

1 HB387  
2 156449-1  
3 By Representatives Patterson, Chesteen, Rich, Beech, Sessions,  
4 Merrill, Williams (D), Brown, Faust and Nordgren  
5 RFD: Ways and Means General Fund  
6 First Read: 04-FEB-14

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8 SYNOPSIS: Under existing law, there is no provision  
9 for retirees and beneficiaries receiving monthly  
10 benefits from the Employees' Retirement System  
11 (ERS) to receive a funded one-time lump-sum  
12 addition to their retirement allowances.

13 This bill would provide such a payment to  
14 certain retirees and beneficiaries under the ERS.

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16 A BILL  
17 TO BE ENTITLED  
18 AN ACT

19  
20 To provide for a funded one-time lump-sum addition  
21 to the retirement benefits of certain retirees and  
22 beneficiaries of the Employees' Retirement System.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

24 Section 1. (a) There is provided for fiscal year  
25 2014-2015 a funded one-time lump-sum payment, hereinafter  
26 referred to as "lump-sum payment," to each person except those  
27 whose employer participated in the Employees' Retirement

1 System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1,  
2 Code of Alabama 1975, whose effective date of retirement for  
3 purposes of receiving benefits from the Employees' Retirement  
4 System is prior to October 1, 2013, and who is receiving or is  
5 entitled to receive a monthly allowance from the Employees'  
6 Retirement System on September 30, 2014.

7 (b) The formula for calculating the lump-sum payment  
8 shall be two dollars (\$2) per month for each year of service  
9 attained by the retiree or \$300.00 whichever is greater.

10 (c) Beneficiaries of deceased members or deceased  
11 retirees, except where the deceased member or deceased retiree  
12 retired from an employer participating in the Employees'  
13 Retirement System pursuant to Sections 32-27-6, 36-27-7, and  
14 36-27-7.1, Code of Alabama 1975, if the date of death for the  
15 deceased member, or the effective date of retirement for the  
16 deceased retiree for purposes of receiving benefits from the  
17 Employees' Retirement System was prior to October 1, 2013, and  
18 if the beneficiary is receiving or is entitled to receive a  
19 monthly allowance from the Employees' Retirement System on  
20 September 30, 2014, shall receive a lump-sum payment of  
21 \$300.00.

22 (d) For purposes of this act, service includes the  
23 service under Section 36-27-1 and Section 36-27-170 et seq.,  
24 Code of Alabama 1975, as well as state police bonus credit or  
25 hazardous duty (FLC bonus) credit.

26 Section 2. (a) Each person whose employer  
27 participated in the Employees' Retirement System pursuant to

1 Section 36-27-6, Code of Alabama 1975, whose effective date of  
2 retirement for purposes of receiving benefits from the  
3 Employees' Retirement System is prior to October 1, 2013, and  
4 who is receiving or is entitled to receive a monthly allowance  
5 from the Employees' Retirement System on October 1, 2013,  
6 shall receive the lump-sum payment specified in Section 1 (a)  
7 and (b), if the employer elects to come under this act. Any  
8 employer making the election to come under the act shall bear  
9 the cost of the lump-sum payment paid to its retirees pursuant  
10 to this section.

11 (b) If the employer elects to come under this act,  
12 beneficiaries of deceased members or deceased retirees retired  
13 from an employer participating in the Employees' Retirement  
14 System pursuant to Section 36-27-6, Code of Alabama 1975,  
15 shall receive a lump-sum payment of \$300.00 provided that the  
16 beneficiary is receiving or is eligible to receive a monthly  
17 allowance from the Employees' Retirement System on September  
18 30, 2014.

19 Section 3. (a) Each person whose employer  
20 participated in the Employees' Retirement System pursuant to  
21 Sections 36-27-7 and 36-27-7.1, Code of Alabama 1975, whose  
22 effective date of retirement for purposes of receiving  
23 benefits from the Employees' Retirement System is prior to  
24 October 1, 2013, and who is receiving or is entitled to  
25 receive a monthly allowance from the Employees' Retirement  
26 System on September 30, 2014, shall receive the lump-sum  
27 payment stipulated in Section 1 (a) and (b). Any employer

1 making the election to come under the act shall bear the cost  
2 of the lump-sum payment paid to its retirees pursuant to this  
3 section.

4 (b) If the employer elects to come under this act,  
5 beneficiaries of deceased members or deceased retirees of  
6 employers participating in the Employees' Retirement System  
7 pursuant to Sections 36-27-7 and 36-27-7.1, Code of Alabama  
8 1975, shall receive a lump-sum payment of \$300.00.

9 Section 4. (a) Any retired pensioner or annuitant  
10 who retired from a city, town, county, or public or  
11 quasi-public organization of the state before the city, town,  
12 county, or public or quasi-public organization of the state  
13 became a member of the Employees' Retirement System, and who  
14 is receiving or is entitled to receive a monthly allowance  
15 from the Employees' Retirement System on September 30, 2014  
16 shall receive the lump-sum payment stipulated in Section 1 (a)  
17 and (b), provided the employer elects to come under the  
18 provisions of this act. Any employer making the election to  
19 come under the act shall bear the cost of the lump-sum payment  
20 paid to its retirees pursuant to this section and provide the  
21 Employees' Retirement System with the number of years of  
22 creditable service earned by each of its eligible annuitants  
23 and pensioners.

24 (b) Beneficiaries of Employees' Retirement System  
25 pensioners or annuitants described in subsection (a) shall  
26 receive a lump-sum payment of \$300.00, provided the date of  
27 death for the deceased pensioner or annuitant or the effective

1 date of retirement for the deceased pensioner or annuitant was  
2 prior to October 1, 2013 and the beneficiary is receiving or  
3 is entitled to receive a monthly allowance from the Employees'  
4 Retirement System on September 30, 2014 and the local unit  
5 elects to fund the lump-sum payment of \$300.00 and provides  
6 the Employees' Retirement System with the number of years of  
7 creditable service earned by each of its eligible annuitants  
8 and pensioners.

9 Section 5. Any pensioner or annuitant who retired  
10 from a city, town, county, or public or quasi-public  
11 organization of the state before the city, town, county, or  
12 public or quasi-public organization of the state became a  
13 member of the Employees' Retirement System and is receiving a  
14 monthly benefit on September 30, 2014, not administered by the  
15 Employees' Retirement System may receive the lump-sum payment  
16 stipulated in Section 1 (a) and (b), provided the retired  
17 employee retired prior to October 1, 2013, and the employer  
18 decides to come under the provisions of this act and fund the  
19 lump-sum payment and provides the Employees' Retirement System  
20 with the number of years of creditable service earned by each  
21 of its eligible annuitants and pensioners.

22 Section 6. The Board of Control of the Employees'  
23 Retirement System shall make all reasonable efforts to notify  
24 any employer who participated in the Employees' Retirement  
25 System and has withdrawn from participation by the effective  
26 date of this act that the lump-sum stipulated in Section 1 is

1 available to their retirees and beneficiaries provided the  
2 employer elects the lump-sum payment.

3 Section 7. Any person who received benefits under  
4 the Medicaid program and whose eligibility for Medicaid  
5 benefits would be impaired by the lump-sum payment provided by  
6 this act shall not be entitled to receive the aforementioned  
7 increase. Any person who subsequently applies for benefits  
8 under the Medicaid program and that person's eligibility to  
9 receive benefits is impaired by the lump-sum payment provided  
10 by this act shall not be entitled to receive the increase  
11 subsequent to the date that the member files application for  
12 benefits under the Medicaid program.

13 Section 8. The Board of Control of the Employees'  
14 Retirement System shall determine the amount required to pay  
15 the cost of the lump-sum payments provided under this act and  
16 shall notify the chief fiscal officer of each employer of the  
17 increases in the employer rate required to be paid to the  
18 system. For the fiscal year beginning October 1, 2014 only,  
19 each employer shall pay the increase in the employer rate in  
20 the same manner and from the same source of funds as salaries  
21 of active members are paid.

22 Section 9. The lump-sum payments provided under this  
23 act shall be paid to all eligible recipients by the Employees'  
24 Retirement System in October 2014.

25 Section 10. This act shall become effective  
26 immediately following its passage and approval by the  
27 Governor, or its otherwsie becoming law.

