

1 SB272
2 136131-4
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 ENROLLED, An Act,

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

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

19 "§36-26-14.

20 "(a) The personnel board is hereby authorized and
21 directed to adopt , establish, and maintain a deferred
22 compensation plan or plans, except under Internal Revenue Code
23 section 403 (b), for the employees of the State of Alabama or
24 any city, town, or public entity or corporation organized
25 pursuant to the laws of this state; provided, however, that

1 nothing in this section shall apply to employees of a county
2 commission. The personnel board may include in any such plan
3 any provision that does not cause the plan to fail to qualify
4 for its tax-favored treatment under the United States Internal
5 Revenue Code, including, but not limited to, participant
6 loans, unforeseeable emergency or hardship distributions, Roth
7 deferrals, rollovers, transfers to purchase service credit,
8 and distributions to purchase a retired public safety
9 officer's health insurance.

10 "(b) The State of Alabama Personnel Board is hereby
11 authorized to adopt and arrange for consolidated billing and
12 efficient investment, trustee, administrative, and
13 professional services in order that any such plans adopted
14 shall operate without cost to or contribution from the State
15 of Alabama except for incidental expenses associated with
16 administering any such plan, the payroll salary-reductions and
17 the remittance thereof to the trustee or custodian of the plan
18 or plans.

19 "(c) Alabama state employees, or the employees of
20 any city, town, or public entity or corporation organized
21 pursuant to the laws of this state may participate in these
22 plans on a voluntary basis by authorizing in writing to their
23 employer a reduction in their cash remuneration to be placed
24 in the plan or plans; provided, however, that nothing in this
25 section shall apply to employees of a county commission.

1 "(d) The Finance Director, Comptroller or other
2 appropriate official is hereby authorized and directed to
3 initiate payroll deductions for the plans as directed by each
4 employee.

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

12 "(f) It is expressly provided that any benefits
13 under the provisions of this section shall be in addition to
14 any other benefits provided by law for any employees of the
15 State of Alabama, and this section is specifically made
16 supplemental to and shall be construed in pari materia with
17 the provisions of the employees' retirement law of Alabama.

18 "(g) Except as otherwise required under the Internal
19 Revenue Code, each such deferred compensation plan and its
20 trust shall be established and maintained for the exclusive
21 benefit, as defined by law of the plan's participants and
22 their beneficiaries, and all assets of any such plan shall be
23 held for the exclusive benefit of the plan's participants and
24 their beneficiaries. For the purposes and within the meaning
25 of Section 19-3B-102, each such plan is declared to be a trust

1 created by statute and is therefore required to be
2 administered in the manner of an express trust."

3 Section 2. This act shall become effective
4 immediately following its passage and approval by the
5 Governor, or its otherwise becoming law.

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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB272

Senate 28-FEB-12

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris
Secretary

House of Representatives
Amended and passed 17-APR-12

Senate concurred in House amendment 19-APR-12

By: Senator Williams