

SB315 INTRODUCED



1 SB315
2 4UCXU33-1
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5 Butler, Chesteen, Weaver, Barfoot, Waggoner, Price,
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7 RFD: Finance and Taxation Education
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SYNOPSIS:

This bill would provide for a benefit increase for certain eligible state and local retirees and beneficiaries of the Employees' Retirement System and certain eligible retirees and beneficiaries of the Teachers' Retirement System effective October 1, 2026.

A BILL
TO BE ENTITLED
AN ACT

Relating to the Employees' Retirement System and the Teachers' Retirement System; to provide for a benefit increase for certain state and local retirees and beneficiaries of the Employees' Retirement System and certain eligible retirees and beneficiaries of the Teachers' Retirement System effective October 1, 2026, subject to the annualized benefit increase procedure for retirees and beneficiaries under the Employees' Retirement System and the Teachers' Retirement System, respectively.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) Commencing October 1, 2026, and subject to the provisions of Section 36-27-32, Code of Alabama 1975, each individual, except those whose employer participated in



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29 the Employees' Retirement System pursuant to Sections 36-27-6,
30 36-27-7, and 36-27-7.1, Code of Alabama 1975, whose effective
31 date of retirement for purposes of receiving benefits from the
32 Employees' Retirement System is prior to October 1, 2025, and
33 who is receiving or is entitled to receive a monthly allowance
34 from the Employees' Retirement System, shall receive a
35 cost-of-living increase of two percent in his or her gross
36 monthly benefit, but not less than fifteen dollars (\$15) per
37 month.

38 (b) Beneficiaries of deceased members or deceased
39 retirees, except where the deceased member or deceased retiree
40 retired from an employer participating in the Employees'
41 Retirement System pursuant to Sections 36-27-6, 36-27-7, and
42 36-27-7.1, Code of Alabama 1975, if the date of death for the
43 deceased member, or the effective date of retirement for the
44 deceased retiree for purposes of receiving benefits from the
45 Employees' Retirement System was prior to October 1, 2025,
46 shall receive the cost-of-living increase in the amount
47 attained by the retiree. In no case shall the cost-of-living
48 increase be less than fifteen dollars (\$15) per month.

49 (c) Any future survivor allowance shall be adjusted as
50 provided in the member's original option selection for those
51 eligible retirees who have selected a monthly survivor
52 allowance payable to a designated beneficiary upon the death
53 of the retiree, or as otherwise provided by law in the case of
54 a qualifying member who dies prior to October 1, 2026.

55 (d) If funded by the Legislature pursuant to Section
56 36-27-32, Code of Alabama 1975, the Board of Control of the



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57 Employees' Retirement System shall determine annually the
58 amount required to pay the cost of the increased allowance
59 provided under this section and shall notify the chief fiscal
60 officer of each employer of the per centum rates of earnable
61 compensation of the members required to be paid to the
62 retirement system. Each employer of members of the Employees'
63 Retirement System shall pay on account of the increases
64 provided in this section in the same manner and from the same
65 source of funds as provided in Section 36-27-24, Code of
66 Alabama 1975, it being the intent of the Legislature that the
67 cost of providing the increases in this section shall be
68 distributed from all funds in proportion to the salaries paid
69 therefrom for active members.

70 (e) Any individual who received benefits under the
71 Medicaid Program and whose eligibility for Medicaid benefits
72 would be impaired by the cost-of-living increase provided by
73 this section shall not be entitled to receive the
74 aforementioned increase. Any individual who subsequently
75 applies for benefits under the Medicaid Program and whose
76 eligibility to receive benefits is impaired by the
77 cost-of-living increase provided by this section shall not be
78 entitled to receive the increase subsequent to the date that
79 the member files an application for benefits under the
80 Medicaid Program.

81 (f) Pursuant to Section 36-27-32, Code of Alabama 1975,
82 the Employees' Retirement System shall pay the benefit
83 increase to the eligible retirees and beneficiaries provided
84 for in this section only if the annual cost of the increase as



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85 estimated by the actuary of the system is included and
86 appropriated in the State General Fund appropriation act for
87 each fiscal year by a separate employer rate. In any fiscal
88 year in which the required separate employer rate is not
89 identified and appropriated in the appropriation act, eligible
90 retirees and beneficiaries shall not receive, and the
91 Employees' Retirement System shall not be required to pay, the
92 increase in that fiscal year. The benefit increase may be
93 resumed in any subsequent fiscal year if included in that
94 year's appropriation act.

95 (g) (1) Commencing October 1, 2026, each individual
96 whose employer participated in the Employees' Retirement
97 System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1,
98 Code of Alabama 1975, whose effective date of retirement for
99 purposes of receiving benefits from the Employees' Retirement
100 System is prior to October 1, 2025, and who is receiving or
101 entitled to receive a monthly allowance from the Employees'
102 Retirement System, may receive a cost-of-living increase of
103 two percent in his or her gross monthly benefit, but not less
104 than fifteen dollars (\$15) per month, if the employer elects
105 to come under this section. Any employer making the election
106 to come under this section shall bear the cost-of-living
107 increases paid to its employees pursuant to this section. Any
108 employer participating under Sections 36-27-6, 36-27-7, and
109 36-27-7.1, Code of Alabama 1975, may elect to come under this
110 section at any time and have this section become effective on
111 October 1, 2026, or on October 1 of any subsequent fiscal
112 year, and the employer shall not be required to pay this



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113 cost-of-living increase retroactively unless the employer
114 elects to fund the increase.

115 (2) If the employer elects to come under this section,
116 beneficiaries of deceased members or deceased retirees retired
117 from an employer participating in the Employees' Retirement
118 System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1,
119 Code of Alabama 1975, shall receive the same cost-of-living
120 increase provided in this section, but no less than fifteen
121 dollars (\$15) per month.

122 (3) Any future survivor allowance shall be adjusted as
123 provided in the member's original option selection for those
124 eligible retirees who have selected a monthly survivor
125 allowance payable to a designated beneficiary upon the death
126 of the retiree, or as otherwise provided by law in the case of
127 a qualifying member who dies prior to October 1, 2026.

128 (4) If the employer elects to come under this section,
129 the Board of Control of the Employees' Retirement System shall
130 determine annually the amount required to pay the cost of
131 increased allowance provided under this section and shall
132 notify the chief fiscal officer of each employer of the per
133 centum rates of earnable compensation of the members required
134 to be paid to the retirement system. Each employer of members
135 of the Employees' Retirement System shall pay on account of
136 the increases provided in this section in the same manner and
137 from the same source of funds as provided in Sections 36-27-6
138 and 36-27-7, Code of Alabama 1975, it being the intent of the
139 Legislature that the cost of providing the increases in this
140 section shall be distributed from all funds in proportion to



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141 the salaries paid therefrom for active members.

142 (h) (1) Commencing October 1, 2026, any retired employee
143 who retired from a city, town, county, or public or
144 quasi-public organization of the state before the city, town,
145 county, or public or quasi-public organization of the state
146 became a member of the Employees' Retirement System, and who
147 is receiving a monthly benefit prior to October 1, 2026,
148 administered by the Employees' Retirement System, and whose
149 years of creditable service have not been made known to the
150 Employees' Retirement System, may receive an increase in the
151 benefits of two percent, except that no pensioner shall
152 receive an increase of less than fifteen dollars (\$15) per
153 month, provided the retired employee retired prior to October
154 1, 2025, and the employer elects to come under this section.

155 (2) Commencing October 1, 2026, beneficiaries of
156 Employees' Retirement System pensioners described in
157 subdivision (1) shall receive an increase of two percent of
158 their gross monthly benefit, but not less than fifteen dollars
159 (\$15) per month, provided the date of death for the deceased
160 pensioner, or the effective date of retirement for the
161 deceased pensioner, was prior to October 1, 2025, and the
162 local units elect to fund the increase.

163 (3) Commencing October 1, 2026, any pensioner or
164 annuitant who retired prior to October 1, 2024, from a city,
165 town, county, or public or quasi-public organization of the
166 state before the city, town, county, or public or quasi-public
167 organization of the state became a member of the Employees'
168 Retirement System and who is receiving a monthly benefit not



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169 administered by the Employees' Retirement System shall receive
170 an increase of two percent of his or her gross monthly
171 benefit, but not less than fifteen dollars (\$15) per month,
172 provided the city, town, county, public or quasi-public
173 organization of the state elects to fund the increase.

174 (i) Any individual who received benefits under the
175 Medicaid Program and whose eligibility for Medicaid benefits
176 would be impaired by the cost-of-living increase provided by
177 this section shall not be entitled to receive the
178 aforementioned increase. Any individual who subsequently
179 applies for benefits under the Medicaid Program and whose
180 eligibility to receive benefits is impaired by the
181 cost-of-living increase provided by this section shall not be
182 entitled to receive the increase subsequent to the date that
183 the member files application for benefits under the Medicaid
184 Program.

185 Section 2. (a) Commencing October 1, 2026, and subject
186 to Section 16-25-35, Code of Alabama 1975, each individual,
187 whose effective date of retirement for purposes of receiving
188 benefits from the Teachers' Retirement System is prior to
189 October 1, 2025, who is receiving or is entitled to receive a
190 monthly allowance from the Teachers' Retirement System, and
191 who has 25 years or more of service, shall receive a
192 cost-of-living increase of two percent in his or her gross
193 monthly benefit.

194 (b) Beneficiaries of deceased members or deceased
195 retirees, if the date of death for the deceased member was
196 prior to October 1, 2026, the effective date of retirement for



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197 the deceased retiree for purposes of receiving benefits from
198 the Teachers' Retirement System was prior to October 1, 2017,
199 and the deceased retiree had 25 years or more of service,
200 shall receive the cost-of-living increase in the amount
201 attained by the retiree.

202 (c) Any future survivor allowance shall be adjusted as
203 provided in the member's original option selection for those
204 eligible retirees who have selected a monthly survivor
205 allowance payable to a designated beneficiary upon the death
206 of the retiree, or as otherwise provided by law in the case of
207 a qualifying member who dies prior to October 1, 2026.

208 (d) If funded by the Legislature pursuant to the
209 provisions of Section 16-25-35, Code of Alabama 1975, the
210 Board of Control of the Teachers' Retirement System shall
211 determine the amount required to pay the total cost of
212 actuarial liability of the increased allowance provided under
213 this section as a per centum rate of earnable compensation of
214 the member and shall notify the chief fiscal officer of each
215 employer of that cost. In the fiscal year beginning October 1,
216 2027, only, employers shall pay the full cost as an increase
217 in the employer rate in the same manner and from the same
218 source of funds as provided in Section 16-25-21, Code of
219 Alabama 1975.

220 (e) Any individual who received benefits under the
221 Medicaid Program and whose eligibility for Medicaid benefits
222 would be impaired by the cost-of-living increase provided by
223 this section shall not be entitled to receive the
224 aforementioned increase. Any individual who subsequently



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225 applies for benefits under the Medicaid Program and whose
226 eligibility to receive benefits is impaired by the
227 cost-of-living increase provided by this section shall not be
228 entitled to receive the increase subsequent to the date that
229 the member files an application for benefits under the
230 Medicaid Program.

231 (f) Pursuant to Section 16-25-35, Code of Alabama 1975,
232 the Teachers' Retirement System shall pay the benefit increase
233 to the eligible retirees and beneficiaries provided for in
234 this section only if the annual cost of the increase as
235 estimated by the actuary of the system is included and
236 appropriated in the Education Trust Fund appropriation act for
237 each fiscal year by a separate employer rate. In any fiscal
238 year in which the required separate employer rate is not
239 identified and appropriated in the appropriation act, eligible
240 retirees and beneficiaries shall not receive, and the
241 Teachers' Retirement System shall not be required to pay, the
242 increase in that fiscal year. The benefit increase may be
243 resumed in any subsequent fiscal year if included in that
244 year's appropriation act.

245 Section 3. This act shall become effective on October
246 1, 2026.