

1 HB346  
2 174071-1  
3 By Representatives Greer, Fridy and Johnson (K)  
4 RFD: State Government  
5 First Read: 01-MAR-16

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8 SYNOPSIS: Currently, members of the Retirement Systems  
9 of Alabama are allowed to make contributions to  
10 individual retirement accounts administered by the  
11 Retirement Systems of Alabama. This bill would  
12 require all new employees, beginning January 1,  
13 2017, to contribute monthly to such individual  
14 retirement accounts and provides opt-out  
15 provisions.

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17 A BILL  
18 TO BE ENTITLED  
19 AN ACT

20  
21 Relating to individual retirement accounts; to amend  
22 Section 36-27A-5, Code of Alabama 1975, relating to  
23 contributions to individual retirement accounts administered  
24 by the Retirement Systems of Alabama to require public  
25 employees first employed by a participating employer of the  
26 Teachers' Retirement System, Employees' Retirement System, or  
27 Judicial Retirement Fund on or after January 1, 2017 to make

1 contributions to such individual retirement accounts and to  
2 provide opt-out provisions.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Section 36-27A-5, Code of Alabama 1975,  
5 is hereby amended to read as follows:

6 "§36-27A-5.

7 "(a) The PEIRAF shall be available to all public  
8 employees in the State of Alabama who are members of the  
9 Teachers' Retirement System, the Employees' Retirement System  
10 or the Judicial Retirement Fund. In addition, any employee of  
11 an employer eligible to participate in the Employees'  
12 Retirement System pursuant to the provisions of Section  
13 36-27-6, or any public official or employee of the State of  
14 Alabama or any political subdivision thereof, shall be  
15 eligible to participate under the provisions of this chapter.  
16 Participation in this fund shall be on a strictly voluntary  
17 basis under such rules and regulations as shall be adopted by  
18 the board of control and in accordance with the provisions  
19 contained in the Internal Revenue Code as it relates to  
20 individual retirement accounts for public employees. Any  
21 person who shall become ineligible for participation in the  
22 PEIRAF due to the termination of his employment with an  
23 eligible employer may leave his contributions on account with  
24 the PEIRAF; however, no further contributions may be accepted  
25 on his account unless such person shall become reemployed by  
26 an eligible employer.

1           "(b) (1) All public employees in the State of Alabama  
2 who first begin employment with a participating employer of  
3 the Teachers' Retirement System, the Employees' Retirement  
4 System, or the Judicial Retirement Fund on or after January 1,  
5 2017 shall be required to participate in this fund under such  
6 rules and regulations as shall be adopted by the board of  
7 control and in accordance with the provisions contained in the  
8 Internal Revenue Code as it relates to individual retirement  
9 accounts for public employees. The provisions of this  
10 subsection shall not apply to those employees participating in  
11 the Employees' Retirement System pursuant to the provisions of  
12 Section 36-27-6.

13           "(2) A public employee enrolled in the fund pursuant  
14 to this subsection may opt out of the fund and withdraw  
15 without any penalty his or her contributions within 90 days  
16 after the date of the public employee's first contribution to  
17 the fund. A public employee enrolled in the fund pursuant to  
18 this subsection shall contribute each pay period the amount of  
19 ten dollars (\$10) of the public employee's pre-tax includible  
20 compensation to the public employee's account in the same  
21 manner as otherwise provided for the operation of the fund.

22           "(3) A public employee automatically enrolled in the  
23 fund pursuant to this subsection may change the public  
24 employee's contribution as otherwise provided for by the fund.

25           "(4) The employer of the public employee shall  
26 provide notice in writing to a public employee automatically  
27 enrolled in the plan. The notice shall include information on

1 the right of the public employee to opt out of the plan during  
2 the 90-day opt out period.

3 "(5) Participation in the fund pursuant to this  
4 subsection shall be in addition to participation in the  
5 Retirement Systems of Alabama pursuant to Chapter 18 of Title  
6 12, Chapter 25 of Title 16, and Chapter 27 of Title 36."

7 Section 2. This act shall become effective on the  
8 first day of the third month following its passage and  
9 approval by the Governor, or its otherwise becoming law.