

1 HB526
2 167733-1
3 By Representatives Henry, Baker, Moore (B), Johnson (K) and
4 Collins
5 RFD: Education Policy
6 First Read: 21-APR-15

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8 SYNOPSIS: Under existing law, employees and officers
9 of the Alabama Education Association are defined as
10 a teacher and participate in the Teachers'
11 Retirement System in the same manner as teachers.

12 This bill would prohibit future employees
13 and officers of the Alabama Education Association
14 from participating in the Teachers' Retirement
15 System of Alabama.

16
17 A BILL
18 TO BE ENTITLED
19 AN ACT

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21 To amend Section 16-25-1, Code of Alabama 1975,
22 relating to the Teachers' Retirement System of Alabama; to
23 prohibit future employees and officers of the Alabama
24 Education Association from participating in the system.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

26 Section 1. Section 16-25-1 of the Code of Alabama
27 1975, is amended to read as follows:

1 "§16-25-1.

2 "For the purposes of this chapter the following
3 terms, unless a different meaning is plainly required by the
4 context, shall have the following respective meanings:

5 "(1) RETIREMENT SYSTEM. The Teachers' Retirement
6 System of Alabama as defined in Section 16-25-2.

7 "(2) PUBLIC SCHOOL. Any day school conducted within
8 the state under the authority and supervision of a duly
9 elected or appointed county or city board of education and any
10 educational institution supported by and under the control of
11 the state or any private nondenominational school operated
12 nonprofit for the education of children of school age residing
13 within a district where no public school is available for the
14 children.

15 "(3) TEACHER. Any teacher, principal,
16 superintendent, supervisor, college professor, administrative
17 officer, or clerk employed in any public school or public
18 college within the state or employed in any private
19 nondenominational school operated nonprofit for the education
20 of children of school age residing within a district where no
21 public school is available for the children or any similar
22 employee or officer of the Department of Education ~~or of the~~
23 ~~Alabama Education Association~~, or any attendance worker 50
24 percent or more of whose salary is paid from public school
25 funds or any employee receiving a regular stated compensation
26 from the retirement system. An employee or officer of the
27 Alabama Education Association who is serving in that position

1 before the effective date of the act amending this subdivision
2 is considered a teacher for the purposes of this chapter. An
3 employee or officer of the Alabama Education Association who
4 begins serving in that position on or after the effective date
5 of the act amending this subdivision is not a teacher for the
6 purposes of this chapter. In all cases of doubt, the Board of
7 Control shall determine whether any person is a teacher as
8 defined in this chapter.

9 "(4) SUPPORT PERSONNEL or EMPLOYEE. Any maid,
10 custodian, adult bus driver, lunchroom or cafeteria worker,
11 secretary, clerk, clerical assistant, maintenance worker, or
12 other non-certificated employee who works an average of 20
13 hours weekly.

14 "(5) EMPLOYER. The State of Alabama, the county
15 school board, the city school board, the State Board of
16 Education, or any governing body of any private
17 nondenominational school operated nonprofit for education of
18 children of school age residing within a district where no
19 public school is available for the children or any other
20 agency of and within the state by which a teacher is paid.

21 "(6) MEMBER. Any teacher included in the membership
22 of the system as provided in Section 16-25-3.

23 "(7) BOARD OF CONTROL. The board provided for in
24 Section 16-25-19 to administer the retirement system.

25 "(8) MEDICAL BOARD. The board of physicians provided
26 for in Section 16-25-19.

1 "(9) TRUSTEES. The members of the Board of Control
2 to administer the trust funds.

3 "(10) SERVICE. Service as a teacher.

4 "(11) PRIOR SERVICE. Service rendered prior to the
5 date of establishment of the retirement system for which
6 credit is allowable under Section 16-25-11.

7 "(12) MEMBERSHIP SERVICE. Service as a teacher
8 rendered while a member of the retirement system and on
9 account of which contributions are made.

10 "(13) CREDITABLE SERVICE. "Prior service" plus
11 "membership service" rendered since last becoming a member.

12 "(14) BENEFICIARY. Any person in receipt of a
13 pension, an annuity, a retirement allowance, or other benefit
14 as provided by this chapter.

15 "(15) REGULAR INTEREST. Interest compounded annually
16 at the rate determined by the Board of Control in accordance
17 with subsection (b) of Section 16-25-20.

18 "(16) ACCUMULATED CONTRIBUTIONS. The sum of all the
19 amounts deducted from the compensation of a member and
20 credited to his or her individual account in the annuity
21 savings fund together with regular interest thereon as
22 provided in Section 16-25-21.

23 "(17) EARNABLE COMPENSATION. The full rate of the
24 compensation that would be payable to a teacher if he or she
25 worked the full normal working time. In cases where
26 compensation includes maintenance, the Board of Control shall
27 fix the value of that part of the compensation not paid in

1 money. Earnable compensation shall not exceed the limitations
2 imposed by Section 401(a)(17) of the Internal Revenue Code for
3 public pension funds except that any employee who was a member
4 of the Teachers' Retirement System before the first plan year
5 beginning after December 31, 1995, shall not be subject to the
6 earning limitations set forth in Section 401(a)(17). For Tier
7 I plan members, the term earnable compensation for retirement
8 purposes shall include overtime payments that are made to a
9 member; however, earnable compensation shall not exceed 120
10 percent of any member's annual base compensation as certified
11 by the employer. For Tier II plan members, earnable
12 compensation shall include overtime payments that are made to
13 the member but shall not include subsistence payments that are
14 made to the member and shall not exceed one hundred
15 twenty-five percent (125%) of the member's annual base
16 compensation, as certified by the employer.

17 "(18) AVERAGE FINAL COMPENSATION. For any Tier I
18 Plan member, the average annual compensation of a teacher,
19 with respect to which he or she has made contributions
20 pursuant to paragraph b. of subdivision (1) of Section
21 16-25-21 during the three years in his or her last 10 years of
22 creditable service for which the average is highest or during
23 his or her entire period of creditable service if less than
24 three years; except, that for any period prior to October 1,
25 1959, the compensation used in computing the average shall
26 include compensation in excess of the maximum amount with
27 respect to which members were required to contribute. For any

1 Tier II Plan member, the average annual compensation of the
2 member, with respect to which he or she has made contributions
3 pursuant to paragraph b. of subdivision (1) of Section
4 16-25-21 during the five years in his or her last ten years of
5 creditable service for which the average is highest or during
6 his or her entire period of creditable service if less than
7 five years.

8 "(19) ANNUITY. Payments for life derived from the
9 "accumulated contributions" of a member. All annuities shall
10 be payable in equal monthly installments.

11 "(20) PENSION. Payments for life derived from money
12 provided by the employer. All pensions shall be payable in
13 equal monthly installments.

14 "(21) RETIREMENT ALLOWANCE. The sum of the "annuity"
15 and the "pension."

16 "(22) RETIREMENT. Withdrawal from active service
17 with a retirement allowance or optional benefit in lieu
18 thereof granted under this chapter.

19 "(23) ANNUITY RESERVE. The present value of all
20 payments to be made on account of any annuity or benefit in
21 lieu of any annuity, computed upon the basis of the mortality
22 tables as shall be adopted by the Board of Control, and
23 regular interest.

24 "(24) PENSION RESERVE. The present value of all
25 payments to be made on account of any pension or benefit in
26 lieu of any pension, computed upon the basis of the mortality

1 tables as shall be adopted by the Board of Control, and
2 regular interest.

3 "(25) ACTUARIAL EQUIVALENT. A benefit of equal
4 value, when computed upon the basis of the mortality tables as
5 shall be adopted by the Board of Control, and regular
6 interest.

7 "(26) NORMAL CONTRIBUTION. The contributions of the
8 state necessary to provide a pension equal to the annuity
9 which the member's contribution made prior to age 65 with
10 interest will provide at age of retirement not to exceed 65.

11 "(27) TIER I PLAN. The defined benefit pension plan
12 provided by the Retirement System to Tier I plan members.

13 "(28) TIER II PLAN. The defined benefit pension plan
14 provided by the Retirement System to Tier II plan members.

15 "(29) TIER I PLAN MEMBER. Any member of the
16 Retirement System who had service for which he or she received
17 credit in the Teachers' Retirement System or in the Employees'
18 Retirement System prior to January 1, 2013.

19 "(30) TIER II PLAN MEMBER. Any member of the
20 Retirement System who first began eligible employment with a
21 Teachers' Retirement System or an Employees' Retirement System
22 participating employer on or after January 1, 2013, and who
23 had no eligible service in the Teachers' Retirement System or
24 the Employees' Retirement System prior to January 1, 2013."

25 Section 2. This act shall become effective
26 immediately following its passage and approval by the
27 Governor, or its otherwise becoming law.

