

1 SB136
2 164513-2
3 By Senator Williams
4 RFD: Fiscal Responsibility and Economic Development
5 First Read: 03-MAR-15

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8 SYNOPSIS: Under existing law, the State Personnel
9 Board is authorized to adopt certain deferred
10 annuity and deferred compensation programs for
11 state and municipal employees. County employees are
12 not authorized to participate in the program.

13 This bill would authorize county employees
14 to participate in the program.

15
16 A BILL
17 TO BE ENTITLED
18 AN ACT
19

20 To amend Section 36-26-14, Code of Alabama 1975,
21 relating to the tax deferred annuity and deferred compensation
22 programs authorized to be adopted by the State Personnel
23 Board; to authorize county employees to participate in the
24 program.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

1 "§36-26-14.

2 "(a) The personnel board ~~is hereby authorized and~~
3 ~~directed to~~ may adopt, establish, and maintain a deferred
4 compensation plan or plans, except under Internal Revenue Code
5 Section 403 (b), for the employees of the State of Alabama or
6 any city, town, county, or public entity or corporation
7 organized pursuant to the laws of this state, ~~provided,~~
8 ~~however, that nothing in this section shall apply to employees~~
9 ~~of a county commission.~~ The personnel board may include in any
10 such plan any provision that does not cause the plan to fail
11 to qualify for its tax-favored treatment under the United
12 States Internal Revenue Code, including, but not limited to,
13 participant loans, unforeseeable emergency or hardship
14 distributions, Roth deferrals, rollovers, transfers to
15 purchase service credit, and distributions to purchase a
16 retired public safety officer's health insurance.

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

26 "(c) Alabama state employees, or the employees of
27 any city, town, county, or public entity or corporation

1 organized pursuant to the laws of this state may participate
2 in these plans on a voluntary basis by authorizing in writing
3 to their employer a reduction in their cash remuneration to be
4 placed in the plan or plans; ~~provided, however, that nothing~~
5 ~~in this section shall apply to employees of a county~~
6 ~~commission.~~

7 "(d) The Finance Director, Comptroller, or other
8 appropriate official is hereby authorized and directed to
9 initiate payroll deductions for the plans as directed by each
10 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 "(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
27 benefit, as defined by law of the plan's participants and

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

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