

1 HB271
2 200167-1
3 By Representative Sells
4 RFD: Ways and Means Education
5 First Read: 18-FEB-20

SYNOPSIS: This bill would establish an Employees' Investment Retirement Plan (EIRP) for certain members of the Teachers' Retirement System and the Employees' Retirement System of the Retirement Systems of Alabama and would further provide options for Tier I and Tier II members to participate in EIRP.

A BILL
TO BE ENTITLED
AN ACT

To establish an Employees' Investment Retirement Plan (EIRP) for certain members of the Teachers' Retirement System and the Employees' Retirement System of the Retirement Systems of Alabama; and to further provide options for Tier I and Tier II members to participate in EIRP.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) There exists as a part of the Teachers' Retirement System, an optional account known as the

1 Employees' Investment Retirement Plan (EIRP). The purpose of
2 EIRP is to contractually allow, in lieu of immediate
3 withdrawal from service and receipt of a retirement allowance,
4 continued employment for a specific period of time, coupled
5 with the deferral of receipt of a retirement allowance until
6 the end of the period of participation, at which time the
7 member shall withdraw from service.

8 (b) Participation in EIRP is an option available to
9 any Tier I member of the retirement system who meets all of
10 the following requirements:

11 (1) Has at least 25 years of creditable service
12 exclusive of sick leave.

13 (2) Is at least 55 years of age.

14 (3) Is eligible for service retirement.

15 (c) Participation in EIRP is an option available to
16 any Tier II member of the retirement system who meets all of
17 the following requirements:

18 (1) Has at least 25 years of creditable service
19 exclusive of sick leave.

20 (2) Is at least 62 years of age.

21 (3) Is eligible for service retirement.

22 (d) An election to participate in EIRP may be made
23 in one year increments not to exceed five years, nor to be
24 less than three years. A member may participate in EIRP only
25 one time. Any voluntary termination by a member within the
26 first three years in EIRP will result in a forfeiture of the
27 portion of his or her EIRP account that constitutes the

1 retirement allowance. There will be no penalty forfeiture if
2 the participation period is interrupted due to an involuntary
3 dismissal, disability, involuntary transfer of his or her
4 spouse, or death of the member.

5 (e) A member who chooses to participate in EIRP may
6 elect an option allowance set out for members of the Teachers'
7 Retirement System in subsection (h) of Section 16-25-14, Code
8 of Alabama 1975, at the beginning of the participation period.
9 Otherwise, he or she shall receive the maximum benefit. The
10 election shall be irrevocable once the participation period
11 begins except as otherwise provided in this act.

12 (f) For purposes of EIRP, sick leave may not be
13 converted for purposes of establishing retirement eligibility,
14 nor used in the calculation of the original retirement
15 allowance except as provided in Section 16-25-151, Code of
16 Alabama 1975.

17 (g) The election to participate in EIRP shall be
18 made in accordance with procedures set forth in a uniform and
19 nondiscriminatory election and application form adopted by the
20 Board of Control. The election to participate in EIRP may be
21 made at any time on or after the date the member becomes
22 eligible to participate as set out in subsection (b). The
23 application must be made at least 30 days, but not more than
24 90 days, before the effective date of participation in EIRP. A
25 member must be eligible to participate, as provided above, at
26 the time the application is made.

1 (h) Upon the effective date of the commencement in
2 EIRP, the member's service shall remain as it existed on that
3 date for the duration of EIRP. Once a member enters EIRP,
4 service credit purchases are prohibited. Both the employer and
5 employee member contribution shall continue to be made. The
6 employee member contribution shall not be refundable to the
7 member at the completion of EIRP. Eighty percent of the
8 monthly retirement allowance that would have been payable, had
9 the person elected to withdraw from service and receive a
10 retirement allowance, shall be paid into an EIRP account that
11 reflects the credits attributed to the person in EIRP.
12 However, the monies shall remain a part of the regular
13 retirement fund until disbursed to the participating member in
14 accordance with this section. Any monies paid into this
15 account are subject to the exemptions set out in Section
16 16-25-23, Code of Alabama 1975.

17 (i) A person who participates in this plan shall not
18 be eligible to receive a retiree cost-of-living increase while
19 participating in EIRP, and shall not be eligible for a retiree
20 cost-of-living increase until participation in the plan ceases
21 and he or she withdraws from service and has been receiving a
22 retirement allowance for at least one full year.

23 (j) EIRP shall not be subject to any fees, charges,
24 or other similar expenses of any kind for any purpose.

25 (k) Participation in EIRP shall not affect the
26 rights of any education employee including, but not limited
27 to, the Fair Dismissal Act, Section 36-26-100 et seq., Code of

1 Alabama 1975, the tenure law, Section 16-24-1, et seq., Code
2 of Alabama 1975, or any other fringe benefit.

3 (l) Participation in EIRP shall not affect the
4 accrual of annual and sick leave by the participant.

5 (m) Participants in EIRP may receive salary
6 cost-of-living adjustments and salary increases.

7 Section 2. (a) On withdrawing from service pursuant
8 to Section 16-25-14, Code of Alabama 1975, from the Teachers'
9 Retirement System, a member who participated in EIRP:

10 (1) Who fulfilled his or her contractual obligation
11 pursuant to EIRP shall receive a lump-sum payment from his or
12 her EIRP account equal to the payments made to that account on
13 his or her behalf. In lieu of a lump-sum payment from the EIRP
14 account, to the extent eligible under applicable tax laws, the
15 member's total accrued benefit may be rolled over directly to
16 the custodian of an eligible retirement plan. The member shall
17 also begin receiving his or her monthly benefit that would
18 have been payable had the person elected to withdraw from
19 service and receive a retirement allowance at the commencement
20 of his or her participation in EIRP. However, the monthly
21 benefit shall be recalculated prospectively to reflect any
22 accrued sick leave as credit for retirement purposes.

23 Conversion of sick leave is limited to the applicable laws
24 pertaining to conversion of sick leave into retirement credit.

25 In no event can the number of days converted be greater than
26 the number of days the participant had on the date he or she

1 entered EIRP. The member is not allowed to change the option
2 allowance chosen at the beginning of EIRP participation.

3 (2) Who did not fulfill his or her obligation under
4 EIRP due to involuntary termination, disability, or
5 involuntary transfer of his or her spouse, shall receive a
6 lump-sum payment from his or her EIRP account equal to the
7 payments made to that account on his or her behalf. In lieu of
8 a lump-sum payment from the EIRP account, to the extent
9 eligible under applicable tax laws, the member's total accrued
10 benefit may be rolled over directly to the custodian of an
11 eligible retirement plan. The member shall also begin
12 receiving his or her monthly benefit that would have been
13 payable, had the person elected to withdraw from service and
14 receive a retirement allowance at the commencement of his or
15 her participation in EIRP. However, the monthly benefit shall
16 be recalculated prospectively to reflect any accrued sick
17 leave as credit for retirement purposes. Conversion of sick
18 leave is limited to the applicable laws pertaining to
19 conversion of sick leave into retirement credit. In no event
20 can the number of days converted be greater than the number of
21 days the participant had on the date he or she entered EIRP.
22 The member is not allowed to change the option allowance
23 chosen at the beginning of EIRP participation.

24 (3) Who did not fulfill his or her obligation under
25 EIRP due to voluntary termination within the first three years
26 of participation shall forfeit his or her EIRP account.
27 However, following termination of employment, the member shall

1 begin receiving his or her monthly benefit that would have
2 been payable, had the person elected to withdraw from service
3 and receive a retirement allowance at the commencement of his
4 or her participation in EIRP. However, the monthly benefit
5 shall be recalculated prospectively to reflect any accrued
6 sick leave as credit for retirement purposes. Conversion of
7 sick leave is limited to the applicable laws pertaining to
8 conversion of sick leave into retirement credit. In no event
9 can the number of days converted be greater than the number of
10 days the participant had on the date he or she entered EIRP.
11 The member is not allowed to change the option allowance
12 chosen at the beginning of EIRP participation.

13 (b) If a participant dies during the period of
14 participation in EIRP, a lump-sum payment equal to the
15 payments made to the EIRP account on his or her behalf plus
16 interest shall be paid to his or her named beneficiary or, if
17 none, to his or her estate. Where there is a beneficiary that
18 would be entitled to an ongoing monthly benefit, if applicable
19 laws allow, the monthly benefit may be recalculated
20 prospectively to reflect accrued sick leave as credit for
21 retirement purposes. If applicable laws allow, the beneficiary
22 may elect to be paid for the deceased member's sick leave as
23 would any other member upon retirement. In no event can the
24 number of sick leave days used for either calculation be
25 greater than the number of days the participant had on entry
26 into EIRP. The member is not allowed to change the option
27 allowance chosen at the beginning of EIRP participation.

1 (c) At the end of the specified period for EIRP:

2 (1) Payments into the EIRP account made on behalf of
3 the member shall cease.

4 (2) Payments from the EIRP account shall not be made
5 to the member until he or she withdraws from service, nor
6 shall the monthly retirement allowance being paid into the
7 EIRP account during the period of participation be payable to
8 the member until he or she withdraws from service pursuant to
9 Section 16-25-14, Code of Alabama 1975.

10 (3) If the member does not withdraw from service
11 after the period specified for participation in EIRP, he or
12 she shall resume active contributing membership in the system
13 for the purpose of earning creditable service. Under no
14 circumstances will any time spent participating in EIRP be
15 eligible to constitute service credit in any Alabama public
16 supported retirement system.

17 (d) (1) Upon a future withdrawal from service, the
18 member shall receive a lump-sum payment from his or her EIRP
19 account equal to the payments made to that account on his or
20 her behalf. In lieu of a lump-sum payment from the EIRP
21 account, to the extent eligible under applicable tax laws, the
22 member's total accrued benefit may be rolled over directly to
23 the custodian of an eligible retirement plan.

24 (2) Upon withdrawal from service, the monthly
25 retirement allowance that would have been payable, had the
26 person elected to withdraw from service and receive a
27 retirement allowance at the commencement of his or her

1 participation in EIRP, shall begin to be paid to the member.
2 However, the monthly benefit shall be recalculated
3 prospectively to reflect any accrued sick leave as credit for
4 retirement purposes. Conversion of sick leave is limited to
5 the applicable laws pertaining to conversion of sick leave
6 into retirement credit. In no event can the number of days
7 converted be greater than the number of days the participant
8 had on the date he or she entered EIRP. The member is not
9 allowed to change the option allowance chosen at the beginning
10 of EIRP participation.

11 (3) Upon withdrawal from service, the member shall
12 receive an additional retirement benefit based on his or her
13 additional service rendered to the system since termination of
14 participating in EIRP, using the normal method of computation
15 of benefit for that period only. This additional service shall
16 not be added to any service prior to his or her participation
17 in EIRP. The member's average compensation for that time
18 worked after the participation in EIRP shall be multiplied by
19 the appropriate benefit factor multiplied by the amount of
20 time worked after the participation in EIRP. Under no
21 circumstances is this service to be combined with service
22 prior to participation in EIRP.

23 (4) The option used for retirement purposes shall be
24 that applicable to the original benefit.

25 (5) If the member dies or becomes disabled during
26 the period of additional service, he or she shall be
27 considered as having retired on the date of death or

1 commencement of disability. However, no death benefits
2 pursuant to subsection (g) of Section 16-25-14, Code of
3 Alabama 1975, or Section 36-27B-3, Code of Alabama 1975, will
4 be applicable.

5 Section 3. (a) There exists as a part of the
6 Employees' Retirement System, an optional account known as the
7 Employees' Investment Retirement Plan (EIRP). The purpose of
8 EIRP is to contractually allow, in lieu of immediate
9 withdrawal from service and receipt of a retirement allowance,
10 continued employment for a specific period of time, coupled
11 with the deferral of receipt of a retirement allowance until
12 the end of such period of participation, at which time the
13 member shall withdraw from service.

14 (b) Participation in EIRP is an option available to
15 any Tier I member of this retirement system who meets all of
16 the following:

17 (1) Has at least 25 years of creditable service
18 exclusive of sick leave.

19 (2) Is at least 55 years of age, or in the case of a
20 state police member, is at least 52 years of age.

21 (3) Is eligible for service retirement.

22 (c) Participation in EIRP is an option available to
23 any Tier II member of this retirement system who meets all of
24 the following:

25 (1) Has at least 25 years of creditable service
26 exclusive of sick leave.

1 (2) Is at least 62 years of age, or in the case of a
2 firefighter, law enforcement officer, correction officer, or
3 state police member, is at least 56 years of age.

4 (3) Is eligible for service retirement.

5 (d) An election to participate in EIRP may be made
6 in one year increments not to exceed five years, nor to be
7 less than three years. A member may participate in EIRP only
8 one time. Any voluntary termination within the first three
9 years in EIRP will result in a forfeiture of a portion of his
10 or her EIRP account that constitutes the retirement allowance.
11 There will be no forfeiture if the participation period is
12 interrupted due to an involuntary dismissal, disability,
13 involuntary transfer of his or her spouse, or death of the
14 participant.

15 (e) A member who chooses to participate in EIRP may
16 elect an option allowance set out for members of the
17 Employees' Retirement System in subsection (d) of Section
18 36-27-16, Code of Alabama 1975, at the beginning of the
19 participation period. Otherwise, he or she shall receive the
20 maximum benefit. Such election shall be irrevocable once the
21 participation period begins except as otherwise provided in
22 this act.

23 (f) For purposes of EIRP, sick leave may not be
24 converted for purposes of establishing retirement eligibility,
25 nor used in the calculation of the original retirement
26 allowance except as provided in Section 36-27-171, Code of
27 Alabama 1975. A person electing to enter the EIRP program is

1 not eligible for a lump-sum payment for any annual or sick
2 leave until withdrawal from service.

3 (g) The election to participate in EIRP shall be
4 made in accordance with procedures set forth in a uniform and
5 nondiscriminatory election and application form adopted by the
6 Board of Control. The election to participate in EIRP may be
7 made at any time on or after the date the member becomes
8 eligible to participate as set out in subsection (b). Such
9 application must be made at least 30 days, but not more than
10 90 days, before the effective date of participation in EIRP. A
11 member must be eligible to participate, as provided above, at
12 the time the application is made.

13 (h) Upon the effective date of the commencement in
14 EIRP, the member's service shall remain as it existed on that
15 date for the duration of EIRP. Once a member enters EIRP,
16 service credit purchases are prohibited. Both the employer and
17 employee member contribution shall continue to be made. The
18 employee member contribution shall not be refundable to the
19 member at the completion of EIRP. Eighty percent of the
20 monthly retirement allowance that would have been payable, had
21 the person elected to withdraw from service and receive a
22 retirement allowance, shall be paid into a EIRP account that
23 reflects the credits attributed to the person in EIRP.
24 However, the monies shall remain a part of the regular
25 retirement fund until disbursed to the participating member in
26 accordance with this section. Any monies paid into this

1 account are subject to the exemptions set out in Section
2 36-27-28, Code of Alabama 1975.

3 (i) A person who participates in this plan shall not
4 be eligible to receive a retiree cost-of-living increase while
5 participating in EIRP, and shall not be eligible for a retiree
6 cost-of-living increase until participation in the plan ceases
7 and he or she withdraws from service and has been receiving a
8 retirement allowance for at least one full year.

9 (j) EIRP shall not be subject to any fees, charges,
10 or other similar expenses of any kind for any purpose.

11 (k) Participation in EIRP shall not affect the
12 rights of any state employee under the state personnel system,
13 including, but not limited to, his or her rights to longevity
14 pay.

15 (l) Participation in EIRP shall not affect the
16 accrual of annual and sick leave by the participant.

17 (m) Participants in EIRP may receive salary
18 cost-of-living adjustments and salary increases.

19 Section 4. (a) On withdrawing from service pursuant
20 to Section 36-27-16, Code of Alabama 1975, from the Employees'
21 Retirement System, a member who participated in EIRP:

22 (1) Who fulfilled his or her contractual obligation
23 pursuant to EIRP shall receive a lump-sum payment from his or
24 her EIRP account equal to the payments made to that account on
25 his or her behalf. In lieu of a lump-sum payment from the EIRP
26 account, to the extent eligible under applicable tax laws, the
27 member's total accrued benefit may be rolled over directly to

1 the custodian of an eligible retirement plan. The member shall
2 also begin receiving his or her monthly benefit that would
3 have been payable had the person elected to withdraw from
4 service and receive a retirement allowance at the commencement
5 of his or her participation in EIRP. However, if applicable
6 laws allow, the monthly benefit may be recalculated
7 prospectively to reflect accrued sick leave as credit for
8 retirement purposes. If applicable laws allow, the participant
9 may elect to be paid for his or her sick leave as would any
10 other member upon retirement. In no event can the number of
11 sick leave days used for either calculation be greater than
12 the number of days the participant had on entry into EIRP. The
13 member is not allowed to change the option allowance chosen at
14 the beginning of EIRP participation.

15 (2) Who did not fulfill his or her obligation under
16 EIRP due to involuntary termination, disability, or
17 involuntary transfer of his or her spouse, shall receive a
18 lump-sum payment from his or her EIRP account equal to the
19 payments made to that account on his or her behalf. In lieu of
20 a lump-sum payment from the EIRP account to the extent
21 eligible under applicable tax laws, the member's total accrued
22 benefit may be rolled over directly to the custodian of an
23 eligible retirement plan. The member shall also begin
24 receiving his or her monthly benefit that would have been
25 payable, had the person elected to withdraw from service and
26 receive a retirement allowance at the commencement of his or
27 her participation in EIRP. However, if applicable laws allow,

1 the monthly benefit may be recalculated prospectively to
2 reflect accrued sick leave as credit for retirement purposes.
3 If applicable laws allow, the participant may elect to be paid
4 for his or her sick leave as would any other member upon
5 retirement. In no event can the number of sick leave days used
6 for either calculation be greater than the number of days the
7 participant had on entry into EIRP. The member is not allowed
8 to change the option allowance chosen at the beginning of EIRP
9 participation.

10 (3) Who did not fulfill his or her obligation under
11 EIRP due to voluntary termination within the first three years
12 of participation shall forfeit his or her EIRP account.
13 However, following termination of employment, the member shall
14 begin receiving his or her monthly benefit that would have
15 been payable, had the person elected to withdraw from service
16 and receive a retirement allowance at the commencement of his
17 or her participation in EIRP. However, if applicable laws
18 allow, the monthly benefit may be recalculated prospectively
19 to reflect accrued sick leave as credit for retirement
20 purposes. If applicable laws allow, the participant may elect
21 to be paid for his or her sick leave as would any other member
22 upon retirement. In no event can the number of sick leave days
23 used for either calculation be greater than the number of days
24 the participant had on entry into EIRP. The member is not
25 allowed to change the option allowance chosen at the beginning
26 of EIRP participation.

1 (b) If a participant dies during the period of
2 participation in EIRP, a lump-sum payment equal to the
3 payments made to the EIRP account on his or her behalf plus
4 interest shall be paid to his or her named beneficiary or, if
5 none, to his or her estate. However, death benefits payable
6 pursuant to subsection (c) of Section 36-27-16, Code of
7 Alabama 1975, or Section 36-27B-3, Code of Alabama 1975, shall
8 not be applicable. Where there is a beneficiary who would be
9 entitled to an ongoing monthly benefit, if applicable laws
10 allow, the monthly benefit may be recalculated prospectively
11 to reflect accrued sick leave as credit for retirement
12 purposes. If applicable laws allow, the beneficiary may elect
13 to be paid for the deceased member's sick leave as would any
14 other member upon retirement. In no event can the number of
15 sick leave days used for either calculation be greater than
16 the number of days the participant had on entry into EIRP. The
17 member is not allowed to change the option allowance chosen at
18 the beginning of EIRP participation.

19 (c) At the end of the specified period for EIRP:

20 (1) Payments into the EIRP account made on behalf of
21 the member shall cease.

22 (2) Payments from the EIRP account shall not be made
23 to the member until he or she withdraws from service, nor
24 shall the monthly retirement allowance being paid into the
25 EIRP account during the period of participation be payable to
26 the member until he or she withdraws from service pursuant to
27 Section 36-27-16, Code of Alabama 1975. However, if applicable

1 laws allow, the monthly benefit may be recalculated
2 prospectively to reflect accrued sick leave as credit for
3 retirement purposes. If applicable laws allow, the participant
4 may elect to be paid for his or her sick leave as would any
5 other member upon retirement. In no event can the number of
6 sick leave days used for either calculation be greater than
7 the number of days the participant had on entry into EIRP. The
8 member is not allowed to change the option allowance chosen at
9 the beginning of EIRP participation.

10 (3) If the member does not withdraw from service
11 after the period specified for participation in EIRP, he or
12 she shall resume active contributing membership in the system
13 for the purpose of earning creditable service. Under no
14 circumstances will any time spent participating in EIRP be
15 eligible to constitute service credit in any Alabama public
16 supported retirement system.

17 (d) (1) Upon a future withdrawal from service, the
18 member shall receive a lump-sum payment from his or her EIRP
19 account equal to the payments made to that account on his or
20 her behalf. In lieu of a lump-sum payment from the EIRP
21 account, to the extent eligible under applicable tax laws, the
22 member's total accrued benefit may be rolled over directly to
23 the custodian of an eligible retirement plan.

24 (2) Upon withdrawal from service, the monthly
25 retirement allowance that would have been payable, had the
26 person elected to withdraw from service and receive a
27 retirement allowance at the commencement of his or her

1 participation in EIRP, shall begin to be paid to the member.
2 However, if applicable laws allow, the monthly benefit may be
3 recalculated prospectively to reflect accrued sick leave as
4 credit for retirement purposes. If applicable laws allow, the
5 participant may elect to be paid for his or her sick leave as
6 would any other member upon retirement. In no event can the
7 number of sick leave days used for either calculation be
8 greater than the number of days the participant had on entry
9 into EIRP. The member is not allowed to change the option
10 allowance chosen at the beginning of EIRP participation.

11 (3) Upon withdrawal from service, the member shall
12 receive an additional retirement benefit based on his or her
13 additional service rendered to the system since termination of
14 participating in EIRP, using the normal method of computation
15 of benefit for that period only. This additional service shall
16 not be added to any service prior to his or her participation
17 in EIRP. The member's average compensation for that time
18 worked after the participation in EIRP shall be multiplied by
19 the appropriate benefit factor multiplied by the amount of
20 time worked after the participation in EIRP. Under no
21 circumstances is this service to be combined with service
22 prior to participation in EIRP.

23 (4) The option used for retirement purposes shall be
24 that applicable to the original benefit.

25 (5) If the member dies or becomes disabled during
26 the period of additional service, he or she shall be
27 considered as having retired on the date of death or

1 commencement of disability. However, no death benefits
2 pursuant to subsection (c) of Section 36-27-16, Code of
3 Alabama 1975, or Section 36-27B-3, Code of Alabama 1975, will
4 be applicable.

5 Section 5. This act shall become effective January
6 1, 2020, following its passage and approval by the Governor,
7 or its otherwise becoming law.