

1 SB173  
2 164663-2  
3 By Senator Holley  
4 RFD: Governmental Affairs  
5 First Read: 10-MAR-15

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8 SYNOPSIS: Under existing law, applicants for  
9 membership in the Alabama Peace Officers' Annuity  
10 and Benefit Fund pay an initial fee of \$20 and \$20  
11 per month for as long as they maintain their  
12 membership.

13 This bill would authorize the board to  
14 charge an initial fee and a monthly fee of up to  
15 \$40 based on the recommendation of an actuary  
16 employed by the board taking into consideration the  
17 cost of operating the fund.

18 Under existing law, the actuary employed by  
19 the board determines what adjustments to the  
20 proposed payments, annuities, and benefits may be  
21 paid if the fund is to be kept on an actuarially  
22 sound basis, and the board adjusts benefits up or  
23 down as recommended by the actuary.

24 This bill would clarify the manner in which  
25 adjustments are made.

26  
27 A BILL

1 TO BE ENTITLED

2 AN ACT

3  
4 To amend Sections 36-21-68 and 36-21-73 of the Code  
5 of Alabama 1975, to provide that the membership fees for the  
6 Alabama Peace Officers' Annuity and Benefit Fund would be set  
7 by the board up to a certain amount based on the  
8 recommendation of the actuary of the board; and to clarify  
9 that adjustments to benefits are calculated based on the  
10 recommendation of the actuary.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. Sections 36-21-68 and 36-21-73 of the  
13 Code of Alabama 1975, are amended to read as follows:

14 "§36-21-68.

15 "Nothing in this article shall be construed as  
16 requiring that any member of the fund become a member of the  
17 association or the order, or that any member of the  
18 association or the order become a member of the fund.

19 "Each peace officer who becomes a member shall pay  
20 to the fund a regular fee ~~of twenty dollars (\$20) per calendar~~  
21 ~~month~~ in an amount of up to forty dollars (\$40) to be  
22 determined by the Board of Commissioners based upon the  
23 recommendation of the actuary, to be paid on or before the  
24 tenth calendar day of each month so long as he or she is a  
25 member or until he or she becomes entitled to benefits  
26 hereunder. A member who has 30 years of qualified service in  
27 the fund and having met all other requirements of the law and

1       thereby having earned maximum benefits provided will no longer  
2       be required to make monthly contributions for his or her  
3       membership and will retain all of the rights and privileges as  
4       provided any other member.

5               ~~"Six months from the passage of this section, all~~  
6       All applicants for membership must join the fund with the  
7       initial fee ~~of twenty dollars (\$20) and twenty dollars (\$20)~~  
8       ~~per month~~ as determined by the board based on the  
9       recommendation of the actuary and a monthly fee set by the  
10       board in the same manner as long as they maintain their  
11       membership, with no regard given for law enforcement service  
12       prior to the date of application.

13               "If any member shall not pay the monthly fee for 60  
14       days after its due date, the board shall give him or her  
15       notice of termination of his or her membership in the fund and  
16       of his or her right to a refund and unless he or she makes  
17       application for a refund pursuant to Section 36-21-74 within  
18       60 days after the mailing of the notice, all amounts  
19       heretofore paid by him or her to the fund shall be returned to  
20       him or her in accordance with Section 36-21-74. Any member so  
21       terminated who later applies for membership in the fund shall  
22       lose credit for all of his or her qualified service up to the  
23       time of such termination and, upon approval of his or her new  
24       application, will become a new member in the fund.

25               "§36-21-73.

26               "The board shall have appointed and employed an  
27       actuary to make an actuarial valuation every three years or

1 earlier, if deemed required, of the receipts and income  
2 accruing to the fund based on age, expected mortality,  
3 disability, and retirement status of the members and the  
4 qualified service and membership service of members and to  
5 determine what percentage of the proposed payments, annuities,  
6 and benefits set forth in this article may be paid if the fund  
7 is to be kept on an actuarially sound basis and in an actuarially  
8 solvent condition. Upon receipt of the report of the actuary,  
9 the executive director shall present it to a meeting of the  
10 board which shall have the power and shall be required to make  
11 adjustments of annuities and benefits, up or down, as are  
12 recommended by the actuary. Any increase or reduction in  
13 benefits resulting from any actuarial study or from any  
14 subsequent amendment of this article shall be applicable to  
15 all persons then receiving such benefits, even though such  
16 persons had theretofore received benefits at a different rate.

17 "In no event shall the board, the fund, the  
18 association, the order, or any member, officer, director, or  
19 employee of any thereof or the state or any subdivision  
20 thereof or any municipality therein be liable to any member or  
21 any beneficiary or any representative of any member or any  
22 beneficiary of the fund for any deficiency in payments made  
23 pursuant to this article and pursuant to any ~~pro rata~~  
24 ~~reduction of annuities or benefits~~ adjustments of annuities  
25 and benefits, up or down, as are recommended by the actuary."

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