

1           HB78  
2        197190-1  
3        By Representative Reynolds  
4        RFD: Ways and Means General Fund  
5        First Read: 05-MAR-19  
6        PFD: 03/04/2019

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8 SYNOPSIS: Under existing law, a retiree receiving an  
9 Employees' Retirement System or Teachers'  
10 Retirement System allowance may receive  
11 compensation for performing duties with an employer  
12 participating in the system without suspension of  
13 the retirement allowance, provided the person is  
14 not employed in a permanent, full-time capacity,  
15 and the annual compensation does not exceed  
16 \$30,000, plus Consumer Price Index adjustments  
17 after 2017.

18 This bill would increase the maximum annual  
19 compensation that a retiree receiving an Employees'  
20 Retirement System or Teachers' Retirement System  
21 allowance may earn for performing duties with an  
22 employer participating in the system to \$42,000,  
23 beginning in the 2020 calendar year, plus Consumer  
24 Price Index adjustments after 2025.

25  
26 A BILL  
27 TO BE ENTITLED

## AN ACT

Relating to retirement; to amend Sections 16-25-26 and 36-27-8.2, Code of Alabama 1975, relating to the Teachers' Retirement System and the Employees' Retirement System; to increase the maximum annual compensation that a retiree receiving an Employees' Retirement System or Teachers' Retirement System allowance may earn for performing duties with an employer participating in the system.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 16-25-26 and 36-27-8.2, Code of Alabama 1975, are amended to read as follows:

"§16-25-26.

"(a) Any person who is retired under the Teachers' Retirement System may perform duties in any capacity, including as an independent contractor, with any employer participating in the Employees' Retirement System or the Teachers' Retirement System without suspension of his or her retirement allowance provided that (1) the person is not employed in a permanent full-time capacity and (2) the person's compensation from the employer in calendar year ~~2016~~  
2020 does not exceed ~~thirty~~ forty-two thousand dollars  
~~(\$30,000)~~ (\$42,000). Beginning in calendar year ~~2017~~ 2025, and each calendar year thereafter, the annual earning limit shall be increased by the same percentage increase as the increase in the Consumer Price Index for all urban consumers as published by the U.S. Department of Labor, Bureau of Labor

1 Statistics. Any increase in the annual earning limit shall be  
2 rounded to the next lowest multiple of one thousand dollars  
3 (\$1,000) with any amount in excess of the one thousand dollar  
4 (\$1,000) multiple considered in determining the increase for  
5 the following year. Each adjustment shall be based on the  
6 increase in the index for the preceding 12-month period ending  
7 on September 30 and the increase shall be effective for the  
8 following calendar year.

9 "(b) Any person serving as an elected official who  
10 has retired from the Teachers' Retirement System may serve for  
11 compensation in an elected public office with the state, a  
12 county, or an incorporated municipality without suspension of  
13 retirement benefits; provided that under no circumstances  
14 shall such a person participate in or accrue additional  
15 benefits under the Teachers' Retirement System or the  
16 Employees' Retirement System, and provided that under no  
17 circumstances shall a person whose retirement is based upon  
18 service as an elected official continue in or return to such  
19 office and receive both pension benefits and salary; provided  
20 further, that this subsection shall apply to elected officials  
21 whose participation in the Teachers' Retirement System or the  
22 Employees' Retirement System is constitutionally required to  
23 be upon the same terms and conditions as specified by law for  
24 other employees in the retirement system if such elected  
25 official's compensation does not exceed the annual earning  
26 limits provided in subsection (a).

1                         "(c) The responsibility for compliance with this  
2 section is placed upon the employing authority, and each  
3 retiree performing duties under this section shall certify to  
4 the employer any information required in order to carry out  
5 this section. The retiree shall provide written notice of the  
6 postretirement employment under this section to the Teachers'  
7 Retirement System and employing authority within 30 days after  
8 the date the retiree knows or should know that he or she will  
9 be performing duties on a full-time or permanent basis or will  
10 earn an amount in excess of the annual earning limit under  
11 this section.

12                         "§36-27-8.2.

13                         "(a) Any person who is retired under the Employees'  
14 Retirement System may perform duties in any capacity,  
15 including as an independent contractor, with any employer  
16 participating in the Employees' Retirement System or the  
17 Teachers' Retirement System without suspension of his or her  
18 retirement allowance provided that (1) the person is not  
19 employed in a permanent full-time capacity and (2) the  
20 person's compensation from the employer in calendar year ~~2016~~  
21 2020 does not exceed ~~thirty forty-two~~ thousand dollars  
22 ~~(\$30,000)~~ (\$42,000). Beginning in calendar year ~~2017~~ 2025, and  
23 each calendar year thereafter, the annual earning limit shall  
24 be increased by the same percentage increase as the increase  
25 in the Consumer Price Index for all urban consumers as  
26 published by the U.S. Department of Labor, Bureau of Labor  
27 Statistics. Any increase in the annual earning limit shall be

1                   rounded to the next lowest multiple of one thousand dollars  
2                   (\$1,000) with any amount in excess of the one thousand dollar  
3                   (\$1,000) multiple considered in determining the increase for  
4                   the following year. Each adjustment shall be based on the  
5                   increase in the index for the preceding 12-month period ending  
6                   on September 30 and the increase shall be effective for the  
7                   following calendar year.

8                   "(b) Any person serving as an elected official who  
9                   has retired from the Employees' Retirement System may serve  
10                  for compensation in an elected public office with the state, a  
11                  county, or an incorporated municipality without suspension of  
12                  retirement benefits; provided that under no circumstances  
13                  shall such a person participate in or accrue additional  
14                  benefits under the Teachers' Retirement System or the  
15                  Employees' Retirement System, and provided that under no  
16                  circumstances shall a person whose retirement is based upon  
17                  service as an elected official continue in or return to such  
18                  office and receive both pension benefits and salary; provided  
19                  further, that this subsection shall apply to elected officials  
20                  whose participation in the Teachers' Retirement System or the  
21                  Employees' Retirement System is constitutionally required to  
22                  be upon the same terms and conditions as specified by law for  
23                  other employees in the retirement system if such elected  
24                  official's compensation does not exceed the annual earning  
25                  limits provided in subsection (a).

26                  "(c) The responsibility for compliance with the  
27                  provision of this section is placed upon the employing

1 authority, and each retiree performing duties under this  
2 section shall certify to the employer any information required  
3 in order to carry out this section. The retiree shall provide  
4 written notice of the postretirement employment under this  
5 section to the Employees' Retirement System and employing  
6 authority within 30 days after the date the retiree knows or  
7 should know that he or she will be performing duties on a  
8 full-time or permanent basis or will earn an amount in excess  
9 of the annual earning limit under this section."

10                   Section 2. This act shall become effective January  
11 1, 2020, following its passage and approval by the Governor,  
12 or its otherwise becoming law.