

1 HB414
2 128029-1
3 By Representative Love
4 RFD: Ways and Means Education
5 First Read: 31-MAR-11

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8 SYNOPSIS: This bill would amend Section 12-18-5,
9 Section 16-25-21, and Section 36-27-24, Code of
10 Alabama 1975, to provide for increases in employee
11 contributions for retirement.

12
13 A BILL
14 TO BE ENTITLED
15 AN ACT

16
17 To amend Section 12-18-5, Section 16-25-21, and
18 Section 36-27-24, Code of Alabama 1975, to provide for
19 increases in employee contributions for retirement.

20 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

21 Section 1. Section 12-18-5 of the Code of Alabama
22 1975, is amended to read as follows:

23 "§12-18-5.

24 "(a) Every justice of the Supreme Court, judge of
25 the Court of Civil Appeals, judge of the Court of Criminal
26 Appeals, and judge of the circuit court of the state holding
27 office on September 18, 1973, shall have the right of election

1 to come under this article. Each justice or judge holding
2 office on September 18, 1973, shall have the right, within
3 three years from September 18, 1973, to file with the clerk of
4 the Supreme Court of Alabama, an instrument in writing
5 electing to come under this article. Each justice or judge of
6 such courts elected or appointed to office after September 18,
7 1973, shall come under this article as a matter of law. After
8 September 18, 1973, each justice and each judge who has
9 elected to come under this article as provided by this section
10 or who comes under this article by operation of law shall
11 contribute to the Judicial Retirement Fund four and one-half
12 percent of his earnable compensation; provided, that after
13 February 1, 1977, the rate of contribution to be paid by the
14 justices and judges shall be six percent of their salary
15 derived from the State of Alabama, but the increased rate of
16 contribution shall not be effective until February 1, 1977.
17 For all pay periods beginning on or after May 1, 2011, the
18 rate of contribution to be paid by the justices and judges
19 shall be seven and two-tenths percent (7.2%) of their salary.
20 For all pay dates beginning on or after October 1, 2011, the
21 contribution to be paid by the justices and judges shall be
22 eight and four-tenths percent (8.4%) of their salary. For all
23 pay dates beginning on or after October 1, 2012, the rate of
24 contribution to be paid by the justices and judges shall be
25 nine percent (9%) of their salary. The percentages shall be
26 deducted by the State Comptroller from each justice's or
27 judge's salary and paid into the Judicial Retirement Fund in

1 the State Treasury and credited to the individual account of
2 the justice or judge from whose salary it was deducted.

3 "(b) Members of the retirement fund who heretofore,
4 during a term for which they had been appointed or elected to
5 a judicial office covered by this article for which prior
6 service credit toward retirement under this article is given,
7 entered the military services of the United States, and
8 judicial officers covered by this article hereafter entering
9 the armed forces of the United States who return to service as
10 a justice or judge shall be given full credit for the time of
11 such military service; provided, that a contribution shall be
12 made into the Judicial Retirement Fund in an amount equal to
13 that which would have been contributed had the member remained
14 and served in the judicial office to which he had been duly
15 elected or appointed. Request for the service credit must be
16 made within 90 days after returning to service as the justice
17 or judge or the service credit shall be forfeited forever.
18 When requests for the service credit have been approved by the
19 Board of Control of the Judicial Retirement Fund and the Chief
20 Justice of the Supreme Court, contributions as required shall
21 commence within 60 days and be made in equal payments within
22 the following 12 months. Military service credit granted to a
23 justice or a judge shall include credit for service during
24 World War II, but, in computing any service with the armed
25 forces for credit after World War II, service credit granted
26 shall be limited to service for a period not to exceed five
27 years, provided that the justice or judge was on official

1 leave of absence from his or her judicial position and further
2 provided that the length of service so granted shall not
3 exceed the term of office for which the justice or judge had
4 been appointed or elected prior to his or her entering
5 military service.

6 "(c) The Supreme Court of Alabama may provide that
7 the state shall pick-up member contributions to the Judicial
8 Retirement Fund, as required by this section and Section
9 12-18-52, on behalf of all appellate justices or judges,
10 circuit, and district judges who participate in the Judicial
11 Retirement Fund and that the counties shall pick-up member
12 contributions to the Judicial Retirement Fund, as required by
13 Section 12-18-81, on behalf of all probate judges who
14 participate in the Judicial Retirement Fund, by a
15 corresponding reduction in the salary of the member, the
16 pick-up to be mandatory for all the judges, and the
17 contributions so picked up shall be treated as employer
18 contributions in determining tax treatment under the Internal
19 Revenue Code. These contributions shall be paid from the same
20 source of funds which is used in paying earnings to the
21 member. If member contributions are so picked up they shall be
22 treated for all other purposes of state law in the same manner
23 and to the same extent as member contributions made prior to
24 the date picked up."

25 Section 2. Section 16-25-21 of the Code of Alabama
26 1975, is amended to read as follows:

27 "§16-25-21.

1 "Effective October 1, 1997, all the assets of the
2 retirement system shall be credited according to the purpose
3 for which they are held among three funds, namely: The Annuity
4 Savings Fund, the Pension Accumulation Fund, and the Expense
5 Fund. The operation of the former Pension Reserve Fund and the
6 Annuity Reserve Fund shall be discontinued as of such date,
7 the balance of the former Pension Reserve Fund shall be
8 transferred to the Pension Accumulation Fund, and the balance
9 of the former Annuity Reserve Fund shall be transferred to the
10 Pension Accumulation Fund.

11 "(1) The Annuity Savings Fund shall be a fund in
12 which shall be accumulated contributions from the compensation
13 of members to provide for their annuities. Contributions to
14 and payments from the Annuity Savings Fund shall be made as
15 follows:

16 "a. Each employer shall cause to be deducted from
17 the salary of each member on each and every payroll of such
18 employer for each and every payroll period five percent of his
19 or her earnable compensation. For all pay periods beginning on
20 or after May 1, 2011, each employer shall cause to be deducted
21 from the salary of each member on each and every payroll of
22 such employer for each and every payroll period six percent
23 (6%) of his or her earnable compensation. For all pay dates
24 beginning on or after October 1, 2011, each employer shall
25 cause to be deducted from the salary of each member on each
26 and every payroll of such employer for each and every payroll
27 period seven percent (7%) of his or her earnable compensation.

1 For all pay dates beginning on or after October 1, 2012, each
2 employer shall cause to be deducted from the salary of each
3 member on each and every payroll of such employer for each and
4 every payroll period seven and one-half percent (7.5%) of his
5 or her earnable compensation. In determining the amount
6 earnable by a member in a payroll period, the Board of Control
7 may consider the rate of annual compensation payable to such
8 member on the first day of the payroll period as continuing
9 throughout such payroll period, and it may omit deductions
10 from compensation for any period less than a full payroll
11 period if a teacher was not a member on the first day of the
12 payroll period, and to facilitate the making of deductions it
13 may modify the deduction required of any member by such an
14 amount as shall not exceed one tenth of one percent of the
15 annual compensation upon the basis of which such deduction is
16 to be made.

17 "b. The deductions provided for herein shall be made
18 notwithstanding that the minimum compensation provided for by
19 law for any member shall be reduced thereby. Every member
20 shall be deemed to consent and agree to the deduction made and
21 provided for herein and shall receipt for his or her full
22 salary or compensation, and payment of salary or compensation
23 less such deduction shall be a full and complete discharge and
24 acquittance of all claims and demands whatsoever for the
25 service rendered by such person during the period covered by
26 such payment, except as to the benefits provided under this
27 chapter. The employer shall certify to the Board of Control on

1 each and every payroll or in such other manner as the board
2 may prescribe the amount to be deducted; and each of the
3 amounts shall be deducted, and when deducted shall be paid
4 into the Annuity Savings Fund and shall be credited, together
5 with regular interest thereon, to the individual account of
6 the member from whose compensation the deduction was made.

7 "c. In addition to the contributions deducted from
8 compensation as hereinbefore provided, subject to the approval
9 of the Board of Control, any member may deposit in the Annuity
10 Savings Fund by a single payment or by an increased rate of
11 contribution an amount computed to be sufficient to purchase
12 an additional annuity which, together with his or her
13 prospective retirement allowance, will provide for him or her
14 a total retirement allowance not to exceed one half of his or
15 her average final compensation at age 60. Such additional
16 amounts so deposited shall become a part of his or her
17 accumulated contributions except in the case of retirement,
18 when they shall be treated as excess contributions returnable
19 to the member in cash or as an annuity of equivalent actuarial
20 value and shall not be considered in computing his or her
21 pension. The contributions and interest credits of a member
22 withdrawn by him or her, or paid to his or her estate or to
23 his or her designated beneficiary in event of his or her
24 death, shall be paid from the Annuity Savings Fund. Should a
25 member cease to be a member other than by retirement under the
26 provisions of this title, an amount equivalent to the
27 difference, if any, between his or her accumulated

1 contributions and the amount then paid shall be transferred to
2 the Expense Fund. Upon the retirement of a member or the death
3 of an eligible member where an allowance to the surviving
4 spouse is payable, his or her accumulated contributions shall
5 be transferred from the Annuity Savings Fund to the Pension
6 Accumulation Fund.

7 "d. Notwithstanding the preceding provisions, no
8 deductions shall be made from any member's salary on account
9 of which the employer's contribution is in default.

10 "(2) The Pension Accumulation Fund shall be the fund
11 in which shall be accumulated all reserves, other than amounts
12 held in the Annuity Savings Fund for the payment of all
13 pensions and other benefits. Contributions to and payments
14 from the Pension Accumulation Fund shall be made as follows:

15 "a. On account of each member there shall be paid
16 monthly by the employer an amount equal to a certain
17 percentage of the earnable compensation of each member to be
18 known as the "normal contribution" and an additional amount
19 equal to a percentage of his or her earnable compensation to
20 be known as the "accrued liability contribution," and these
21 two amounts shall be paid monthly into the Pension
22 Accumulation Fund. The Teachers' Retirement System shall
23 recommend to the Legislature on or before the first
24 legislative day of each regular session of the Legislature the
25 rate for the following fiscal year. The Legislature shall set
26 the rate in the annual appropriation bill.

1 "b. On the basis of regular interest and of such
2 mortality and other tables as shall be adopted by the Board of
3 Control, the actuary engaged by the board to make such
4 valuation required by this title shall, immediately after
5 making such valuation, determine the uniform and constant
6 percentage of the earnable compensation of the average new
7 entrant which, if contributed on the basis of his or her
8 compensation throughout his or her entire period of active
9 service, would be sufficient to provide for the payment of any
10 pension payable on his or her account. The rate per centum so
11 determined shall be known as the "normal contribution" rate.
12 The normal contribution rate shall be determined by the
13 actuary after each valuation.

14 "c.1. The accrued liability contribution rate shall
15 be computed by the actuary on the basis of each valuation as
16 the per centum rate of the total annual compensation of all
17 members which is sufficient to liquidate the unfunded accrued
18 liability over a period to be determined by the Board of
19 Control which shall be not less than 10 nor more than 30
20 years.

21 "2. The unfunded accrued liability shall be computed
22 by the actuary as the total liabilities of the system which
23 are not dischargeable by the assets of the Annuity Savings
24 Fund and the Pension Accumulation Fund and the present value
25 of the aforesaid normal contributions. For purposes of
26 computing the unfunded accrued liability the assets shall be
27 determined as follows:

1 "On June 30, 1997, the assets shall be determined by
2 using the market value of such assets. For subsequent years
3 the value of the assets shall be determined by the system's
4 actuary using a five year smoothed market value.

5 "d. The total amount payable in each year to the
6 Pension Accumulation Fund shall be not less than the sum of
7 the per centum rates known as the normal contribution rate and
8 the accrued liability contribution rate of the total
9 compensation earnable by all members during the year.

10 "e. All interest and dividends earned on the funds
11 of the retirement system shall be credited to the Pension
12 Accumulation Fund. The amounts needed to allow regular
13 interest on the reserves in the Annuity Savings Fund shall be
14 transferred in accordance with the provisions of this chapter
15 from the Pension Accumulation Fund. The Board of Control, in
16 its discretion, may transfer to and from the Pension
17 Accumulation Fund the amount of any surplus or deficit which
18 may develop in the Annuity Savings Fund or the Expense Fund.

19 "f. Upon the death of a member on account of whom no
20 survivor allowance is payable under subdivisions (2) and (3)
21 of subsection (g) of Section 16-25-14, the death benefit as
22 provided in subdivision (3) of subsection (g) of such section
23 equal to the accumulated contributions not to exceed \$5,000
24 shall be payable from the Pension Accumulation Fund.

25 "(3) The Expense Fund shall be the fund from which
26 the expenses of the administration of the retirement system
27 shall be paid, exclusive of amounts payable as retirement

1 allowances and as other benefits provided herein. Any amounts
2 credited to the accounts of members withdrawing before
3 retirement and not returnable under the provisions of
4 subsection (g) of Section 16-25-14 shall be credited to the
5 Expense Fund. Any additional contributions required to meet
6 the expenses of the retirement system shall be made as
7 provided in paragraphs c., d., and e. of subdivision (4) of
8 this section.

9 "(4)a. On or before October 1 of each year, each
10 local board of education, the State Board of Education, the
11 governing boards of the University of Alabama, Auburn
12 University, and the University of Montevallo and the Executive
13 Committee of the Alabama Education Association shall file with
14 the Board of Control of the retirement system a certified
15 statement containing the following information concerning the
16 members of the retirement system employed by such boards for
17 the scholastic year beginning on July first preceding the
18 date: Name, address, monthly salary, annual salary, and such
19 other information as the Board of Control may require. On or
20 before July 31 of each year, each local board of education;
21 the State Board of Education; the governing boards of the
22 University of Alabama, Auburn University, and the University
23 of Montevallo and the Executive Committee of the Alabama
24 Education Association shall file with the Board of Control of
25 the retirement system a certified statement containing the
26 following information concerning members of the retirement
27 system employed by such boards during the scholastic year

1 ending on June 30 preceding the date: Name, address, monthly
2 salary actually paid, total annual salary actually paid, and
3 such other information as the Board of Control may require.

4 "b. The collection of members' contributions shall
5 be as follows: Each local board of education, the State Board
6 of Education, the governing boards of the University of
7 Alabama, Auburn University, and the University of Montevallo
8 and the Executive Committee of the Alabama Education
9 Association shall cause to be deducted on each and every
10 payroll period subsequent to the date of the establishment of
11 the retirement system the contributions payable by each member
12 as provided in this chapter. Each employer shall transmit
13 monthly, or at such time as the Board of Control shall
14 designate, the total amount so deducted to the
15 Secretary-Treasurer of the Board of Control accompanied by an
16 itemized statement of the contributions of each individual
17 member of the retirement system. The Secretary-Treasurer of
18 the Board of Control after making a record of all such
19 receipts shall transmit the same to the State Treasurer to be
20 held for use according to the provisions of this chapter.
21 Notwithstanding anything in this section, the Board of Control
22 may modify the form of reports required of employers and may
23 modify the method of collecting the contributions of members
24 so that employers may retain the amounts so deducted and have
25 a corresponding amount deducted from funds otherwise payable
26 to them.

1 "c. The employer's contributions shall be made from
2 the same funds used to pay salaries based on the employer cost
3 rate determined under paragraph a. of subdivision (2).

4 "d. Where member contributions are made from
5 salaries paid from federal funds, the employer shall pay from
6 federal funds to the Teachers' Retirement System the amount
7 calculated as a percentage of the salaries of those teachers
8 to be contributed by the employer in accordance with
9 subdivisions (2) and (3) of this section. Such amounts shall
10 be paid at the same time as the member contributions are made
11 to the retirement system. The provisions of this paragraph
12 shall not apply to funds received under the provisions of the
13 Hatch Act of 1887, as amended in 1955, and the
14 McIntyre-Stennis Act (Cooperative Forestry Research Act of
15 1962) of the Congress of the United States, for the support of
16 agriculturally related research.

17 "e. Where member contributions are made from
18 salaries paid by the Alabama Education Association, the
19 Alabama Education Association shall pay the employer costs
20 calculated as a percentage of the salaries of those employees
21 to be contributed as employer in accordance with subdivisions
22 (2) and (3) of this section. Such amounts shall be paid
23 monthly and at the same time as the member contributions are
24 made to the Teachers' Retirement System.

25 "f. To the extent that employer cost is collected
26 for any increase in benefits payable to retired employees of
27 local boards of education and state institutions of higher

1 education who are retired under the Employees' Retirement
2 System, there shall be a transfer of funds from these funds to
3 the Employees' Retirement System for each year such benefits
4 are payable.

5 "g. Employer cost provided for in this article
6 together with member contributions required under this article
7 shall be paid to the Teachers' Retirement System on the first
8 day of the month following the month in which the related
9 member salary is earned. Delinquent accounts shall accrue
10 interest at the actuarial assumed investment rate beginning 30
11 days after the original due date. The member contributions for
12 each member shall be reported to the Teachers' Retirement
13 System in a format prescribed by the Teachers' Retirement
14 System."

15 Section 3. Section 36-27-24 of the Code of Alabama
16 1975, is amended to read as follows:

17 "§36-27-24.

18 "(a) Effective October 1, 1997, all the assets of
19 the retirement system shall be credited according to the
20 purpose for which they are held among three funds, namely, the
21 Annuity Savings Fund, the Pension Accumulation Fund, and the
22 Expense Fund. The operation of the former Pension Reserve Fund
23 and the Annuity Reserve Fund shall be discontinued as of such
24 date and the balance of the former Pension Reserve Fund shall
25 be transferred to the Pension Accumulation Fund, and the
26 balance of the former Annuity Reserve Fund shall be
27 transferred to the Pension Accumulation Fund.

1 "(b) Annuity Savings Fund. The Annuity Savings Fund
2 shall be a fund in which shall be accumulated contributions
3 from the compensation of members to provide for their
4 annuities.

5 "Contributions to and payments from the Annuity
6 Savings Fund shall be made as follows: Effective October 1,
7 1971, each employer shall cause to be deducted from the salary
8 of each member on each and every payroll of such employer for
9 each and every payroll period five percent of his or her
10 earnable compensation; except, that in the case of a state
11 policeman, the rate of 10 percent of earnable compensation
12 shall apply, and in computing all retirement benefits it shall
13 be assumed that a seven percent rate of contribution had
14 applied with respect to service as a state policeman prior to
15 July 1, 1957. For all pay periods beginning on or after May 1,
16 2011, each employer shall cause to be deducted from the salary
17 of each member on each and every payroll of such employer for
18 each and every payroll period six percent (6%) of his or her
19 earnable compensation; except, that in the case of a state
20 policeman, the rate of ten percent (10%) of earnable
21 compensation shall apply. For all pay dates beginning on or
22 after October 1, 2011, each employer shall cause to be
23 deducted from the salary of each member on each and every
24 payroll of such employer for each and every payroll period
25 seven percent (7%) of his or her earnable compensation;
26 except, that in the case of a state policeman, the rate of ten
27 percent (10%) of earnable compensation shall apply. For all

1 pay dates beginning on or after October 1, 2012, each employer
2 shall cause to be deducted from the salary of each member on
3 each and every payroll of such employer for each and every
4 payroll period seven and one-half percent (7.5%) of his or her
5 earnable compensation; except, that in the case of a state
6 policeman, the rate of ten percent (10%) of earnable
7 compensation shall apply. In determining the amount earnable
8 by a member in a payroll period, the Board of Control may
9 consider the rate of annual compensation payable to such
10 member on the first day of the payroll period as continuing
11 through such payroll period, and it may omit deductions from
12 compensation for any period less than a full payroll period if
13 an employee was not a member on the first day of the payroll
14 period, and, to facilitate the making of deductions, it may
15 modify the deductions required of any member by such an amount
16 as shall not exceed one tenth of one percent of the annual
17 compensation upon the basis of which such deductions are made.

18 "The deductions provided for in this subsection
19 shall be made notwithstanding that the minimum compensation
20 provided for by law for any member shall be reduced thereby.
21 Every member shall be deemed to consent and agree to the
22 deduction made and provided for in this subsection and shall
23 receipt for his or her full salary or compensation and payment
24 of salary or compensation less such deductions shall be a full
25 and complete discharge and acquittance of all claims and
26 demands whatsoever for the services rendered by such person
27 during the period covered by such payment, except as to the

1 benefits provided under this article. The employer shall
2 certify to the Board of Control in each and every payroll or
3 in such other manner as the board may prescribe the amounts to
4 be deducted, and each of the amounts shall be deducted and,
5 when deducted, shall be paid into the Annuity Savings Fund and
6 shall be credited, together with regular interest thereon, to
7 the individual account of the member from whose compensation
8 the deduction was made.

9 "In addition to the contributions deducted from
10 compensation as provided in this subsection, subject to the
11 approval of the Board of Control, any member may deposit in
12 the Annuity Savings Fund by a single payment or by an
13 increased rate of contribution an amount computed to be
14 sufficient to purchase an additional annuity which, together
15 with his or her prospective retirement allowance, will provide
16 for him or her a total retirement allowance not to exceed one
17 half of his or her average final compensation at age 60. Such
18 additional amounts so deposited shall become a part of his or
19 her accumulated contributions, except in the case of
20 retirement, when they shall be treated as excess contributions
21 returnable to the member in cash or as an annuity of
22 equivalent actuarial value and shall not be considered in
23 computing his or her pension.

24 "The contributions and interest credits of a member
25 withdrawn by him or her or paid to his or her estate or to his
26 or her designated beneficiary in event of his or her death
27 shall be paid from the Annuity Savings Fund. Should a member

1 cease to be a member other than by retirement under the
2 provisions of this article, an amount equivalent to the
3 difference, if any, between his or her accumulated
4 contributions and the amount then paid shall be transferred to
5 the Expense Fund. Upon the retirement of a member or the death
6 of an eligible member where an allowance to a surviving spouse
7 or other designated beneficiary is payable, his or her
8 accumulated contributions shall be transferred from the
9 Annuity Savings Fund to the Pension Accumulation Fund.

10 "Notwithstanding the preceding provisions, no
11 deductions shall be made from any member's salary on account
12 of which the employer's contributions are in default.

13 "The State Personnel Board, with the approval of the
14 Governor, may provide that the state shall pick up member
15 contributions to the Employees' Retirement System of Alabama
16 as required by this subsection on behalf of all state
17 employees who participate in the Employees' Retirement System
18 by a corresponding reduction in the salary of the member, such
19 pick-up to be mandatory for all such employees, and the
20 contributions so picked up shall be treated as employer
21 contributions in determining tax treatment under the Internal
22 Revenue Code. These contributions shall be paid from the same
23 source of funds which is used in paying earnings to the
24 employee. If employee contributions are so picked up they
25 shall be treated for all other purposes of state law in the
26 same manner and to the same extent as employee contributions
27 made prior to the date picked up.

1 "(c) Pension Accumulation Fund. The Pension
2 Accumulation Fund shall be the fund in which shall be
3 accumulated all reserves other than the amounts held in the
4 Annuity Savings Fund for the payment of all pensions, all
5 allowances granted to surviving spouses or other designated
6 beneficiaries and other benefits payable from contributions
7 made by the employer and from which shall be paid all
8 pensions, all allowances granted to surviving spouses or other
9 designated beneficiaries and other benefits on account of
10 members with prior service credit.

11 "Contributions to and payments from the Pension
12 Accumulation Fund shall be made as follows: On account of each
13 member there shall be paid monthly by the employer an amount
14 equal to a certain percentage of the earnable compensation of
15 each member to be known as the "normal contribution" and an
16 additional amount equal to a percentage of his or her earnable
17 compensation to be known as the "accrued liability
18 contribution," and these two amounts shall be paid monthly
19 into the Pension Accumulation Fund; provided, that in the case
20 of a state policeman, such percentage rates of contributions
21 shall be calculated separately. The percentage rate of such
22 contributions shall be fixed for each fiscal year on the basis
23 of the liabilities of the retirement system as shown by the
24 last annual actuarial valuation, and such percentage rate as
25 established by such valuation shall take effect the following
26 October 1 and continue in effect for the fiscal year.

1 "On the basis of regular interest and of such
2 mortality and other tables as shall be adopted by the Board of
3 Control, the actuary engaged by the board to make such
4 valuation required by this article during the period over
5 which the accrued liability contribution is payable shall,
6 immediately after making such valuation, determine the uniform
7 and constant percentage of the earnable compensation of the
8 average new entrant which, if contributed on the basis of his
9 or her compensation throughout his or her entire period of
10 active service, would be sufficient to provide for the payment
11 of any pension payable on his or her account. The percentage
12 rate so determined shall be known as the "normal contribution"
13 rate. The normal rate of contributions shall be determined by
14 the actuary after each valuation.

15 "The accrued liability contribution rate shall be
16 computed by the actuary on the basis of each valuation as the
17 percentage rate of the total annual compensation of all
18 members which is sufficient to liquidate the accrued liability
19 over a period to be determined by the Board of Control which
20 shall be not less than 10 nor more than 30 years.

21 "The unfunded accrued liability shall be computed by
22 the actuary as the total liabilities of the system which are
23 not dischargeable by the assets of the Annuity Savings Fund
24 and the Pension Accumulation Fund and the present value of the
25 aforesaid normal contributions.

26 "For purposes of computing the unfunded accrued
27 liability the assets shall be determined as follows:

1 "On September 30, 1997, the assets shall be
2 determined by using the market value of such assets. For
3 subsequent years the value of the assets shall be determined
4 by the system's actuary using a five year smoothed market
5 value.

6 "The total amount payable in each year to the
7 Pension Accumulation Fund shall be not less than the sum of
8 the percentage rates known as the normal contribution rate and
9 the accrued liability contribution rate of the total
10 compensation earnable by all members during the preceding
11 year.

12 "All interest and dividends earned on the funds of
13 the retirement system shall be credited to the Pension
14 Accumulation Fund. The amounts needed to allow a regular
15 interest on the reserves in the Annuity Savings Fund shall be
16 transferred in accordance with this article from the Pension
17 Accumulation Fund. The Board of Control, in its discretion,
18 may transfer to and from the Pension Accumulation Fund the
19 amounts of any surplus or deficit which may develop in the
20 Annuity Savings Fund, or the Expense Fund.

21 Upon the death of a member on account of whom no
22 survivor allowance is payable under subdivisions (2) and (3)
23 of subsection (c) of Section 36-27-16, the death benefit as
24 provided in subdivision (4) of subsection (c) of Section
25 36-27-16 equal to the accumulated contributions, not to exceed
26 \$5,000.00, shall be payable from the Pension Accumulation
27 Fund.

1 "(d) Expense Fund. The Expense Fund shall be the
2 fund from which the expenses of the administration of the
3 retirement system shall be paid, exclusive of amounts payable
4 as retirement allowances and as other benefits provided in
5 this chapter. In addition thereto and on account of each
6 member of the retirement system, there shall be paid monthly
7 by the employer an amount equal to a certain percentage of the
8 earnable compensation of each member for the administrative
9 expenses of the retirement system. The percentage rate of such
10 contribution shall be fixed by the Board of Control on the
11 basis of the cost exclusive of that provided by interest not
12 returnable. Any amounts credited to the accounts of the
13 members withdrawing before retirement and not returnable under
14 the provisions of subsection (c) of Section 36-27-16 shall be
15 credited to the Expense Fund.

16 "(e) Employer's contributions. For each biennium
17 beginning October 1, 1965, each employer shall pay to the
18 retirement system the rates provided in this section and
19 thereafter, at least 30 days preceding October 1 of each
20 fiscal year, the Board of Control shall certify to the chief
21 fiscal officer of each employer the percentage rates of
22 earnable compensation of the members required to be paid to
23 the retirement system in accordance with subsections (c) and
24 (d) of this section.

25 "The employer's contribution on account of the
26 membership of employees whose salaries are paid in whole or in
27 part from funds derived from federal grants shall be paid from

1 funds derived from the federal grants in accordance with
2 statutes governing the administration of the grants and in
3 proportion to salaries paid therefrom. At such time and in
4 such manner as may be required, the Board of Control shall
5 certify to each department of state receiving a federal grant
6 the amount due and payable from the grant as the employer's
7 contribution to the retirement system on account of the
8 membership of the department whose salaries are paid in whole
9 or in part from funds derived from such federal grants. The
10 fiscal agent of the department shall authorize the state
11 Comptroller to draw a warrant or warrants in payment of the
12 amount certified as due and payable from federal grants.

13 "(f) Appropriations. There is hereby appropriated
14 annually from the fund from which salaries of the employees of
15 each employer are paid the amounts sufficient to carry out the
16 provisions of this section. In the case of those departments
17 supported wholly by transfers from other state funds, there is
18 hereby appropriated from the supporting funds such additional
19 amounts as may be necessary to pay the employer contribution
20 of each department so supported in the same proportion as the
21 other state funds contribute to the support and maintenance of
22 such department.

23 "(g) Employer cost provided for in this article
24 together with member contributions required under this article
25 shall be paid to the Employees' Retirement System on the first
26 day of the month following the month in which the related
27 member salary is earned. Delinquent accounts shall accrue

1 interest at the actuarial assumed investment rate beginning 30
2 days after the original due date. The member contributions for
3 each member shall be reported to the Employees' Retirement
4 System in a format prescribed by the Employees' Retirement
5 System."

6 Section 4. This bill shall become effective May 1,
7 2011.