

SB300 INTRODUCED



1 SB300
2 VABFVPL-1
3 By Senators Hatcher, Coleman-Madison, Smitherman, Stewart,
4 Beasley, Coleman, Singleton
5 RFD: Finance and Taxation General Fund
6 First Read: 04-Apr-24



SYNOPSIS:

This bill would provide for a benefit increase for certain retirees of the Employees' Retirement System on October 1, 2024.

A BILL
TO BE ENTITLED
AN ACT

Providing for a benefit increase for certain retirees and beneficiaries of the Employees' Retirement System effective October 1, 2024.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) Commencing October 1, 2024, and subject to the provisions of HB201 of the 2024 Regular Session, each individual, except those whose employer participated in the Employees' Retirement System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, whose effective date of retirement for purposes of receiving benefits from the Employees' Retirement System is prior to October 1, 2023, and who is receiving or is entitled to receive a monthly allowance from the Employees' Retirement System, shall receive a cost-of-living increase of three percent in their gross monthly benefit, but not less than fifteen dollars (\$15) per



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month.

(b) Beneficiaries of deceased members or deceased retirees, except where the deceased member or deceased retiree retired from an employer participating in the Employees' Retirement System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, provided the date of death for the deceased member, or the effective date of retirement for the deceased retiree for purposes of receiving benefits from the Employees' Retirement System was prior to October 1, 2023, shall receive the cost-of-living increase in the amount attained by the retiree. In no case shall the cost-of-living increase be less than fifteen dollars (\$15) per month.

(c) Any future survivor allowance shall be adjusted as provided in the member's original option selection for those eligible retirees who have selected a monthly survivor allowance payable to a designated beneficiary upon the death of the retiree, or as otherwise provided by law in the case of a qualifying member who dies prior to October 1, 2024.

(d) The Board of Control of the Employees' Retirement System shall determine annually the amount required to pay the cost of the increased allowance provided under this section and shall notify the chief fiscal officer of each employer of the per centum rates of earnable compensation of the members required to be paid to the retirement systems. Each employer of members of the Employees' Retirement System shall pay on account of the increases provided in this section in the same manner and from the same source of funds as provided in Section 36-27-24, Code of Alabama 1975, it being the intent of



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the Legislature that the cost of providing the increases in this section shall be distributed from all funds in proportion to the salaries paid therefrom for active members.

(e) Pursuant to HB201 of the 2024 Regular Session, the Employees' Retirement System shall pay the benefit increase to the eligible retirees and beneficiaries provided for in this section only if the annual cost of the increase as estimated by the actuary of the system is included and appropriated in the State General Fund appropriation act for each fiscal year by a separate employer rate. In any fiscal year in which the required separate employer rate is not identified and appropriated in the appropriation act, eligible retirees and beneficiaries shall not receive, and the Employees' Retirement System shall not be required to pay, the increase in that fiscal year. The benefit increase may be resumed in any subsequent fiscal year if included in that year's appropriation act.

Section 2. (a) Commencing October 1, 2024, each individual whose employer participated in the Employees' Retirement System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, whose effective date of retirement for purposes of receiving benefits from the Employees' Retirement System is prior to October 1, 2023, and who is receiving or is entitled to receive a monthly allowance from the Employees' Retirement System, may receive a cost-of-living increase of three percent in their gross monthly benefit, but not less than fifteen dollars (\$15) per month, if the employer elects to come under this section. Any



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85 employer making the election to come under this section shall
86 bear the cost of the cost-of-living increases paid to its
87 employees pursuant to this section. Any employer participating
88 under Section 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama
89 1975, may elect to come under this section at any time and
90 have this section become effective on October 1, 2024, or on
91 October 1 of any subsequent fiscal year and the employer shall
92 not be required to pay this cost-of-living increase
93 retroactively unless the employer elects to fund the increase.

94 (b) If the employer elects to come under this section,
95 beneficiaries of deceased members or deceased retirees retired
96 from an employer participating in the Employees' Retirement
97 System pursuant to Section 36-27-6, 36-27-7, and 36-27-7.1,
98 Code of Alabama 1975, shall receive the same cost-of-living
99 increase provided in Section 1, but not less than fifteen
100 dollars (\$15) per month.

101 (c) Any future survivor allowance shall be adjusted as
102 provided in the member's original option selection for those
103 eligible retirees who have selected a monthly survivor
104 allowance payable to a designated beneficiary upon the death
105 of the retiree, or as otherwise provided by law in the case of
106 a qualifying member who dies prior to October 1, 2024.

107 (d) If the employer elects to come under this section,
108 the Board of Control of the Employees' Retirement System shall
109 determine annually the amount required to pay the cost of the
110 increased allowance provided under this section and shall
111 notify the chief fiscal officer of each employer of the per
112 centum rates of earnable compensation of the members required



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to be paid to the retirement systems. Each employer of members of the Employees' Retirement System shall pay on account of the increases provided in this section in the same manner and from the same source of funds as provided in Section 36-27-6 and 36-27-7, Code of Alabama 1975, it being the intent of the Legislature that the cost of providing the increases in this section shall be distributed from all funds in proportion to the salaries paid therefrom for active members.

(e) Commencing October 1, 2024, any retired employee who retired from a city, town, county, or public or quasi-public organization of the state before the city, town, county, or public or quasi-public organization of the state became a member of the Employees' Retirement System, and who is receiving a monthly benefit prior to October 1, 2024, administered by the Employees' Retirement System, and whose years of creditable service have not been made known to the Employees' Retirement System, may receive an increase in benefits of three percent, except that no pensioner shall receive an increase of less than fifteen dollars (\$15) per month, provided the retired employee retired prior to October 1, 2023, and the employer elects to come under this section.

(f) Commencing October 1, 2024, beneficiaries of Employees' Retirement System pensioners described in subsection (a) shall receive an increase of three percent of their gross monthly benefit, but not less than fifteen dollars (\$15) per month, provided the date of death for the deceased pensioner, or the effective date of retirement for the deceased pensioner was prior to October 1, 2023, and the local



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units elect to fund the increase.

(g) Commencing October 1, 2024, any pensioner or annuitant who retired prior to October 1, 2023, from a city, town, county, or public or quasi-public organization of the state before the city, town, county, or public or quasi-public organization of the state became a member of the Employees' Retirement System and is receiving a monthly benefit not administered by the Employees' Retirement System shall receive an increase of three percent of their gross monthly benefit, but not less than fifteen dollars (\$15) per month, provided the city, town, county, or public or quasi-public organization of the state elects to fund the increase.

Section 3. Any individual who received benefits under the Medicaid Program and whose eligibility for Medicaid benefits would be impaired by the cost-of-living increase provided by this act shall not be entitled to receive the aforementioned increase. Any individual who subsequently applies for benefits under the Medicaid Program and that individual's eligibility to receive benefits is impaired by the cost-of-living increase provided by this act, shall not be entitled to receive the increase subsequent to the date that the member files application for benefits under the Medicaid Program.

Section 4. This act shall become effective on October 1, 2024.