

1 HB704
2 141463-4
3 By Representative Poole (N & P)
4 RFD: Tuscaloosa County Legislation
5 First Read: 17-APR-12

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ENROLLED, An Act,

Relating to the City of Tuscaloosa, Alabama; to amend Act 99-568 of the 1999 Regular Session (Acts 1999, p. 1220), providing a retirement system for police officers and firefighters of the city; to amend Section 4.03, relating to termination of employment; Section 6.03, relating to member contributions; Section 6.05, relating to city contributions; and Section 7.14, relating to the deferred retirement option plan.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 4.03, 6.03, 6.05, and 7.14 of Act 99-568 of the 1999 Regular Session (Acts 1999, p. 1220), are amended to read as follows:

"4.03 Termination of Employment.

"If any firefighter or police officer be discharged or for any other reason leaves the employment of the police department or fire department before he or she becomes entitled to any of the retirement benefits provided for under this act, he or she shall forfeit all right to all benefits under this act, but he or she shall be paid by the board any monies, without interest, that may have been paid into such fund by him or her by deduction from salary, less one-half of any sick benefits which have been paid to him or her from such fund. If any police officer or firefighter is killed or dies,

1 his or her death not resulting from action while in line of
2 duty, and he or she does not have 10 years of service so as to
3 entitle his or her surviving spouse or dependent children to a
4 pension or allowance under the other provisions of this act,
5 the surviving spouse or the legal guardian of the minor
6 children (or the beneficiary if neither of these apply) shall
7 be paid by the board any monies, without interest, that may
8 have been paid into such fund from the salary of the police
9 officer or firefighter, less one-half of any sick benefits
10 which have been paid to him or her from such fund. If any
11 member police officer or firefighter is killed or dies before
12 retirement and has no surviving spouse or minor children or
13 other eligible beneficiary as set out in this act, the board
14 shall refund any monies, without interest, paid into such fund
15 by him or her to the executor or the administrator of the
16 member estate.

17 "6.03 Member Contributions.

18 "(a) Prior to the effective date of ~~this act~~ Act
19 99-568, from the salary of each firefighter and police officer
20 there shall be deducted and paid into the fund an amount equal
21 to seven percent (7%) of the amount of such salary.

22 "(b) Beginning with the effective date of ~~this~~ the
23 last act amending this subsection, or as soon thereafter as
24 practical, from the salary of each firefighter and police
25 officer the city shall agree to assume and pay "picked up"

1 member contributions to the fund in lieu of direct
2 contributions by the member in an amount equal to ~~eleven~~
3 ~~percent (11%)~~ eleven and twenty-five hundredths percent of the
4 amount of such salary (excluding bonuses and other extra pay
5 and benefits) with such contributions being paid into the fund
6 on behalf of the member.

7 "Member contributions picked up by the city shall be
8 payable from the same source of funds used to pay compensation
9 to a member. A deduction shall be made from a member's salary
10 equal to the amount of contributions picked up by the city.
11 This deduction shall not reduce the member's salary, pension
12 base, or final average salary. No member shall have the option
13 of choosing to receive the contributed amounts directly
14 instead of having them paid by the city directly to the fund.
15 All such contributions by the city shall be deemed and
16 considered as part of the member's accumulated contributions
17 and subject to all provisions of this plan pertaining to
18 accumulated contributions of members, but treated as city
19 contributions in determining tax treatment under the Code. The
20 intent of this language is to comply with Section 414(h)(2) of
21 the Internal Revenue Code of 1986, as amended.

22 "(c) Notwithstanding the provisions of 6.03(a) and
23 6.03(b), whenever a member of the fire or police department of
24 the city is ineligible for membership in the fund by reason of
25 the provisions of this act, neither such ineligible member nor

1 his or her salary nor other compensation shall be subject to
2 any assessment for the benefit of this fund.

3 "6.05 City Contributions (non picked-up).

4 "The governing body of the city shall cause to be
5 paid into the fund out of the treasury of the city an amount
6 equal to ~~thirteen percent (13%)~~ thirteen and twenty-five
7 hundredths percent (13.25%) of the salary (excluding bonuses)
8 of each member of the fire and police department who is
9 eligible for membership in this fund, such payment to be made
10 to the fund as and when such salary becomes payable, and
11 deduction therefrom is made as provided in this section.

12 "7.14 Deferred Retirement Option Plan ("DROP").

13 "(a) A member shall become eligible for the "DROP"
14 upon completing 25 years of service. A member eligible for the
15 DROP can prospectively elect a "DROP period" of 1 year, 2
16 years, or 3 years in accordance with the rules established by
17 the board under 7.05. The member must also make any election
18 of options under 5.03 at the same time as electing the DROP. A
19 member electing the DROP cannot elect the "Back DROP" under
20 7.15. Any death benefit payable under the plan other than the
21 distribution of the "DROP account" shall be determined as if
22 the member had retired on the date that the DROP was elected.

23 "(b) Any member electing the DROP shall have his or
24 her retirement benefit determined under the provisions of 4.01
25 and 4.05 in effect as of the date of such election as if the

1 member had retired on such date, except that the adjustment
2 made under 4.01(a)(II) and the corresponding adjustment under
3 4.05 shall not apply. Subsequent to the member's actual
4 retirement, his or her benefit shall be treated in the same
5 manner as the benefit for a retired member. All member
6 contributions under 6.03 and city contributions under 6.05
7 shall continue during the DROP period.

8 "(c) Any member who elects the DROP shall have the
9 lesser of (i) his or her benefit as determined under 7.14(b),
10 and (ii) the amount in effect under 4.05 at his or her
11 retirement without the adjustment of 4.01(a)(II), but subject
12 to an optional form of payment elected under 5.02, deposited
13 monthly into a "DROP account" (instead of paid directly) in
14 the member's name under the plan's fund during the DROP
15 period. The DROP account shall be credited with interest at an
16 annual percentage rate (APR) equal to ~~one-half~~ one-third of
17 the actuarial ~~assumption for investment~~ return of investment
18 in effect during each plan year ~~(used for purposes of as~~
19 provided by the actuarial study under 7.04(a)), not to exceed
20 four percent, compounded on a monthly basis.

21 "(d) Any member who elects the DROP and retires no
22 later than the end of the DROP period chosen under 7.14(a)
23 shall elect a distribution form of his or her DROP account
24 payable at retirement from the following options:

1 "(I) Lump sum distribution of the balance of his or
2 her DROP account at retirement.

3 "(II) Distribution of the balance of his or her DROP
4 account at retirement payable monthly over a period of 3
5 years, 5 years, or 10 years as selected by the member. The
6 residual balance of his or her DROP account will continue to
7 be credited with interest under the method prescribed in
8 7.14(c) during the period of distribution.

9 "(e) Any member who elects the DROP and does not
10 retire from active service by the end of the DROP period
11 chosen under 7.14(a) shall (i) forfeit the balance of his or
12 her DROP account at the end of the DROP period and not have
13 any additional benefits deposited into the DROP account, and
14 (ii) have his or her benefit determined at actual retirement
15 without regard to service or salary earned during the DROP
16 period.

17 "(f) If a member who elects the DROP dies during the
18 DROP period chosen under 7.14(a), the member's beneficiary
19 shall receive the balance of the member's DROP account subject
20 to a distribution election made by the beneficiary under
21 7.14(d).

22 "(g) If a member who elects the DROP dies during the
23 DROP period of distribution under 7.14(d), any undistributed
24 balance of his or her DROP account shall be paid to the

1 member's beneficiary in accordance with the member's election
2 under 7.14(d).

3 "(h) Any DROP election made by a member under
4 7.14(a) will be irrevocable unless the member subsequently
5 becomes permanently disabled under 4.02(c). In such case, the
6 member would be given a one-time election between (i) the
7 disability benefit provided under 4.02 as if the DROP election
8 had never been made, and (ii) the benefit provided under the
9 DROP."

10 Section 2. This act shall become effective on the
11 first day of the third month following its passage and
12 approval by the Governor, or 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 26-APR-12, as amended.

Greg Pappas
Clerk

Senate

09-MAY-12

Passed