Effective October 1, 1997, all the assets of the
7 retirement system shall be credited according to the purpose
8 for which they are held among three funds, namely, the Annuity
9 Savings Fund, the Pension Accumulation Fund, and the Expense
10 Fund. The operation of the former Pension Reserve Fund and the
11 Annuity Reserve Fund shall be discontinued as of such date and
12 the balance of the former Pension Reserve Fund shall be
13 transferred to the Pension Accumulation Fund, and the balance
14 of the former Annuity Reserve Fund shall be transferred to the
15 Pension Accumulation Fund.

16 (b) Annuity Savings Fund. The Annuity Savings Fund
17 shall be a fund in which shall be accumulated contributions
18 from the compensation of members to provide for their
19 annuities.

20 Contributions to and payments from the Annuity
21 Savings Fund shall be made as follows: Effective October 1,
22 1971, each employer shall cause to be deducted from the salary
23 of each member on each and every payroll of such employer for
24 each and every payroll period five percent of his or her
25 earnable compensation; except, that in the case of a state

1 policeman, the rate of 10 percent of earnable compensation
2 shall apply, and in computing all retirement benefits it shall
3 be assumed that a seven percent rate of contribution had
4 applied with respect to service as a state policeman prior to
5 July 1, 1957. For all pay dates beginning on or after October
6 1, 2011, each employer, except those employers participating
7 pursuant to Section 36-27-6, shall cause to be deducted from
8 the salary of each member on each and every payroll of such
9 employer for each and every payroll period seven and
10 one-quarter percent (7.25%) of his or her earnable
11 compensation; except, that in the case of a state policeman,
12 the rate of ten percent (10%) of earnable compensation shall
13 apply. For all pay dates beginning on or after October 1,
14 2012, each employer, except those employers participating
15 pursuant to Section 36-27-6, shall cause to be deducted from
16 the salary of each member on each and every payroll of such
17 employer for each and every payroll period seven and one-half
18 percent (7.5%) of his or her earnable compensation; except,
19 that in the case of a state policeman, the rate of ten percent
20 (10%) of earnable compensation shall apply. Any employer
21 participating under Section 36-27-6, by adoption of a
22 resolution, may elect for the increases in employee
23 contributions provided by the act adding this language to be
24 withheld from the earnable compensation of employees of the
25 employer. In determining the amount earnable by a member in a

1 payroll period, the Board of Control may consider the rate of
2 annual compensation payable to such member on the first day of
3 the payroll period as continuing through such payroll period,
4 and it may omit deductions from compensation for any period
5 less than a full payroll period if an employee was not a
6 member on the first day of the payroll period, and, to
7 facilitate the making of deductions, it may modify the
8 deductions required of any member by such an amount as shall
9 not exceed one tenth of one percent of the annual compensation
10 upon the basis of which such deductions are made.

11 The deductions provided for in this subsection shall
12 be made notwithstanding that the minimum compensation provided
13 for by law for any member shall be reduced thereby. Every
14 member shall be deemed to consent and agree to the deduction
15 made and provided for in this subsection and shall receipt for
16 his or her full salary or compensation and payment of salary
17 or compensation less such deductions shall be a full and
18 complete discharge and acquittance of all claims and demands
19 whatsoever for the services rendered by such person during the
20 period covered by such payment, except as to the benefits
21 provided under this article. The employer shall certify to the
22 Board of Control in each and every payroll or in such other
23 manner as the board may prescribe the amounts to be deducted,
24 and each of the amounts shall be deducted and, when deducted,
25 shall be paid into the Annuity Savings Fund and shall be

1 credited, together with regular interest thereon, to the
2 individual account of the member from whose compensation the
3 deduction was made.

4 In addition to the contributions deducted from
5 compensation as provided in this subsection, subject to the
6 approval of the Board of Control, any member may deposit in
7 the Annuity Savings Fund by a single payment or by an
8 increased rate of contribution an amount computed to be
9 sufficient to purchase an additional annuity which, together
10 with his or her prospective retirement allowance, will provide
11 for him or her a total retirement allowance not to exceed one
12 half of his or her average final compensation at age 60. Such
13 additional amounts so deposited shall become a part of his or
14 her accumulated contributions, except in the case of
15 retirement, when they shall be treated as excess contributions
16 returnable to the member in cash or as an annuity of
17 equivalent actuarial value and shall not be considered in
18 computing his or her pension.

19 The contributions and interest credits of a member
20 withdrawn by him or her or paid to his or her estate or to his
21 or her designated beneficiary in event of his or her death
22 shall be paid from the Annuity Savings Fund. Should a member
23 cease to be a member other than by retirement under the
24 provisions of this article, an amount equivalent to the
25 difference, if any, between his or her accumulated

1 contributions and the amount then paid shall be transferred to
2 the Expense Fund. Upon the retirement of a member or the death
3 of an eligible member where an allowance to a surviving spouse
4 or other designated beneficiary is payable, his or her
5 accumulated contributions shall be transferred from the
6 Annuity Savings Fund to the Pension Accumulation Fund.

7 Notwithstanding the preceding provisions, no
8 deductions shall be made from any member's salary on account
9 of which the employer's contributions are in default.

10 The State Personnel Board, with the approval of the
11 Governor, may provide that the state shall pick up member
12 contributions to the Employees' Retirement System of Alabama
13 as required by this subsection on behalf of all state
14 employees who participate in the Employees' Retirement System
15 by a corresponding reduction in the salary of the member, such
16 pick-up to be mandatory for all such employees, and the
17 contributions so picked up shall be treated as employer
18 contributions in determining tax treatment under the Internal
19 Revenue Code. These contributions shall be paid from the same
20 source of funds which is used in paying earnings to the
21 employee. If employee contributions are so picked up they
22 shall be treated for all other purposes of state law in the
23 same manner and to the same extent as employee contributions
24 made prior to the date picked up.

1 (c) Pension Accumulation Fund. The Pension
2 Accumulation Fund shall be the fund in which shall be
3 accumulated all reserves other than the amounts held in the
4 Annuity Savings Fund for the payment of all pensions, all
5 allowances granted to surviving spouses or other designated
6 beneficiaries and other benefits payable from contributions
7 made by the employer and from which shall be paid all
8 pensions, all allowances granted to surviving spouses or other
9 designated beneficiaries and other benefits on account of
10 members with prior service credit.

11 Contributions to and payments from the Pension
12 Accumulation Fund shall be made as follows: On account of each
13 member there shall be paid monthly by the employer an amount
14 equal to a certain percentage of the earnable compensation of
15 each member to be known as the "normal contribution" and an
16 additional amount equal to a percentage of his or her earnable
17 compensation to be known as the "accrued liability
18 contribution," and these two amounts shall be paid monthly
19 into the Pension Accumulation Fund; provided, that in the case
20 of a state policeman, such percentage rates of contributions
21 shall be calculated separately. The percentage rate of such
22 contributions shall be fixed for each fiscal year on the basis
23 of the liabilities of the retirement system as shown by the
24 last annual actuarial valuation, and such percentage rate as

1 established by such valuation shall take effect the following
2 October 1 and continue in effect for the fiscal year.

3 On the basis of regular interest and of such
4 mortality and other tables as shall be adopted by the Board of
5 Control, the actuary engaged by the board to make such
6 valuation required by this article during the period over
7 which the accrued liability contribution is payable shall,
8 immediately after making such valuation, determine the uniform
9 and constant percentage of the earnable compensation of the
10 average new entrant which, if contributed on the basis of his
11 or her compensation throughout his or her entire period of
12 active service, would be sufficient to provide for the payment
13 of any pension payable on his or her account. The percentage
14 rate so determined shall be known as the "normal contribution"
15 rate. The normal rate of contributions shall be determined by
16 the actuary after each valuation.

17 The accrued liability contribution rate shall be
18 computed by the actuary on the basis of each valuation as the
19 percentage rate of the total annual compensation of all
20 members which is sufficient to liquidate the accrued liability
21 over a period to be determined by the Board of Control which
22 shall be not less than 10 nor more than 30 years.

23 The unfunded accrued liability shall be computed by
24 the actuary as the total liabilities of the system which are
25 not dischargeable by the assets of the Annuity Savings Fund

1 and the Pension Accumulation Fund and the present value of the
2 aforesaid normal contributions.

3 For purposes of computing the unfunded accrued
4 liability the assets shall be determined as follows:

5 On September 30, 1997, the assets shall be
6 determined by using the market value of such assets. For
7 subsequent years the value of the assets shall be determined
8 by the system's actuary using a five year smoothed market
9 value.

10 The total amount payable in each year to the Pension
11 Accumulation Fund shall be not less than the sum of the
12 percentage rates known as the normal contribution rate and the
13 accrued liability contribution rate of the total compensation
14 earnable by all members during the preceding year.

15 All interest and dividends earned on the funds of
16 the retirement system shall be credited to the Pension
17 Accumulation Fund. The amounts needed to allow a regular
18 interest on the reserves in the Annuity Savings Fund shall be
19 transferred in accordance with this article from the Pension
20 Accumulation Fund. The Board of Control, in its discretion,
21 may transfer to and from the Pension Accumulation Fund the
22 amounts of any surplus or deficit which may develop in the
23 Annuity Savings Fund, or the Expense Fund.

24 Upon the death of a member on account of whom no
25 survivor allowance is payable under subdivisions (2) and (3)

1 of subsection (c) of Section 36-27-16, the death benefit as
2 provided in subdivision (4) of subsection (c) of Section
3 36-27-16 equal to the accumulated contributions, not to exceed
4 \$5,000.00, shall be payable from the Pension Accumulation
5 Fund.

6 (d) Expense Fund. The Expense Fund shall be the fund
7 from which the expenses of the administration of the
8 retirement system shall be paid, exclusive of amounts payable
9 as retirement allowances and as other benefits provided in
10 this chapter. In addition thereto and on account of each
11 member of the retirement system, there shall be paid monthly
12 by the employer an amount equal to a certain percentage of the
13 earnable compensation of each member for the administrative
14 expenses of the retirement system. The percentage rate of such
15 contribution shall be fixed by the Board of Control on the
16 basis of the cost exclusive of that provided by interest not
17 returnable. Any amounts credited to the accounts of the
18 members withdrawing before retirement and not returnable under
19 the provisions of subsection (c) of Section 36-27-16 shall be
20 credited to the Expense Fund.

21 (e) Employer's contributions. For each biennium
22 beginning October 1, 1965, each employer shall pay to the
23 retirement system the rates provided in this section and
24 thereafter, at least 30 days preceding October 1 of each
25 fiscal year, the Board of Control shall certify to the chief

1 fiscal officer of each employer the percentage rates of
2 earnable compensation of the members required to be paid to
3 the retirement system in accordance with subsections (c) and
4 (d) of this section.

5 The employer's contribution on account of the
6 membership of employees whose salaries are paid in whole or in
7 part from funds derived from federal grants shall be paid from
8 funds derived from the federal grants in accordance with
9 statutes governing the administration of the grants and in
10 proportion to salaries paid therefrom. At such time and in
11 such manner as may be required, the Board of Control shall
12 certify to each department of state receiving a federal grant
13 the amount due and payable from the grant as the employer's
14 contribution to the retirement system on account of the
15 membership of the department whose salaries are paid in whole
16 or in part from funds derived from such federal grants. The
17 fiscal agent of the department shall authorize the state
18 Comptroller to draw a warrant or warrants in payment of the
19 amount certified as due and payable from federal grants.

20 (f) Appropriations. There is hereby appropriated
21 annually from the fund from which salaries of the employees of
22 each employer are paid the amounts sufficient to carry out the
23 provisions of this section. In the case of those departments
24 supported wholly by transfers from other state funds, there is
25 hereby appropriated from the supporting funds such additional

1 amounts as may be necessary to pay the employer contribution
2 of each department so supported in the same proportion as the
3 other state funds contribute to the support and maintenance of
4 such department.

5 (g) Employer cost provided for in this article
6 together with member contributions required under this article
7 shall be paid to the Employees' Retirement System on the first
8 day of the month following the month in which the related
9 member salary is earned. Delinquent accounts shall accrue
10 interest at the actuarial assumed investment rate beginning 30
11 days after the original due date. The member contributions for
12 each member shall be reported to the Employees' Retirement
13 System in a format prescribed by the Employees' Retirement
14 System.

15 "§36-27-59.

16 (a) When used in this section, the following terms
17 shall have the following meanings, unless the context clearly
18 indicates otherwise:

19 (1) CORRECTIONAL OFFICER. A full-time correctional
20 officer who is certified as a correctional officer by the
21 Alabama Peace Officers' Standards and Training Commission.

22 (2) FIREFIGHTER. A full-time firefighter employed
23 with the State of Alabama, a municipal fire department, or a
24 fire district who has a level one minimum standard
25 certification by the Firefighters Personnel Standards and

1 Education Commission, or a firefighter employed by the Alabama
2 Forestry Commission who has been certified by the State
3 Forester as having met the wild land firefighter training
4 standard of the National Wildfire Coordinating Group.

5 (3) LAW ENFORCEMENT OFFICER. A full-time law
6 enforcement officer, not covered as a state policeman,
7 employed with any state agency, department, board, commission,
8 or institution or a full-time law enforcement officer employed
9 by a local unit of the Employees' Retirement System under
10 Section 36-27-6 who is certified as a law enforcement officer
11 by the Alabama Peace Officers' Standards and Training
12 Commission.

13 (b)(1) Any firefighter, law enforcement officer, or
14 correctional officer covered under the Employees' Retirement
15 System or the Teachers' Retirement System, upon attainment of
16 the requisite years of creditable service or who otherwise
17 qualifies for service or disability retirement, shall be
18 awarded one year of hazardous duty time for every five years
19 of service as a firefighter, a law enforcement officer, or a
20 correctional officer provided that the person has made the
21 additional contribution provided in subdivision (2) or paid
22 the additional contribution required in subsection (c) for
23 each year of service used in determining hazardous duty time
24 for the person. Proportional credit shall be awarded for any
25 period of service less than five years.

1 (2) Effective January 1, 2001, and each pay period
2 thereafter, each active employee who is a firefighter, law
3 enforcement officer, or correctional officer, as defined in
4 subsection (a), shall contribute to the Teachers' or
5 Employees' Retirement System of Alabama six percent of his or
6 her earnable compensation. For all pay dates beginning on or
7 after October 1, 2011, each active employee who is a
8 firefighter, law enforcement officer, or correctional officer,
9 as defined in subsection (a), except those employees
10 participating pursuant to Section 36-27-6, shall contribute to
11 the Teachers' or Employees' Retirement System of Alabama eight
12 and one-quarter percent (8.25%) of his or her earnable
13 compensation. For all pay dates beginning on or after October
14 1, 2012, each active employee who is a firefighter, law
15 enforcement officer, or correctional officer, as defined in
16 subsection (a), except those employees participating pursuant
17 to Section 36-27-6, shall contribute to the Teachers' or
18 Employees' Retirement System of Alabama eight and one-half
19 percent (8.5%) of his or her earnable compensation. Any
20 employer participating under Section 36-27-6, by adoption of a
21 resolution, may elect for the increases in employee
22 contributions provided by this act adding this language to be
23 withheld from the earnable compensation of employees of the
24 employer.

1 (c) Any member of the Employees' Retirement System
2 or the Teachers' Retirement System eligible under subsection
3 (b) may receive credit for his or her eligible prior service
4 provided the member pays to the Secretary-Treasurer of the
5 Employees' Retirement System or the Secretary-Treasurer of the
6 Teachers' Retirement System one percent of his or her current
7 annual earnable compensation or previous year's annual
8 earnable compensation, whichever is higher, for each year of
9 claimed credit within two years of January 1, 2001, except
10 that any firefighter employed by the Alabama Forestry
11 Commission shall make such payment within two years of
12 December 28, 2001. Any member participating in the Employees'
13 Retirement System under Section 36-27-6, who has eligible
14 prior service under this section and who also had no prior
15 eligibility to purchase prior service credit under this
16 subsection, may purchase prior service credit under this
17 section at the same rate provided in subsection (b) within one
18 year of the effective date of his or her enrollment with the
19 Employees' Retirement System or within one year of August 1,
20 2004. The member may purchase his or her claimed credit in
21 increments of five years, unless the total service credit is
22 less than five years, in which case the service shall be
23 purchased in its entirety. The member shall provide
24 certification from each employing agency, on forms prescribed
25 by the Teachers' or Employees' Retirement System, of each year

1 of claimed service, as a prerequisite to payment under this
2 section.

3 Section 2. If the positive investment performance of
4 any retirement system administered by the Retirement Systems
5 of Alabama results in a decrease in the total contribution
6 rate paid by employers and employees participating in such a
7 system, the Retirement Systems of Alabama shall first reduce
8 the employee contribution rate, in an effort to at least
9 partially offset the rate increases provided for in this act.

10 Section 3. All laws or parts of laws which conflict
11 with this act are repealed.

12 Section 4. This bill shall become effective
13 immediately upon its passage and approval by the Governor or
14 its otherwise becoming law.

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 12-APR-11.

Greg Pappas
Clerk

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Senate
House
Senate

01-JUN-11

02-JUN-11

09-JUN-11

Amended and Passed
Passed, as amended
by Conference Com-
mittee Report
Passed, as amended
by Conference Com-
mittee Report