

1 SB136
2 164513-6
3 By Senator Williams
4 RFD: Fiscal Responsibility and Economic Development
5 First Read: 03-MAR-15

1 SB136

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4 ENROLLED, An Act,

5 To amend Section 36-26-14, Code of Alabama 1975,
6 relating to the tax deferred annuity and deferred compensation
7 programs authorized to be adopted by the State Personnel
8 Board; to authorize county employees to participate in the
9 program.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. Section 36-26-14, Code of Alabama 1975,
12 is amended to read as follows:

13 "§36-26-14.

14 "(a) The personnel board ~~is hereby authorized and~~
15 ~~directed to~~ may adopt, establish, and maintain a deferred
16 compensation plan or plans, except under Internal Revenue Code
17 Section 403 (b), for the employees of the State of Alabama or
18 any city, town, county, or public entity or corporation
19 organized pursuant to the laws of this state; ~~provided,~~
20 ~~however, that nothing in this section shall apply to employees~~
21 ~~of a county commission. Notwithstanding the foregoing, prior~~
22 ~~to the employees of a county or political subdivision of the~~
23 ~~county participating in a plan, the employing county or~~
24 ~~political subdivision of the county shall approve~~
25 participation in the plan.The personnel board may include in

1 any such plan any provision that does not cause the plan to
2 fail to qualify for its tax-favored treatment under the United
3 States Internal Revenue Code, including, but not limited to,
4 participant loans, unforeseeable emergency or hardship
5 distributions, Roth deferrals, rollovers, transfers to
6 purchase service credit, and distributions to purchase a
7 retired public safety officer's health insurance.

8 "(b) The State of Alabama Personnel Board ~~is hereby~~
9 ~~authorized to~~ may adopt and arrange for consolidated billing
10 and efficient investment, trustee, administrative, and
11 professional services in order that any such plans adopted
12 shall operate without cost to or contribution from the State
13 of Alabama except for incidental expenses associated with
14 administering any such plan, the payroll salary-reductions and
15 the remittance thereof to the trustee or custodian of the plan
16 or plans.

17 "(c) Alabama state employees, or the employees of
18 any city, town, county, or public entity or corporation
19 organized pursuant to the laws of this state may participate
20 in these plans on a voluntary basis by authorizing in writing
21 to their employer a reduction in their cash remuneration to be
22 placed in the plan or plans; ~~provided, however, that nothing~~
23 ~~in this section shall apply to employees of a county~~
24 ~~commission.~~

1 "(d) The Finance Director, Comptroller, or other
2 appropriate official is hereby authorized and directed to
3 initiate payroll deductions for the plans as directed by each
4 employee.

5 "(e) Participants who are receiving monthly benefits
6 from the Employees' Retirement System of Alabama, the Judicial
7 Retirement Fund of Alabama, the Teachers' Retirement System of
8 Alabama, or any other public retirement plan may opt to have
9 the cost of their retiree health insurance deducted from their
10 deferred compensation distribution in accordance with the
11 guidelines of the United States Internal Revenue Service.

12 "(f) It is expressly provided that any benefits
13 under the provisions of this section shall be in addition to
14 any other benefits provided by law for any employees of the
15 State of Alabama, and this section is specifically made
16 supplemental to and shall be construed in pari materia with
17 the provisions of the employees' retirement law of Alabama.

18 "(g) Except as otherwise required under the Internal
19 Revenue Code, each such deferred compensation plan and its
20 trust shall be established and maintained for the exclusive
21 benefit, as defined by law of the plan's participants and
22 their beneficiaries, and all assets of any such plan shall be
23 held for the exclusive benefit of the plan's participants and
24 their beneficiaries. For the purposes and within the meaning
25 of Section 19-3B-102, each such plan is declared to be a trust

1 created by statute and is therefore required to be
2 administered in the manner of an express trust."

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

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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB136

Senate 17-MAR-15

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris
Secretary

House of Representatives
Passed: 16-APR-15

By: Senator Williams