

1 HB93
2 208363-4
3 By Representatives Baker, Collins, Moore (P), Robertson,
4 Estes, Meadows, Stringer, Brown (C), Marques and Wheeler
5 RFD: Ways and Means Education
6 First Read: 02-FEB-21
7 PFD: 12/17/2020

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ENROLLED, An Act,

To amend Section 16-25-11.1, Code of Alabama 1975, relating to the Teachers' Retirement System, to allow the conversion of sick leave into creditable service for Tier II plan members.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. ~~Sections 16-25-11.1, 16-25-14, as amended by Acts 2019-221 and 2019-316 of the 2019 Regular Session, and 16-25-21, Code of Alabama 1975, are amended to read as~~ Section 16-25-11.1 of the Code of Alabama 1975, is amended to read as follows:

"§16-25-11.1.

~~"(a)~~ Teachers, as defined in subdivision (3) of Section 16-25-1 or subsection (d) of Section 16-25-5, as amended may use their accrued sick leave, up to a maximum number of accrued sick leave days allowed by law, to be included as membership service in determining the total years of creditable service in the Teachers' Retirement System of Alabama; provided, any teacher not authorized by law to receive sick leave may use any accrued sick leave provided by his or her employer, provided, that employer is lawfully empowered to grant such leave, which cannot be without pay; and provided further that the amount of such accrued leave shall not exceed the maximum number of accrued sick leave days

1 allowed by law for a classroom teacher employed by a city or
2 county board of education. Unused sick leave may be converted
3 to membership service only for the purpose of applying for
4 service retirement. The conversion shall not apply to
5 eligibility for deferred retirement; provided that a person
6 eligible for service retirement, if also eligible for
7 disability retirement, may elect disability retirement and
8 also receive credit for accumulated sick leave pursuant to
9 this section. This section shall not be applicable to any
10 person who is eligible to receive partial payment for accrued
11 sick leave pursuant to Section 36-26-36.

12 ~~"(b) The conversion of accrued sick leave into~~
13 ~~creditable service provided in this section shall not apply to~~
14 ~~any Tier II plan member.~~

15 "§16-25-14.

16 ~~"(a) (1) Any Tier I plan member who withdraws from~~
17 ~~service upon or after attainment of age 60 and any Tier II~~
18 ~~plan member who withdraws from service upon or after~~
19 ~~attainment of age 62, or in the case of a Tier II plan member~~
20 ~~who is a correctional officer, firefighter, or law enforcement~~
21 ~~officer as defined in Section 36-27-59, who withdraws from~~
22 ~~service upon or after attainment of age 56 with at least ten~~
23 ~~10 years of creditable service as a correctional officer,~~
24 ~~firefighter, or law enforcement officer may retire upon~~
25 ~~written application to the Board of Control setting forth at~~

1 ~~what time, not less than 30 days nor more than 90 days~~
2 ~~subsequent to the execution and filing thereof, he or she~~
3 ~~desires to be retired; provided, that any such member who~~
4 ~~became a member on or after October 1, 1963, shall have~~
5 ~~completed 10 or more years of creditable service.~~

6 ~~"(2) Any Tier I plan member who has attained age 60~~
7 ~~and any Tier II plan member who has attained age 62, or in the~~
8 ~~case of a Tier II plan member who is a correctional officer,~~
9 ~~firefighter, or law enforcement officer as defined in Section~~
10 ~~36-27-59, who has attained age 56 with at least ten 10 years~~
11 ~~of creditable service as a correctional officer, firefighter,~~
12 ~~or law enforcement officer and has previously withdrawn from~~
13 ~~service may retire upon written application to the Board of~~
14 ~~Control setting forth at what time, not less than 30 days nor~~
15 ~~more than 90 days subsequent to the execution and filing~~
16 ~~thereof, he or she desires to be retired; provided, that the~~
17 ~~member shall have completed at the time for his or her~~
18 ~~withdrawal from service the requirements established by the~~
19 ~~Board of Control for eligibility for deferred benefits~~
20 ~~pursuant to Section 16-25-3.~~

21 ~~"(3) Any person who is presently covered or is~~
22 ~~eligible to be covered under the Employees' Retirement System~~
23 ~~of Alabama or the Teachers' Retirement System of Alabama and~~
24 ~~who, prior to such coverage or eligibility for coverage,~~
25 ~~served as head of any Alabama county's public library service~~

1 ~~department shall have credited to him or her one year of~~
2 ~~creditable service for each year served as such head, not to~~
3 ~~exceed 12 years; provided, that such person shall pay into the~~
4 ~~retirement system the employee's part of the cost or~~
5 ~~contribution based on the salary paid to such person during~~
6 ~~the time of his or her service in the above capacity, with~~
7 ~~such cost or contribution to be calculated at the percent or~~
8 ~~rate in effect on October 1, 1973.~~

9 ~~"(4) Any Tier I plan member of the Teachers'~~
10 ~~Retirement System of Alabama, who withdraws from service after~~
11 ~~the completion of at least 25 years of creditable service, or~~
12 ~~any Tier II plan member, who withdraws from service after the~~
13 ~~completion of at least 30 years of creditable service, may~~
14 ~~retire upon written application to the Board of Control of the~~
15 ~~Teachers' Retirement System setting forth at what time, not~~
16 ~~less than 30 days nor more than 90 days subsequent to the~~
17 ~~execution and filing thereof, he or she desires to be retired;~~
18 ~~provided, that any such member who became a Tier I or Tier II~~
19 ~~plan member on or after October 1, 1963, shall have completed~~
20 ~~10 or more years of creditable service.~~

21 ~~"(b) Upon retirement from service, a Tier I plan~~
22 ~~member shall receive a service retirement allowance which~~
23 ~~shall consist of:~~

1 ~~"(1) An annuity which shall be the actuarial~~
2 ~~equivalent of his or her accumulated contributions at the time~~
3 ~~of his or her retirement;~~

4 ~~"(2) A pension which shall be equal to the annuity~~
5 ~~allowable at the age of retirement, but not to exceed an~~
6 ~~annuity allowable at age 65 computed on the basis of~~
7 ~~contributions made prior to the attainment of age 65; and~~

8 ~~"(3) If he or she has a prior service certificate in~~
9 ~~full force and effect, an additional pension which shall be~~
10 ~~equal to the annuity which would have been provided at age of~~
11 ~~retirement, but not to exceed an annuity allowable at age 65~~
12 ~~by twice the contributions which he or she would have made~~
13 ~~during the period of prior service with which he or she is~~
14 ~~credited had the system been in operation and had he or she~~
15 ~~contributed thereunder. In lieu of a determination of the~~
16 ~~actual compensation of the members that was received during~~
17 ~~such prior service, the Board of Control may use for the~~
18 ~~purposes of this chapter the compensation rates which, if they~~
19 ~~had progressed with the rates of salary increase shown in the~~
20 ~~tables as prescribed in subsection (o) of Section 16-25-19,~~
21 ~~would have resulted in the same average salary of the member~~
22 ~~for the five years immediately preceding the date of~~
23 ~~establishment as the records show the member actually~~
24 ~~received.~~

1 ~~"(c) The annual service retirement pension payable~~
2 ~~to a Tier I plan member retiring on or after October 1, 1975,~~
3 ~~shall not be less than an amount which when added to his or~~
4 ~~her annuity is equal to the greater of the following two~~
5 ~~amounts:~~

6 ~~"(1) Two and one-eightieth percent of the member's~~
7 ~~average final compensation multiplied by the number of years~~
8 ~~of his or her creditable service; or~~

9 ~~"(2) If he or she became a member before October 1,~~
10 ~~1971, \$72 seventy-two dollars (\$72) multiplied by the number~~
11 ~~of years of his or her creditable service not in excess of 25~~
12 ~~years.~~

13 ~~"Notwithstanding, a member who retired prior to~~
14 ~~October 1, 1971, under service retirement shall receive \$120~~
15 ~~one hundred twenty dollars (\$120) multiplied by the number~~
16 ~~of years of his or her creditable service not in excess of 25~~
17 ~~years.~~

18 ~~"(d) Upon retirement from service, a Tier II plan~~
19 ~~member shall receive a service retirement allowance which~~
20 ~~shall consist of an annuity which shall be the actuarial~~
21 ~~equivalent of the member's accumulated contributions at the~~
22 ~~time of retirement and a pension which, when added to the~~
23 ~~member's annuity, shall be equal to one and sixty-five~~
24 ~~hundredths percent (1.65%) of the member's average final~~
25 ~~compensation multiplied by the number of years of creditable~~

1 ~~service. Notwithstanding the foregoing, the service retirement~~
2 ~~allowance shall not exceed eighty percent (80%) of the~~
3 ~~member's average final compensation.~~

4 ~~"(e) Upon the application of a Tier I plan member in~~
5 ~~service or of his or her employer, any member who has had 10~~
6 ~~or more years of creditable service may be retired by the~~
7 ~~Board of Control on a disability retirement allowance not less~~
8 ~~than 30 nor more than 90 days next following the date of~~
9 ~~filing such an application; provided, that the medical board,~~
10 ~~after a medical examination of such member, shall certify that~~
11 ~~such member is mentally or physically incapacitated for~~
12 ~~further performance of duty, that such incapacity is likely to~~
13 ~~be permanent, and that such member should be retired. Upon the~~
14 ~~application of a Tier II plan member in service or of his or~~
15 ~~her employer, any member who has had 10 or more years of~~
16 ~~creditable service may be retired by the Board of Control on a~~
17 ~~disability retirement allowance not less than 30 nor more than~~
18 ~~90 days next following the date of filing such an application;~~
19 ~~provided, that the medical board, after a medical examination~~
20 ~~of such member, shall certify that the member is totally and~~
21 ~~permanently mentally or physically incapacitated from regular~~
22 ~~and substantial gainful employment, and that such member~~
23 ~~should be retired.~~

24 ~~"(f) Upon retirement for disability, a Tier I plan~~
25 ~~member shall receive a service retirement allowance if he or~~

1 ~~she has attained age 60 or if any law or part of any law~~
2 ~~pertaining to retirement under the Teachers' Retirement System~~
3 ~~of Alabama provides for service retirement after the~~
4 ~~completion of 25 years of creditable service and the member~~
5 ~~has completed 25 years of creditable service; otherwise, he or~~
6 ~~she shall receive a disability retirement allowance which~~
7 ~~shall consist of:~~

8 ~~"(1) An annuity which shall be the actuarial~~
9 ~~equivalent of his or her accumulated contributions at the time~~
10 ~~of retirement; and~~

11 ~~"(2) A pension which shall be equal to the pension~~
12 ~~that would have been payable under subdivisions (2) and (3) of~~
13 ~~subsection (b) of this section upon service retirement at age~~
14 ~~60 had the member continued in service to that age without~~
15 ~~change in compensation.~~

16 ~~"The annual disability retirement pension shall not~~
17 ~~be less than an amount which when added to his or her annuity~~
18 ~~is equal to the greater of the following amounts:~~

19 ~~"a. Two and one-eightieth percent of the member's~~
20 ~~average final compensation multiplied by the number of years~~
21 ~~of creditable service.~~

22 ~~"b. If he or she became a member before October 1,~~
23 ~~1971, \$54 fifty-four dollars (\$54) multiplied by the number~~
24 ~~of years of his or her creditable service not in excess of 25~~
25 ~~years.~~

1 ~~"Notwithstanding, a member who retired prior to~~
2 ~~October 1, 1971, for disability shall receive \$90 ninety~~
3 ~~dollars (\$90) multiplied by the number of years of his or her~~
4 ~~creditable service not in excess of 25 years.~~

5 ~~"(g) Upon retirement for disability, a Tier II plan~~
6 ~~member shall receive a service retirement allowance if the~~
7 ~~member has attained age 62, or in the case of a Tier II plan~~
8 ~~member who is a correctional officer, firefighter, or law~~
9 ~~enforcement officer as defined in Section 36-27-59, if the~~
10 ~~member has attained age 56 with at least ten 10 years of~~
11 ~~creditable service as a correctional officer, firefighter, or~~
12 ~~law enforcement officer, or if the member has completed 30~~
13 ~~years of creditable service, otherwise, the member shall~~
14 ~~receive a disability retirement allowance which shall be equal~~
15 ~~to one and sixty-five hundredths percent (1.65%) of the~~
16 ~~member's average final compensation multiplied by the number~~
17 ~~of years of creditable service.~~

18 ~~"(h) (1) Once each year during the first five years~~
19 ~~following the retirement of a member on a disability~~
20 ~~retirement allowance and once in every three-year period~~
21 ~~thereafter, the Board of Control may and upon his or her~~
22 ~~application shall require any disability beneficiary who has~~
23 ~~not yet attained age 60 for a Tier I plan member or age 62 for~~
24 ~~a Tier II plan member to undergo a medical examination, such~~
25 ~~examination to be made at the place of residence of such~~

1 ~~beneficiary or other place mutually agreed upon by a physician~~
2 ~~of or designated by the medical board. Should any disability~~
3 ~~beneficiary who has not yet attained age 60 for a Tier I plan~~
4 ~~member or age 62 for a Tier II plan member refuse to submit to~~
5 ~~such medical examination, his or her pension may be~~
6 ~~discontinued until his or her withdrawal of such refusal, and~~
7 ~~should his refusal continue for one year, all his or her~~
8 ~~rights in and to his or her pension may be revoked by the~~
9 ~~Board of Control; provided, that these requirements relative~~
10 ~~to the medical examination shall not apply in the case of a~~
11 ~~Tier II plan member who is a correctional officer,~~
12 ~~firefighter, or law enforcement officer as defined in Section~~
13 ~~36-27-59 retired for disability and who has attained age 56~~
14 ~~with at least ten 10 years of creditable service as a~~
15 ~~correctional officer, firefighter, or law enforcement officer.~~

16 ~~"(2) Should the medical board report and certify to~~
17 ~~the Board of Control that a disability beneficiary who is a~~
18 ~~Tier I plan member is engaged in or is able to engage in a~~
19 ~~gainful occupation paying more than the difference between his~~
20 ~~or her retirement allowance and his average final compensation~~
21 ~~and should the Board of Control concur in such report, then~~
22 ~~the amount of his or her pension shall be reduced to an amount~~
23 ~~which, together with his or her annuity and the amount~~
24 ~~earnable by him or her, shall equal the amount of his or her~~
25 ~~average final compensation. Should his or her earning capacity~~

1 ~~be later changed, the amount of his or her pension may be~~
2 ~~further modified; provided, that the new pension shall not~~
3 ~~exceed the amount of the pension originally granted nor an~~
4 ~~amount which, when added to the amount earnable by the~~
5 ~~beneficiary together with his or her annuity, equals the~~
6 ~~amount of his or her average final compensation.~~

7 ~~"(3) Should the medical board report and certify to~~
8 ~~the Board of Control that a disability beneficiary who is a~~
9 ~~Tier II plan member has the capacity to engage in regular and~~
10 ~~substantial gainful employment, the Board of Control shall~~
11 ~~discontinue the beneficiary's retirement allowance until the~~
12 ~~beneficiary is otherwise eligible for service retirement.~~

13 ~~"(i) (1) Should a member cease to be a teacher,~~
14 ~~except by death or by retirement under the provisions of this~~
15 ~~chapter, the contributions standing to the credit of his or~~
16 ~~her individual account in the Annuity Savings Fund shall be~~
17 ~~paid to him or her upon demand, and in addition to such~~
18 ~~payment there shall be paid five-tenths of the interest~~
19 ~~accumulations standing to the credit of his or her individual~~
20 ~~account if he or she shall have not less than three but less~~
21 ~~than 16 years of membership service, six-tenths of such~~
22 ~~interest accumulations if he or she shall have not less than~~
23 ~~16 but less than 21 years of membership service, seven-tenths~~
24 ~~of such interest accumulations if he or she shall have not~~
25 ~~less than 21 but less than 26 years of membership service, and~~

1 ~~eight-tenths of such interest accumulations if he or she shall~~
2 ~~have not less than 26 years of membership service.~~

3 ~~"(2) In case of the death of a member eligible for~~
4 ~~service retirement pursuant to subsection (a) of this section,~~
5 ~~an allowance shall be paid to the surviving spouse, or to such~~
6 ~~other person who the member shall have designated, in an~~
7 ~~amount that would have been payable if the member had retired~~
8 ~~immediately prior to his or her death and had elected Option 3~~
9 ~~2 Option 3, as set forth in subsection (j) of this section~~
10 ~~or, alternatively, if the surviving spouse or other designee~~
11 ~~desires, he or she may choose to receive, in lieu of the~~
12 ~~allowance provided under Option 3 2 Option 3, the accumulated~~
13 ~~contributions of the member plus an amount equal to the~~
14 ~~accumulated contributions of the member not to exceed \$5,000~~
15 ~~five thousand dollars (\$5,000) or the accumulated~~
16 ~~contributions of the member plus the benefit provided by~~
17 ~~Section 36-27B-3 if a benefit is payable under such section.~~

18 ~~"(3) Upon the death of a member on account of whom~~
19 ~~no survivor allowance is payable under subdivision (2) of this~~
20 ~~subsection, the accumulated contributions of the member plus~~
21 ~~an amount equal to the accumulated contributions not to exceed~~
22 ~~\$5,000 five thousand dollars (\$5,000) or the accumulated~~
23 ~~contributions of the member plus the benefit provided by~~
24 ~~Section 36-27B-3 if a benefit is payable under such section~~
25 ~~shall be paid to his or her estate or to such person as he~~

1 shall have nominated by written designation duly executed and
2 filed with the Board of Control.

3 ~~"(j) With the provision the election of an option~~
4 ~~shall be effective on the effective date of retirement, any~~
5 ~~member may elect prior to retirement to receive, in lieu of~~
6 ~~his or her retirement allowance payable throughout life, the~~
7 ~~actuarial equivalent at that time of his or her retirement~~
8 ~~allowance in a reduced retirement allowance payable throughout~~
9 ~~life with the provision that:~~

10 ~~"(1) OPTION 1. If he or she dies before he or she~~
11 ~~has received in annuity payments the present value of his or~~
12 ~~her annuity as it was at the time of his or her retirement,~~
13 ~~the balance shall be paid to his or her legal representatives~~
14 ~~or to the person as he or she shall nominate by written~~
15 ~~designation duly acknowledged and filed with the Board of~~
16 ~~Control;~~

17 ~~"(2) OPTION 2. Upon his or her death, his or her~~
18 ~~reduced retirement allowance shall be continued throughout the~~
19 ~~life of and paid to the person as he or she shall nominate by~~
20 ~~written designation duly acknowledged and filed with the Board~~
21 ~~of Control at the time of his or her retirement;~~

22 ~~"(3) OPTION 3. Upon his or her death, one half of~~
23 ~~his or her reduced retirement allowance shall be continued~~
24 ~~throughout the life of and paid to the person as he or she~~
25 ~~shall nominate by written designation duly acknowledged and~~

1 ~~filed with the Board of Control at the time of his or her~~
2 ~~retirement; or~~

3 ~~"(4) OPTION 4. Some other benefit or benefits shall~~
4 ~~be paid either to the member or to the person or persons as he~~
5 ~~or she shall nominate; provided, that such other benefit or~~
6 ~~benefits, together with the reduced retirement allowance,~~
7 ~~shall be certified by the actuary to be of equivalent~~
8 ~~actuarial value to his or her retirement allowance and shall~~
9 ~~be approved by the Board of Control.~~

10 ~~"(5) OPTION 5. At the time of retirement, he or she~~
11 ~~shall receive a partial lump sum distribution as a single~~
12 ~~payment not to exceed the sum of 24 months of the maximum~~
13 ~~monthly retirement allowance the member could receive. This~~
14 ~~option may be elected in addition to the election of another~~
15 ~~option under this subsection and the further reduced monthly~~
16 ~~retirement allowance shall be calculated in accordance with~~
17 ~~the selected option. This option shall not be available to a~~
18 ~~member who is receiving a disability retirement.~~

19 ~~"(6) Where the person designated by the member under~~
20 ~~this subsection to receive a continued retirement allowance is~~
21 ~~a beneficiary of a special needs trust established under Title~~
22 ~~42, United States Code, Section 1396p(d)(4)(A) or (C), as~~
23 ~~amended, the retirement allowance payable to the person may be~~
24 ~~paid by the retirement system to the special needs trust upon~~
25 ~~written direction to the retirement system by the member or,~~

1 ~~after the member is deceased, by the designated person or by~~
2 ~~his or her legal representative if the designated person is a~~
3 ~~minor or is incapacitated.~~

4 ~~"(k) Should any beneficiary be restored to active~~
5 ~~service, his or her retirement allowance shall be suspended~~
6 ~~until he or she again withdraws from service and, he or she~~
7 ~~shall not again become a member, nor shall he or she make~~
8 ~~contributions; except, that should such beneficiary who has~~
9 ~~been restored to active service continue in service for a~~
10 ~~period of two or more years from the date of his or her~~
11 ~~reentry into active service, he or she may request the Board~~
12 ~~of Control to allow him or her to again become a member of the~~
13 ~~retirement system. The Board of Control may grant the request~~
14 ~~for restoration to membership; provided, that such beneficiary~~
15 ~~whose retirement allowance has been suspended shall repay to~~
16 ~~the system all moneys monies received by him or her as~~
17 ~~benefits during any period subsequent to the date of his or~~
18 ~~her reentry into active service; provided further, that he or~~
19 ~~she shall make a contribution equal to the amount he or she~~
20 ~~would have contributed had he or she been a member during the~~
21 ~~period of his or her restoration to active service on a~~
22 ~~suspended allowance basis, together with the interest which~~
23 ~~would have been credited to the contributions on account of~~
24 ~~such period of restoration up to the date such contribution is~~
25 ~~made.~~

1 ~~"(1) (1) All retirement allowance payments due on or~~
2 ~~after October 1, 1975, to members who retired prior to October~~
3 ~~1, 1975, shall be redetermined as if the provisions of~~
4 ~~subsections (b) and (e) of this section which became effective~~
5 ~~on the date were in effect at the time the member retired;~~
6 ~~provided, that the annual retirement allowance of any member~~
7 ~~who retired on or before January 1, 1956, shall be not less~~
8 ~~than \$132 one hundred thirty-two dollars (\$132) multiplied by~~
9 ~~the number of years of his or her creditable service not in~~
10 ~~excess of 30 years in the case of service retirement or \$99~~
11 ~~ninety-nine dollars (\$99) multiplied by the number of years of~~
12 ~~creditable service not in excess of 30 years in the case of~~
13 ~~disability retirements. Any increase provided in the~~
14 ~~retirement allowance payment under this subsection for a~~
15 ~~member who retired under the provisions of any optional~~
16 ~~benefit elected pursuant to subsection (j) shall accrue only~~
17 ~~to the retired member, and no person designated to receive any~~
18 ~~payments after the death of a retired member under the~~
19 ~~provisions of any such optional benefit shall receive any~~
20 ~~increase in such payments under this subsection.~~

21 ~~"(2) Any person who served at least 30 years as a~~
22 ~~teacher in the public schools of Alabama and was never a~~
23 ~~member of the system and who, prior to October 1, 1963, was in~~
24 ~~receipt of a benefit for old age assistance pursuant to~~
25 ~~subsections (1) and (2) of Section 1 of Act 116, approved~~

1 ~~August 24, 1959, shall be entitled to receive an annual~~
2 ~~retirement allowance of \$3,960 three thousand nine hundred~~
3 ~~sixty dollars (\$3,960) from the system, effective as of~~
4 ~~October 1, 1973.~~

5 ~~"(3) Prior to October 31, 1975, any beneficiary may~~
6 ~~elect to leave on deposit with the system all or a specified~~
7 ~~part of any increase in his or her monthly retirement~~
8 ~~allowance payments arising in accordance with subdivision (1)~~
9 ~~or (2) of this subsection. The portion of each monthly payment~~
10 ~~left in the system in accordance with such election shall be~~
11 ~~credited, together with regular interest thereon, to the~~
12 ~~individual account of the beneficiary. Upon the death of the~~
13 ~~beneficiary, the total amount standing to his or her credit,~~
14 ~~including regular interest to the date of death, shall be paid~~
15 ~~in a lump sum to his or her legal representative or to such~~
16 ~~person as he or she shall have nominated by written~~
17 ~~designation duly acknowledged and filed with the Board of~~
18 ~~Control.~~

19 ~~"(m) Notwithstanding any other provisions of this~~
20 ~~section to the contrary, when a designated beneficiary for a~~
21 ~~member predeceases the member who is receiving a monthly~~
22 ~~benefit allowance provided under Option 2, 3, or 4, the member~~
23 ~~may designate a replacement beneficiary for the deceased~~
24 ~~beneficiary to become effective two years after the date of~~
25 ~~designation of the replacement beneficiary and an actuarial~~

1 ~~adjustment in the monthly benefit allowance of the member to~~
2 ~~cover any cost associated with designating a replacement~~
3 ~~beneficiary shall be reflected thereafter in the monthly~~
4 ~~benefit allowance received by the member, commencing with the~~
5 ~~first benefit allowance check received by the member following~~
6 ~~the date of designation of the replacement beneficiary.~~

7 ~~"(n) Notwithstanding any provision of this section~~
8 ~~to the contrary, if a retired member who is receiving a~~
9 ~~monthly benefit allowance provided under Option 2, 3, or 4~~
10 ~~divorces his or her designated beneficiary, the member may~~
11 ~~designate a replacement beneficiary for the beneficiary to~~
12 ~~become effective two years after the date of designation of~~
13 ~~the replacement beneficiary and an actuarial adjustment in the~~
14 ~~monthly benefit allowance of the member to cover any cost~~
15 ~~associated with designating a replacement beneficiary shall be~~
16 ~~reflected thereafter in the monthly benefit allowance received~~
17 ~~by the member, commencing with the first benefit allowance~~
18 ~~check received by the member following the date of designation~~
19 ~~of the replacement beneficiary.~~

20 ~~"(o) Any future act to increase the retirement age~~
21 ~~for Tier II plan members above the age of 62 shall require a~~
22 ~~two-thirds vote of the elected membership of each house of the~~
23 ~~Legislature.~~

24 ~~"§16-25-21.~~

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

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

16 "a. Each employer shall cause to be deducted from
17 the salary of each member on each and every payroll of such
18 employer for each and every payroll period five percent of his
19 or her earnable compensation. For all pay dates beginning on
20 or after October 1, 2011, each employer shall cause to be
21 deducted from the salary of each member on each and every
22 payroll of such employer for each and every payroll period
23 seven and one-quarter percent (7.25%) of his or her earnable
24 compensation. For all pay dates beginning on or after October
25 1, 2012, each employer shall cause to be deducted from the

1 salary of each Tier I plan member on each and every payroll of
2 such employer for each and every payroll period seven and
3 one-half percent (7.5%) of his or her earnable compensation.
4 For all pay dates beginning on or after January 1, 2013, each
5 employer shall cause to be deducted from the salary of each
6 Tier II plan member on each and every payroll period six
7 percent (6%) of his or her earnable compensation; except in
8 the case of a Tier II plan member who is a correctional
9 officer, firefighter, or law enforcement officer as defined in
10 Section 36-27-59, the rate of seven percent (7%) shall apply.
11 For all pay dates beginning on or after October 1, 2021, each
12 employer shall cause to be deducted from the salary of each
13 Tier II plan member on each and every payroll period six and
14 three-quarters percent (6.75%) two-tenths percent (6.2%) of
15 his or her earnable compensation; except in the case of a Tier
16 II plan member who is a correctional officer, firefighter, or
17 law enforcement officer as defined in Section 36-27-59, the
18 rate of seven and three-quarters percent (7.75%) two-tenths
19 percent (7.2%) shall apply. In determining the amount earnable
20 by a member in a payroll period, the Board of Control may
21 consider the rate of annual compensation payable to such
22 member on the first day of the payroll period as continuing
23 throughout such payroll period, and it may omit deductions
24 from compensation for any period less than a full payroll
25 period if a teacher was not a member on the first day of the

1 payroll period, and to facilitate the making of deductions it
2 may modify the deduction required of any member by such an
3 amount as shall not exceed one tenth of one percent of the
4 annual compensation upon the basis of which such deduction is
5 to be made.

6 "b. The deductions provided for herein shall be made
7 notwithstanding that the minimum compensation provided for by
8 law for any member shall be reduced thereby. Every member
9 shall be deemed to consent and agree to the deduction made and
10 provided for herein and shall receipt for his or her full
11 salary or compensation, and payment of salary or compensation
12 less such deduction shall be a full and complete discharge and
13 acquittance of all claims and demands whatsoever for the
14 service rendered by such person during the period covered by
15 such payment, except as to the benefits provided under this
16 chapter. The employer shall certify to the Board of Control on
17 each and every payroll or in such other manner as the board
18 may prescribe the amount to be deducted; and each of the
19 amounts shall be deducted, and when deducted shall be paid
20 into the Annuity Savings Fund and shall be credited, together
21 with regular interest thereon, to the individual account of
22 the member from whose compensation the deduction was made.

23 "c. In addition to the contributions deducted from
24 compensation as hereinbefore provided, subject to the approval
25 of the Board of Control, any member may deposit in the Annuity

1 Savings Fund by a single payment or by an increased rate of
2 contribution an amount computed to be sufficient to purchase
3 an additional annuity which, together with his or her
4 prospective retirement allowance, will provide for him or her
5 a total retirement allowance not to exceed one half of his or
6 her average final compensation at age 60. Such additional
7 amounts so deposited shall become a part of his or her
8 accumulated contributions except in the case of retirement,
9 when they shall be treated as excess contributions returnable
10 to the member in cash or as an annuity of equivalent actuarial
11 value and shall not be considered in computing his or her
12 pension. The contributions and interest credits of a member
13 withdrawn by him or her, or paid to his or her estate or to
14 his or her designated beneficiary in event of his or her
15 death, shall be paid from the Annuity Savings Fund. Should a
16 member cease to be a member other than by retirement under the
17 provisions of this title, an amount equivalent to the
18 difference, if any, between his or her accumulated
19 contributions and the amount then paid shall be transferred to
20 the Expense Fund. Upon the retirement of a member or the death
21 of an eligible member where an allowance to the surviving
22 spouse is payable, his or her accumulated contributions shall
23 be transferred from the Annuity Savings Fund to the Pension
24 Accumulation Fund.

1 "d. Notwithstanding the preceding provisions, no
2 deductions shall be made from any member's salary on account
3 of which the employer's contribution is in default.

4 "(2) The Pension Accumulation Fund shall be the fund
5 in which shall be accumulated all reserves, other than amounts
6 held in the Annuity Savings Fund for the payment of all
7 pensions and other benefits. Contributions to and payments
8 from the Pension Accumulation Fund shall be made as follows:

9 "a. On account of each member there shall be paid
10 monthly by the employer an amount equal to a certain
11 percentage of the earnable compensation of each member to be
12 known as the "normal contribution" and an additional amount
13 equal to a percentage of his or her earnable compensation to
14 be known as the "accrued liability contribution," and these
15 two amounts shall be paid monthly into the Pension
16 Accumulation Fund. The Teachers' Retirement System shall
17 recommend to the Legislature on or before the first
18 legislative day of each regular session of the Legislature the
19 rate for the following fiscal year. The Legislature shall set
20 the rate in the annual appropriation bill.

21 "b. On the basis of regular interest and of such
22 mortality and other tables as shall be adopted by the Board of
23 Control, the actuary engaged by the board to make such
24 valuation required by this title shall, immediately after
25 making such valuation, determine the uniform and constant

1 percentage of the earnable compensation of the average new
2 entrant which, if contributed on the basis of his or her
3 compensation throughout his or her entire period of active
4 service, would be sufficient to provide for the payment of any
5 pension payable on his or her account. The rate per centum so
6 determined shall be known as the "normal contribution" rate.
7 The normal contribution rate shall be determined by the
8 actuary after each valuation.

9 "c.1. The accrued liability contribution rate shall
10 be computed by the actuary on the basis of each valuation as
11 the per centum rate of the total annual compensation of all
12 members which is sufficient to liquidate the unfunded accrued
13 liability over a period to be determined by the Board of
14 Control which shall be not less than 10 nor more than 30
15 years.

16 "2. The unfunded accrued liability shall be computed
17 by the actuary as the total liabilities of the system which
18 are not dischargeable by the assets of the Annuity Savings
19 Fund and the Pension Accumulation Fund and the present value
20 of the aforesaid normal contributions. For purposes of
21 computing the unfunded accrued liability the assets shall be
22 determined as follows:

23 "On June 30, 1997, the assets shall be determined by
24 using the market value of such assets. For subsequent years

1 the value of the assets shall be determined by the system's
2 actuary using a five year smoothed market value.

3 "d. The total amount payable in each year to the
4 Pension Accumulation Fund shall be not less than the sum of
5 the per centum rates known as the normal contribution rate and
6 the accrued liability contribution rate of the total
7 compensation earnable by all members during the year.

8 "e. All interest and dividends earned on the funds
9 of the retirement system shall be credited to the Pension
10 Accumulation Fund. The amounts needed to allow regular
11 interest on the reserves in the Annuity Savings Fund shall be
12 transferred in accordance with the provisions of this chapter
13 from the Pension Accumulation Fund. The Board of Control, in
14 its discretion, may transfer to and from the Pension
15 Accumulation Fund the amount of any surplus or deficit which
16 may develop in the Annuity Savings Fund or the Expense Fund.

17 "f. Upon the death of a member on account of whom no
18 survivor allowance is payable under subdivision (2) of
19 subsection (i) of Section 16-25-14, the death benefit as
20 provided in subdivision 2 of subsection (i) of such section
21 equal to the accumulated contributions not to exceed ~~\$5,000~~
22 five thousand dollars (\$5,000) shall be payable from the
23 Pension Accumulation Fund.

24 "(3) The Expense Fund shall be the fund from which
25 the expenses of the administration of the retirement system

1 shall be paid, exclusive of amounts payable as retirement
2 allowances and as other benefits provided herein. Any amounts
3 credited to the accounts of members withdrawing before
4 retirement and not returnable under the provisions of
5 subsection (i) of Section 16-25-14 shall be credited to the
6 Expense Fund. Any additional contributions required to meet
7 the expenses of the retirement system shall be made as
8 provided in paragraphs c., d., and e. of subdivision (4) of
9 this section.

10 "(4)a. On or before October 1 of each year, each
11 local board of education, the State Board of Education, the
12 governing boards of the University of Alabama, Auburn
13 University, and the University of Montevallo and the Executive
14 Committee of the Alabama Education Association shall file with
15 the Board of Control of the retirement system a certified
16 statement containing the following information concerning the
17 members of the retirement system employed by such boards for
18 the scholastic year beginning on July first preceding the
19 date: Name, address, monthly salary, annual salary, and such
20 other information as the Board of Control may require. On or
21 before July 31 of each year, each local board of education;
22 the State Board of Education; the governing boards of the
23 University of Alabama, Auburn University, and the University
24 of Montevallo and the Executive Committee of the Alabama
25 Education Association shall file with the Board of Control of

1 the retirement system a certified statement containing the
2 following information concerning members of the retirement
3 system employed by such boards during the scholastic year
4 ending on June 30 preceding the date: Name, address, monthly
5 salary actually paid, total annual salary actually paid, and
6 such other information as the Board of Control may require.

7 "b. The collection of members' contributions shall
8 be as follows: Each local board of education, the State Board
9 of Education, the governing boards of the University of
10 Alabama, Auburn University, and the University of Montevallo
11 and the Executive Committee of the Alabama Education
12 Association shall cause to be deducted on each and every
13 payroll period subsequent to the date of the establishment of
14 the retirement system the contributions payable by each member
15 as provided in this chapter. Each employer shall transmit
16 monthly, or at such time as the Board of Control shall
17 designate, the total amount so deducted to the
18 Secretary-Treasurer of the Board of Control accompanied by an
19 itemized statement of the contributions of each individual
20 member of the retirement system. The Secretary-Treasurer of
21 the Board of Control after making a record of all such
22 receipts shall transmit the same to the State Treasurer to be
23 held for use according to the provisions of this chapter.
24 Notwithstanding anything in this section, the Board of Control
25 may modify the form of reports required of employers and may

1 modify the method of collecting the contributions of members
2 so that employers may retain the amounts so deducted and have
3 a corresponding amount deducted from funds otherwise payable
4 to them.

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

8 "d. Where member contributions are made from
9 salaries paid from federal funds, the employer shall pay from
10 federal funds to the Teachers' Retirement System the amount
11 calculated as a percentage of the salaries of those teachers
12 to be contributed by the employer in accordance with
13 subdivisions (2) and (3) of this section. Such amounts shall
14 be paid at the same time as the member contributions are made
15 to the retirement system. The provisions of this paragraph
16 shall not apply to funds received under the provisions of the
17 Hatch Act of 1887, as amended in 1955, and the
18 McIntyre-Stennis Act (Cooperative Forestry Research Act of
19 1962) of the Congress of the United States, for the support of
20 agriculturally related research.

21 "e. Where member contributions are made from
22 salaries paid by the Alabama Education Association, the
23 Alabama Education Association shall pay the employer costs
24 calculated as a percentage of the salaries of those employees
25 to be contributed as employer in accordance with subdivisions

1 (2) and (3) of this section. Such amounts shall be paid
2 monthly and at the same time as the member contributions are
3 made to the Teachers' Retirement System.

4 "f. To the extent that employer cost is collected
5 for any increase in benefits payable to retired employees of
6 local boards of education and state institutions of higher
7 education who are retired under the Employees' Retirement
8 System, there shall be a transfer of funds from these funds to
9 the Employees' Retirement System for each year such benefits
10 are payable.

11 "g. Employer cost provided for in this article
12 together with member contributions required under this article
13 shall be paid to the Teachers' Retirement System on the first
14 day of the month following the month in which the related
15 member salary is earned. Delinquent accounts shall accrue
16 interest at the actuarial assumed investment rate beginning 30
17 days after the original due date. The member contributions for
18 each member shall be reported to the Teachers' Retirement
19 System in a format prescribed by the Teachers' Retirement
20 System."

21 Section 2. This act shall become effective
22 immediately following its passage and approval by the
23 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 11-FEB-21, as amended.

Jeff Woodard
Clerk

Senate	06-MAY-21	Amended and Passed
House	17-MAY-21	Concurred in Senate Amendment