

1 SB272
2 136131-2
3 By Senators Williams, Bussman, Taylor, Allen and Reed
4 RFD: Fiscal Responsibility and Accountability
5 First Read: 09-FEB-12

1 SB272

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4 ENGROSSED

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7 A BILL
8 TO BE ENTITLED
9 AN ACT

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11 To amend Section 36-26-14, Code of Alabama 1975,
12 relating to the tax deferred annuity and deferred compensation
13 programs for the salaried employees of the State of Alabama to
14 authorize the State of Alabama Personnel Board to adopt a plan
15 providing for tax deferred annuity and deferred compensation
16 programs for state and city employees or public organizations
17 of the state or any political subdivision thereof; to arrange
18 for efficient administrative investments and professional
19 services; and to allow participants to have their monthly
20 insurance premiums deducted from their deferred compensation
21 distribution.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

25 "§36-26-14.

1 "(a) The personnel board is hereby authorized and
2 directed to adopt ~~a plan or plans as recommended by the~~
3 ~~employees of the State of Alabama through the Alabama State~~
4 ~~Employees Association providing for tax-deferred annuity and,~~
5 establish, and maintain a deferred compensation programs plan
6 or plans for the ~~salari~~ed employees of the State of Alabama or
7 any city, town, or public organization of the state or any
8 political subdivision thereof. The personnel board may include
9 in any such plan any provision that does not cause the plan to
10 fail to qualify for its tax-favored treatment under the United
11 States Internal Revenue Code, including, but not limited to,
12 participant loans, unforeseeable emergency or hardship
13 distributions, Roth deferrals, rollovers, transfers to
14 purchase service credit, and distributions to purchase a
15 retired public safety officer's health insurance.

16 "(b) The State of Alabama Personnel Board is hereby
17 authorized to adopt and arrange for consolidated billing and
18 efficient investment, trustee, administrative, and
19 professional services ~~through the Alabama State Employees~~
20 ~~Association or its designated agent~~ in order that any such
21 plans adopted shall operate without cost to or contribution
22 from the State of Alabama except for ~~the incidental expense of~~
23 expenses associated with administering any such plan, the
24 payroll salary-reductions and the remittance thereof to the
25 trustee or custodian of the plan or plans.

1 "~~(b)~~(c) Alabama state employees, or the employees of
2 any city, town, or public organization of the state or any
3 political subdivision thereof may participate in these plans
4 on a voluntary basis by authorizing in writing to their
5 employer a reduction in their cash remuneration to be placed
6 in ~~annuity contracts~~ the plan or plans.

7 "~~(c)~~(d) The Finance Director, Comptroller or other
8 appropriate ~~state~~ official is hereby authorized and directed
9 to initiate payroll deductions for the plans as directed by
10 each employee.

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

18 "~~(d)~~(f) It is expressly provided that any benefits
19 under the provisions of this section shall be in addition to
20 any other benefits provided by law for any employees of the
21 State of Alabama, and this section is specifically made
22 supplemental to and shall be construed in pari materia with
23 the provisions of the employees' retirement law of Alabama.

24 "(g) Except as otherwise required under the Internal
25 Revenue Code, each such deferred compensation plan and its
26 trust shall be established and maintained for the exclusive

1 benefit, as defined by law of the plan's participants and
2 their beneficiaries, and all assets of any such plan shall be
3 held for the exclusive benefit of the plan's participants and
4 their beneficiaries. For the purposes and within the meaning
5 of Section 19-3B-102, each such plan is declared to be a trust
6 created by statute and is therefore required to be
7 administered in the manner of an express trust."

8 Section 2. This act shall become effective
9 immediately following its passage and approval by the
10 Governor, or its otherwise becoming law.

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Senate

Read for the first time and referred to the Senate
committee on Fiscal Responsibility and Account-
ability..... 09-FEB-12

Read for the second time and placed on the calen-
dar 1 amendment..... 16-FEB-12

Read for the third time and passed as amended 28-FEB-12

Yeas 24
Nays 0

Patrick Harris
Secretary