

1 HB100
2 164846-1
3 By Representatives Rogers and Moore (M)
4 RFD: Ways and Means General Fund
5 First Read: 03-MAR-15

2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

SYNOPSIS: Existing law provides a defined benefit retirement plan for any public employee who is first hired on or after January 1, 2013, by an employer who participates in the Teachers' Retirement System or the Employees' Retirement System.

This bill would redefine the terms "Tier I Plan Member" to include any person who, regardless of his or her date of employment, is employed as a correctional officer, law enforcement officer, or state policeman, and "Tier II Plan Member" to exclude persons hired as a correctional officer, law enforcement officer, or a state policeman first hired on or after January 1, 2013.

A BILL
TO BE ENTITLED
AN ACT

1 To amend Section 36-27-1, Code of Alabama 1975,
2 relating to retirement; to define certain terms relating to
3 the Retirement Systems of Alabama; to redefine the terms "Tier
4 I Plan Member" to include any person who, regardless of his or
5 her date of employment, is employed as a correctional officer,
6 law enforcement officer, or state policeman and "Tier II Plan
7 Member" to exclude persons hired as a correctional officer,
8 law enforcement officer, or a state policeman first hired on
9 or after January 1, 2013.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. Section 36-27-1, Code of Alabama 1975, is
12 amended to read as follows:

13 "§36-27-1.

14 "When used in this article, the following terms
15 shall have the following meanings, respectively, unless the
16 context clearly indicates otherwise:

17 "(1) RETIREMENT SYSTEM. The Employees' Retirement
18 System of Alabama as defined in Section 36-27-2.

19 "(2) EMPLOYEE. Any regular employee of the State of
20 Alabama whose salary is paid by state warrant by the state,
21 except a member of the Legislature of the state, a person who
22 is covered or eligible to be covered under the Teachers'
23 Retirement System of Alabama or any other retirement system to
24 which contributions are made by the state, an elective
25 official of the state government, and a temporary employee or
26 person engaged under retainer or special agreement. In all
27 cases of doubt the Board of Control shall determine who is an

1 employee within the meaning of this article. The term shall
2 include any regular employee of the Alabama state hospitals
3 and Partlow State School and Hospital and the Alabama State
4 Port Authority, however paid.

5 "(3) EMPLOYER. The State of Alabama or any
6 department, commission, institution, or any other agency of
7 and within the state by which an employee is paid, including
8 employers as provided in Section 36-27-6.

9 "(4) MEMBER. Any employee included in the membership
10 of the system as provided in Section 36-27-4.

11 "(5) BOARD OF CONTROL. The board provided for in
12 Section 36-27-23 to administer the retirement system.

13 "(6) MEDICAL BOARD. The board of physicians provided
14 for in Section 36-27-23.

15 "(7) SERVICE. Service as an employee paid for by an
16 employer.

17 "(8) PRIOR SERVICE. Service rendered prior to the
18 date of establishment of the retirement system for which
19 credit is allowable under Section 36-27-11.

20 "(9) MEMBERSHIP SERVICE. Service as an employee
21 rendered while a member of the retirement system and on
22 account of which contributions are made.

23 "(10) CREDITABLE SERVICE. "Prior service" plus
24 "membership service" rendered since last becoming a member.

25 "(11) BENEFICIARY. Any person in receipt of a
26 pension, an annuity, a retirement allowance or other benefit
27 as provided by this article.

1 "(12) REGULAR INTEREST. Interest compounded annually
2 at the rate determined by the Board of Control in accordance
3 with subsection (f) of Section 36-27-25.

4 "(13) ACCUMULATED CONTRIBUTIONS. The sum of all the
5 amounts deducted from the compensation of a member credited to
6 his or her individual account in the Annuity Savings Fund,
7 together with regular interest thereon, as provided in Section
8 36-27-24.

9 "(14) EARNABLE COMPENSATION. The full rate of
10 compensation that would be payable to an employee if he or she
11 worked the full normal work-time. In cases where compensation
12 includes maintenance, the Board of Control shall fix the value
13 of that part of the compensation not paid in money. Earnable
14 compensation shall not exceed the limitations imposed by
15 Section 401(a) (17) of the Internal Revenue Code for public
16 pension funds, except that any employee who was a member of
17 the Employees' Retirement System before the first plan year
18 beginning after December 31, 1995, shall not be subject to the
19 earning limitations set forth in Section 401(a) (17). For Tier
20 I plan members, the term earnable compensation for retirement
21 purposes shall not include subsistence payments that are made
22 to a member and shall include overtime payments that are made
23 to a member; however, earnable compensation shall not exceed
24 120 percent of any members' annual base compensation as
25 certified by the employer. For Tier II plan members, earnable
26 compensation shall include overtime payments that are made to
27 the member but shall not include subsistence payments that are

1 made to the member and shall not exceed one hundred
2 twenty-five percent (125%) of the member's annual base
3 compensation, as certified by the employer.

4 "(15) AVERAGE FINAL COMPENSATION. For any Tier I
5 plan member, the average annual compensation of the member,
6 with respect to which he or she had made contributions
7 pursuant to subsection (b) of Section 36-27-24 during the
8 three years, in his or her last 10 years of creditable service
9 for which the average is highest or during his or her entire
10 period of creditable service if less than three years; except,
11 that for any period prior to November 1, 1959, the
12 compensation used in computing the average shall include
13 compensation in excess of the maximum amount with respect to
14 which members were required to contribute. For any Tier II
15 plan member, the average annual compensation of the member,
16 with respect to which he or she has made contributions
17 pursuant to subsection (b) of Section 36-27-24 during the five
18 years, in his or her last ten years of creditable service for
19 which the average is highest or during his or her entire
20 period of creditable service if less than five years.

21 "(16) ANNUITY. Payments for life derived from the
22 "accumulated contributions" of a member. All annuities shall
23 be payable in equal monthly installments.

24 "(17) PENSION. Payments for life derived from money
25 provided by the employer. All pensions shall be payable in
26 equal monthly installments.

1 "(18) RETIREMENT ALLOWANCE. The sum of the "annuity"
2 and the "pension."

3 "(19) RETIREMENT. Withdrawal from active service
4 with a retirement allowance or optional benefit in lieu
5 thereof granted under this article.

6 "(20) ANNUITY RESERVE. The present value of all
7 payments to be made on account of any annuity or benefit in
8 lieu of any annuity computed upon the basis of the mortality
9 tables adopted by the Board of Control and regular interest.

10 "(21) PENSION RESERVE. The present value of all
11 payments to be made on account of any pension or benefit in
12 lieu of any pension computed upon the basis of the mortality
13 tables adopted by the Board of Control and regular interest.

14 "(22) ACTUARIAL EQUIVALENT. A benefit of equal value
15 when computed upon the basis of the mortality tables adopted
16 by the Board of Control and regular interest.

17 "(23) STATE POLICEMAN. An employee in the classified
18 service under the Merit System Act approved by the State
19 Personnel Board to perform the duties of highway patrolman or
20 a beverage control agent or a crime investigator. The term
21 shall not include a member employed as a policeman under
22 Section 36-27-6.

23 "(24) TIER I PLAN. The defined benefit pension plan
24 provided by the Retirement System to Tier I plan members.

25 "(25) TIER II PLAN. The defined benefit pension plan
26 provided by the Retirement System to Tier II plan members.

1 "(26) TIER I PLAN MEMBER. Any member of the
2 Retirement System who had service for which he or she received
3 credit in the Employees' Retirement System or in the Teachers'
4 Retirement System prior to January 1, 2013, or who is employed
5 as a correctional officer or law enforcement officer, as those
6 terms are defined in Section 36-27-59, or a state policeman as
7 defined in subdivision (23) of this section.

8 "(27) TIER II PLAN MEMBER. Any member of the
9 Retirement System who first began eligible employment with an
10 Employees' Retirement System or a Teachers' Retirement System
11 participating employer on or after January 1, 2013, and who
12 had no eligible service in the Employees' Retirement System or
13 the Teachers' Retirement System prior to January 1, 2013. The
14 term does not include a member employed as a correctional
15 officer or law enforcement officer as those terms are defined
16 in Section 36-27-59, and a state policeman as defined in
17 subdivision (23) of this section."

18 Section 2. This act shall become effective on the
19 first day of the third month following its passage and
20 approval by the Governor, or its otherwise becoming law.