

1 HB134
2 216078-3
3 By Representatives Baker, Collins, Lovvorn, Wood (D), Wheeler,
4 Meadows, Shiver, Robertson, Ledbetter, Shedd and Drummond
5 RFD: Ways and Means Education
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ENROLLED, An Act,

To amend Section 16-25-14, as amended by Act 2021-270 of the 2021 Regular Session, Code of Alabama 1975, relating to retirement benefits for employees who are members of the Teachers' Retirement System; and to modify the retirement benefits for Tier II plan members of the Teachers' Retirement System by providing 30-year service retirement.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 16-25-14, as amended by Act 2021-270 of the 2021 Regular Session, ~~and Section 16-25-21, as amended by Act 2021-537 of the 2021 Regular Session,~~ of the Code of Alabama 1975, ~~are~~ is amended to read as follows:

"§16-25-14.

"(a) (1) Any Tier I plan member who withdraws from service upon or after attainment of age 60 and any Tier II plan member who withdraws from service upon or after attainment of age 62, or in the case of a Tier II plan member who is a correctional officer, firefighter, or law enforcement officer as defined in Section 36-27-59, who withdraws from service upon or after attainment of age 56 with at least ~~ten~~ 10 years of creditable service as a correctional officer, firefighter, or law enforcement officer may retire upon written application to the Board of Control setting forth at what time, not less than 30 days nor more than 90 days

1 subsequent to the execution and filing thereof, he or she
2 desires to be retired; provided, that any such member who
3 became a member on or after October 1, 1963, shall have
4 completed 10 or more years of creditable service.

5 "(2) Any Tier I plan member who has attained age 60
6 and any Tier II plan member who has attained age 62, or in the
7 case of a Tier II plan member who is a correctional officer,
8 firefighter, or law enforcement officer as defined in Section
9 36-27-59, who has attained age 56 with at least ~~ten~~ 10 years
10 of creditable service as a correctional officer, firefighter,
11 or law enforcement officer and has previously withdrawn from
12 service may retire upon written application to the Board of
13 Control setting forth at what time, not less than 30 days nor
14 more than 90 days subsequent to the execution and filing
15 thereof, he or she desires to be retired; provided, that the
16 member shall have completed at the time for his or her
17 withdrawal from service the requirements established by the
18 Board of Control for eligibility for deferred benefits
19 pursuant to Section 16-25-3.

20 "(3) Any person who is presently covered or is
21 eligible to be covered under the Employees' Retirement System
22 of Alabama or the Teachers' Retirement System of Alabama and
23 who, prior to such coverage or eligibility for coverage,
24 served as head of any Alabama county's public library service
25 department shall have credited to him or her one year of

1 creditable service for each year served as such head, not to
2 exceed 12 years; provided, that such person shall pay into the
3 retirement system the employee's part of the cost or
4 contribution based on the salary paid to such person during
5 the time of his or her service in the above capacity, with
6 such cost or contribution to be calculated at the percent or
7 rate in effect on October 1, 1973.

8 "(4) Any Tier I plan member of the Teachers'
9 Retirement System of Alabama, who withdraws from service after
10 the completion of at least 25 years of creditable service, or
11 any Tier II plan member who withdraws from service after the
12 completion of at least 30 years of creditable service, may
13 retire upon written application to the Board of Control of the
14 Teachers' Retirement System setting forth at what time, not
15 less than 30 days nor more than 90 days subsequent to the
16 execution and filing thereof, he or she desires to be retired;
17 provided, that any such member who became a Tier I or Tier II
18 plan member on or after October 1, 1963, shall have completed
19 10 or more years of creditable service.

20 "(b) Upon retirement from service, a Tier I plan
21 member shall receive a service retirement allowance which
22 shall consist of:

23 "(1) An annuity which shall be the actuarial
24 equivalent of his or her accumulated contributions at the time
25 of his or her retirement;

1 "(2) A pension which shall be equal to the annuity
2 allowable at the age of retirement, but not to exceed an
3 annuity allowable at age 65 computed on the basis of
4 contributions made prior to the attainment of age 65; and

5 "(3) If he or she has a prior service certificate in
6 full force and effect, an additional pension which shall be
7 equal to the annuity which would have been provided at age of
8 retirement, but not to exceed an annuity allowable at age 65
9 by twice the contributions which he or she would have made
10 during the period of prior service with which he or she is
11 credited had the system been in operation and had he or she
12 contributed thereunder. In lieu of a determination of the
13 actual compensation of the members that was received during
14 such prior service, the Board of Control may use for the
15 purposes of this chapter the compensation rates which, if they
16 had progressed with the rates of salary increase shown in the
17 tables as prescribed in subsection (o) of Section 16-25-19,
18 would have resulted in the same average salary of the member
19 for the five years immediately preceding the date of
20 establishment as the records show the member actually
21 received.

22 "(c) The annual service retirement pension payable
23 to a Tier I plan member retiring on or after October 1, 1975,
24 shall not be less than an amount which when added to his or

1 her annuity is equal to the greater of the following two
2 amounts:

3 "(1) Two and one-eightieth percent of the member's
4 average final compensation multiplied by the number of years
5 of his or her creditable service; or

6 "(2) If he or she became a member before October 1,
7 1971, ~~\$72~~ seventy-two dollars (\$72) multiplied by the number
8 of years of his or her creditable service not in excess of 25
9 years.

10 "Notwithstanding, a member who retired prior to
11 October 1, 1971, under service retirement shall receive ~~\$120~~
12 one hundred twenty dollars (\$120) multiplied by the number of
13 years of his or her creditable service not in excess of 25
14 years.

15 "(d) Upon retirement from service, a Tier II plan
16 member shall receive a service retirement allowance which
17 shall consist of an annuity which shall be the actuarial
18 equivalent of the member's accumulated contributions at the
19 time of retirement and a pension which, when added to the
20 member's annuity, shall be equal to one and sixty-five
21 hundredths percent (1.65%) of the member's average final
22 compensation multiplied by the number of years of creditable
23 service. The service retirement allowance for a member that
24 retires with 30-years of creditable service before reaching
25 the age of 62 shall be reduced by two percent (2%) for each

1 year of the difference between age 62 and the age at
2 retirement of the member. Notwithstanding the foregoing, the
3 service retirement allowance shall not exceed eighty percent
4 (80%) of the member's average final compensation.

5 "(e) Upon the application of a Tier I plan member in
6 service or of his or her employer, any member who has had 10
7 or more years of creditable service may be retired by the
8 Board of Control on a disability retirement allowance not less
9 than 30 nor more than 90 days next following the date of
10 filing such an application; provided, that the medical board,
11 after a medical examination of such member, shall certify that
12 such member is mentally or physically incapacitated for
13 further performance of duty, that such incapacity is likely to
14 be permanent, and that such member should be retired. Upon the
15 application of a Tier II plan member in service or of his or
16 her employer, any member who has had 10 or more years of
17 creditable service may be retired by the Board of Control on a
18 disability retirement allowance not less than 30 nor more than
19 90 days next following the date of filing such an application;
20 provided, that the medical board, after a medical examination
21 of such member, shall certify that the member is totally and
22 permanently mentally or physically incapacitated from regular
23 and substantial gainful employment, and that such member
24 should be retired.

1 "(f) Upon retirement for disability, a Tier I plan
2 member shall receive a service retirement allowance if he or
3 she has attained age 60 or if any law or part of any law
4 pertaining to retirement under the Teachers' Retirement System
5 of Alabama provides for service retirement after the
6 completion of 25 years of creditable service and the member
7 has completed 25 years of creditable service; otherwise, he or
8 she shall receive a disability retirement allowance which
9 shall consist of:

10 "(1) An annuity which shall be the actuarial
11 equivalent of his or her accumulated contributions at the time
12 of retirement; and

13 "(2) A pension which shall be equal to the pension
14 that would have been payable under subdivisions (2) and (3) of
15 subsection (b) of this section upon service retirement at age
16 60 had the member continued in service to that age without
17 change in compensation.

18 "The annual disability retirement pension shall not
19 be less than an amount which when added to his or her annuity
20 is equal to the greater of the following amounts:

21 "a. Two and one-eightieth percent of the member's
22 average final compensation multiplied by the number of years
23 of creditable service.

24 "b. If he or she became a member before October 1,
25 1971, ~~\$54~~ fifty-four dollars (\$54) multiplied by the number of

1 years of his or her creditable service not in excess of 25
2 years.

3 "Notwithstanding, a member who retired prior to
4 October 1, 1971, for disability shall receive ~~\$90~~ ninety
5 dollars (\$90) multiplied by the number of years of his or her
6 creditable service not in excess of 25 years.

7 "(g) Upon retirement for disability, a Tier II plan
8 member shall receive a service retirement allowance if the
9 member has attained age 62, or in the case of a Tier II plan
10 member who is a correctional officer, firefighter, or law
11 enforcement officer as defined in Section 36-27-59, if the
12 member has attained age 56 with at least ~~ten~~ 10 years of
13 creditable service as a correctional officer, firefighter, or
14 law enforcement officer, or if the member has completed 30
15 years of creditable service, otherwise, the member shall
16 receive a disability retirement allowance which shall be equal
17 to one and sixty-five hundredths percent (1.65%) of the
18 member's average final compensation multiplied by the number
19 of years of creditable service.

20 "(h) (1) Once each year during the first five years
21 following the retirement of a member on a disability
22 retirement allowance and once in every three-year period
23 thereafter, the Board of Control may and upon his or her
24 application shall require any disability beneficiary who has
25 not yet attained age 60 for a Tier I plan member or age 62 for

1 a Tier II plan member to undergo a medical examination, such
2 examination to be made at the place of residence of such
3 beneficiary or other place mutually agreed upon by a physician
4 of or designated by the medical board. Should any disability
5 beneficiary who has not yet attained age 60 for a Tier I plan
6 member or age 62 for a Tier II plan member refuse to submit to
7 such medical examination, his or her pension may be
8 discontinued until his or her withdrawal of such refusal, and
9 should his refusal continue for one year, all his or her
10 rights in and to his or her pension may be revoked by the
11 Board of Control; provided, that these requirements relative
12 to the medical examination shall not apply in the case of a
13 Tier II plan member who is a correctional officer,
14 firefighter, or law enforcement officer as defined in Section
15 36-27-59 retired for disability and who has attained age 56
16 with at least ~~ten~~ 10 years of creditable service as a
17 correctional officer, firefighter, or law enforcement officer.

18 "(2) Should the medical board report and certify to
19 the Board of Control that a disability beneficiary who is a
20 Tier I plan member is engaged in or is able to engage in a
21 gainful occupation paying more than the difference between his
22 or her retirement allowance and his average final compensation
23 and should the Board of Control concur in such report, then
24 the amount of his or her pension shall be reduced to an amount
25 which, together with his or her annuity and the amount

1 earnable by him or her, shall equal the amount of his or her
2 average final compensation. Should his or her earning capacity
3 be later changed, the amount of his or her pension may be
4 further modified; provided, that the new pension shall not
5 exceed the amount of the pension originally granted nor an
6 amount which, when added to the amount earnable by the
7 beneficiary together with his or her annuity, equals the
8 amount of his or her average final compensation.

9 "(3) Should the medical board report and certify to
10 the Board of Control that a disability beneficiary who is a
11 Tier II plan member has the capacity to engage in regular and
12 substantial gainful employment, the Board of Control shall
13 discontinue the beneficiary's retirement allowance until the
14 beneficiary is otherwise eligible for service retirement.

15 "(i) (1) Should a member cease to be a teacher,
16 except by death or by retirement under the provisions of this
17 chapter, the contributions standing to the credit of his or
18 her individual account in the Annuity Savings Fund shall be
19 paid to him or her upon demand, and in addition to such
20 payment there shall be paid five-tenths of the interest
21 accumulations standing to the credit of his or her individual
22 account if he or she shall have not less than three but less
23 than 16 years of membership service, six-tenths of such
24 interest accumulations if he or she shall have not less than
25 16 but less than 21 years of membership service, seven-tenths

1 of such interest accumulations if he or she shall have not
2 less than 21 but less than 26 years of membership service, and
3 eight-tenths of such interest accumulations if he or she shall
4 have not less than 26 years of membership service.

5 "(2) In case of the death of a member eligible for
6 service retirement pursuant to subsection (a) of this section,
7 an allowance shall be paid to the surviving spouse, or to such
8 other person who the member shall have designated, in an
9 amount that would have been payable if the member had retired
10 immediately prior to his or her death and had elected Option
11 3, as set forth in subsection (j) or, alternatively, if the
12 surviving spouse or other designee desires, he or she may
13 choose to receive, in lieu of the allowance provided under
14 Option 3, the accumulated contributions of the member plus an
15 amount equal to the accumulated contributions of the member
16 not to exceed ~~\$5,000~~ five thousand dollars (\$5,000) or the
17 accumulated contributions of the member plus the benefit
18 provided by Section 36-27B-3 if a benefit is payable under
19 such section. For purposes of this subsection only, hazardous
20 duty time, as set forth in subdivision (b)(1) of Section
21 36-27-59, may be used in calculating the requisite years of
22 service for firefighters, law enforcement officers, and
23 correctional officers even if the member has not otherwise
24 attained 25 years of creditable service.

1 "(3) Upon the death of a member on account of whom
2 no survivor allowance is payable under subdivision (2) of this
3 subsection, the accumulated contributions of the member plus
4 an amount equal to the accumulated contributions not to exceed
5 ~~\$5,000~~ five thousand dollars (\$5,000) or the accumulated
6 contributions of the member plus the benefit provided by
7 Section 36-27B-3 if a benefit is payable under such section
8 shall be paid to his or her estate or to such person as he
9 shall have nominated by written designation duly executed and
10 filed with the Board of Control.

11 "(j) With the provision the election of an option
12 shall be effective on the effective date of retirement, any
13 member may elect prior to retirement to receive, in lieu of
14 his or her retirement allowance payable throughout life, the
15 actuarial equivalent at that time of his or her retirement
16 allowance in a reduced retirement allowance payable throughout
17 life with the provision that:

18 "(1) OPTION 1. If he or she dies before he or she
19 has received in annuity payments the present value of his or
20 her annuity as it was at the time of his or her retirement,
21 the balance shall be paid to his or her legal representatives
22 or to the person as he or she shall nominate by written
23 designation duly acknowledged and filed with the Board of
24 Control;

1 "(2) OPTION 2. Upon his or her death, his or her
2 reduced retirement allowance shall be continued throughout the
3 life of and paid to the person as he or she shall nominate by
4 written designation duly acknowledged and filed with the Board
5 of Control at the time of his or her retirement;

6 "(3) OPTION 3. Upon his or her death, one half of
7 his or her reduced retirement allowance shall be continued
8 throughout the life of and paid to the person as he or she
9 shall nominate by written designation duly acknowledged and
10 filed with the Board of Control at the time of his or her
11 retirement; or

12 "(4) OPTION 4. Some other benefit or benefits shall
13 be paid either to the member or to the person or persons as he
14 or she shall nominate; provided, that such other benefit or
15 benefits, together with the reduced retirement allowance,
16 shall be certified by the actuary to be of equivalent
17 actuarial value to his or her retirement allowance and shall
18 be approved by the Board of Control.

19 "(5) OPTION 5. At the time of retirement, he or she
20 shall receive a partial lump sum distribution as a single
21 payment not to exceed the sum of 24 months of the maximum
22 monthly retirement allowance the member could receive. This
23 option may be elected in addition to the election of another
24 option under this subsection and the further reduced monthly
25 retirement allowance shall be calculated in accordance with

1 the selected option. This option shall not be available to a
2 member who is receiving a disability retirement.

3 "(k) Should any beneficiary be restored to active
4 service, his or her retirement allowance shall be suspended
5 until he or she again withdraws from service and, he or she
6 shall not again become a member, nor shall he or she make
7 contributions; except, that should such beneficiary who has
8 been restored to active service continue in service for a
9 period of two or more years from the date of his or her
10 reentry into active service, he or she may request the Board
11 of Control to allow him or her to again become a member of the
12 retirement system. The Board of Control may grant the request
13 for restoration to membership; provided, that such beneficiary
14 whose retirement allowance has been suspended shall repay to
15 the system all ~~moneys~~ monies received by him or her as
16 benefits during any period subsequent to the date of his or
17 her reentry into active service; provided further, that he or
18 she shall make a contribution equal to the amount he or she
19 would have contributed had he or she been a member during the
20 period of his or her restoration to active service on a
21 suspended allowance basis, together with the interest which
22 would have been credited to the contributions on account of
23 such period of restoration up to the date such contribution is
24 made.

1 "(1) (1) All retirement allowance payments due on or
2 after October 1, 1975, to members who retired prior to October
3 1, 1975, shall be redetermined as if the provisions of
4 subsections (b) and (e) of this section which became effective
5 on said date were in effect at the time the member retired;
6 provided, that the annual retirement allowance of any member
7 who retired on or before January 1, 1956, shall be not less
8 than ~~\$132~~ one hundred thirty-two dollars (\$132) multiplied by
9 the number of years of his or her creditable service not in
10 excess of 30 years in the case of service retirement or ~~\$99~~
11 ninety-nine dollars (\$99) multiplied by the number of years of
12 creditable service not in excess of 30 years in the case of
13 disability retirements. Any increase provided in the
14 retirement allowance payment under this subsection for a
15 member who retired under the provisions of any optional
16 benefit elected pursuant to subsection (j) of this section
17 shall accrue only to the retired member, and no person
18 designated to receive any payments after the death of a
19 retired member under the provisions of any such optional
20 benefit shall receive any increase in such payments under this
21 subsection.

22 "(2) Any person who served at least 30 years as a
23 teacher in the public schools of Alabama and was never a
24 member of the system and who, prior to October 1, 1963, was in
25 receipt of a benefit for old age assistance pursuant to

1 subsections (1) and (2) of Section 1 of Act 116, approved
2 August 24, 1959, shall be entitled to receive an annual
3 retirement allowance of ~~\$3,960~~ three thousand nine hundred
4 sixty dollars (\$3,960) from the system, effective as of
5 October 1, 1973.

6 "(3) Prior to October 31, 1975, any beneficiary may
7 elect to leave on deposit with the system all or a specified
8 part of any increase in his or her monthly retirement
9 allowance payments arising in accordance with subdivision (1)
10 or (2) of this subsection. The portion of each monthly payment
11 left in the system in accordance with such election shall be
12 credited, together with regular interest thereon, to the
13 individual account of such beneficiary. Upon the death of such
14 beneficiary, the total amount standing to his or her credit,
15 including regular interest to the date of death, shall be paid
16 in a lump sum to his or her legal representative or to such
17 person as he or she shall have nominated by written
18 designation duly acknowledged and filed with the Board of
19 Control.

20 "(m) Notwithstanding any other provisions of this
21 section to the contrary, when a designated beneficiary for a
22 member predeceases the member who is receiving a monthly
23 benefit allowance provided under Option 2, 3, or 4, the member
24 may designate a replacement beneficiary for the deceased
25 beneficiary to become effective two years after the date of

1 designation of the replacement beneficiary and an actuarial
2 adjustment in the monthly benefit allowance of the member to
3 cover any cost associated with designating a replacement
4 beneficiary shall be reflected thereafter in the monthly
5 benefit allowance received by the member, commencing with the
6 first benefit allowance check received by the member following
7 the date of designation of the replacement beneficiary.

8 "(n) Notwithstanding any provision of this section
9 to the contrary, if a retired member who is receiving a
10 monthly benefit allowance provided under Option 2, 3, or 4
11 divorces his or her designated beneficiary, the member may
12 designate a replacement beneficiary for the beneficiary to
13 become effective two years after the date of designation of
14 the replacement beneficiary and an actuarial adjustment in the
15 monthly benefit allowance of the member to cover any cost
16 associated with designating a replacement beneficiary shall be
17 reflected thereafter in the monthly benefit allowance received
18 by the member, commencing with the first benefit allowance
19 check received by the member following the date of designation
20 of the replacement beneficiary.

21 "(o) Any future act to increase the retirement age
22 for Tier II plan members above the age of 62 shall require a
23 two-thirds vote of the elected membership of each house of the
24 Legislature.

25 "§16-25-21.

1 ~~"Effective October 1, 1997, all the assets of the~~
2 ~~retirement system shall be credited according to the purpose~~
3 ~~for which they are held among three funds, namely: The Annuity~~
4 ~~Savings Fund, the Pension Accumulation Fund, and the Expense~~
5 ~~Fund. The operation of the former Pension Reserve Fund and the~~
6 ~~Annuity Reserve Fund shall be discontinued as of such date,~~
7 ~~the balance of the former Pension Reserve Fund shall be~~
8 ~~transferred to the Pension Accumulation Fund, and the balance~~
9 ~~of the former Annuity Reserve Fund shall be transferred to the~~
10 ~~Pension Accumulation Fund.~~

11 ~~"(1) The Annuity Savings Fund shall be a fund in~~
12 ~~which shall be accumulated contributions from the compensation~~
13 ~~of members to provide for their annuities. Contributions to~~
14 ~~and payments from the Annuity Savings Fund shall be made as~~
15 ~~follows:~~

16 ~~"a. Each employer shall cause to be deducted from~~
17 ~~the salary of each member on each and every payroll of such~~
18 ~~employer for each and every payroll period five percent of his~~
19 ~~or her earnable compensation. For all pay dates beginning on~~
20 ~~or after October 1, 2011, each employer shall cause to be~~
21 ~~deducted from the salary of each member on each and every~~
22 ~~payroll of such employer for each and every payroll period~~
23 ~~seven and one-quarter percent (7.25%) of his or her earnable~~
24 ~~compensation. For all pay dates beginning on or after October~~
25 ~~1, 2012, each employer shall cause to be deducted from the~~

1 ~~salary of each Tier I plan member on each and every payroll of~~
2 ~~such employer for each and every payroll period seven and~~
3 ~~one-half percent (7.5%) of his or her earnable compensation.~~
4 ~~For all pay dates beginning on or after January 1, 2013, each~~
5 ~~employer shall cause to be deducted from the salary of each~~
6 ~~Tier II plan member on each and every payroll period six~~
7 ~~percent (6%) of his or her earnable compensation; except in~~
8 ~~the case of a Tier II plan member who is a correctional~~
9 ~~officer, firefighter, or law enforcement officer as defined in~~
10 ~~Section 36-27-59, the rate of seven percent (7%) shall apply.~~
11 ~~For all pay dates beginning on or after October 1, 2021, each~~
12 ~~employer shall cause to be deducted from the salary of each~~
13 ~~Tier II plan member on each and every payroll period six and~~
14 ~~two-tenths percent (6.2%) of his or her earnable compensation;~~
15 ~~except in the case of a Tier II plan member who is a~~
16 ~~correctional officer, firefighter, or law enforcement officer~~
17 ~~as defined in Section 36-27-59, the rate of seven and~~
18 ~~two-tenths percent (7.2%) shall apply. For all pay dates~~
19 ~~beginning on or after October 1, 2022, each employer shall~~
20 ~~cause to be deducted from the salary of each Tier II plan~~
21 ~~member on each and every payroll period six and one-half~~
22 ~~percent (6.5%) of his or her earnable compensation; except in~~
23 ~~the case of a Tier II plan member who is a correctional~~
24 ~~officer, firefighter, or law enforcement officer as defined in~~
25 ~~Section 36-27-59, the rate of seven and one-half percent~~

1 ~~(7.5%) shall apply. In determining the amount earnable by a~~
2 ~~member in a payroll period, the Board of Control may consider~~
3 ~~the rate of annual compensation payable to such member on the~~
4 ~~first day of the payroll period as continuing throughout such~~
5 ~~payroll period, and it may omit deductions from compensation~~
6 ~~for any period less than a full payroll period if a teacher~~
7 ~~was not a member on the first day of the payroll period, and~~
8 ~~to facilitate the making of deductions it may modify the~~
9 ~~deduction required of any member by such an amount as shall~~
10 ~~not exceed one tenth of one percent of the annual compensation~~
11 ~~upon the basis of which such deduction is to be made.~~

12 ~~"b. The deductions provided for herein shall be made~~
13 ~~notwithstanding that the minimum compensation provided for by~~
14 ~~law for any member shall be reduced thereby. Every member~~
15 ~~shall be deemed to consent and agree to the deduction made and~~
16 ~~provided for herein and shall receive for his or her full~~
17 ~~salary or compensation, and payment of salary or compensation~~
18 ~~less such deduction shall be a full and complete discharge and~~
19 ~~acquittance of all claims and demands whatsoever for the~~
20 ~~service rendered by such person during the period covered by~~
21 ~~such payment, except as to the benefits provided under this~~
22 ~~chapter. The employer shall certify to the Board of Control on~~
23 ~~each and every payroll or in such other manner as the board~~
24 ~~may prescribe the amount to be deducted; and each of the~~
25 ~~amounts shall be deducted, and when deducted shall be paid~~

1 ~~into the Annuity Savings Fund and shall be credited, together~~
2 ~~with regular interest thereon, to the individual account of~~
3 ~~the member from whose compensation the deduction was made.~~

4 ~~"c. In addition to the contributions deducted from~~
5 ~~compensation as hereinbefore provided, subject to the approval~~
6 ~~of the Board of Control, any member may deposit in the Annuity~~
7 ~~Savings Fund by a single payment or by an increased rate of~~
8 ~~contribution an amount computed to be sufficient to purchase~~
9 ~~an additional annuity which, together with his or her~~
10 ~~prospective retirement allowance, will provide for him or her~~
11 ~~a total retirement allowance not to exceed one half of his or~~
12 ~~her average final compensation at age 60. Such additional~~
13 ~~amounts so deposited shall become a part of his or her~~
14 ~~accumulated contributions except in the case of retirement,~~
15 ~~when they shall be treated as excess contributions returnable~~
16 ~~to the member in cash or as an annuity of equivalent actuarial~~
17 ~~value and shall not be considered in computing his or her~~
18 ~~pension. The contributions and interest credits of a member~~
19 ~~withdrawn by him or her, or paid to his or her estate or to~~
20 ~~his or her designated beneficiary in event of his or her~~
21 ~~death, shall be paid from the Annuity Savings Fund. Should a~~
22 ~~member cease to be a member other than by retirement under the~~
23 ~~provisions of this title, an amount equivalent to the~~
24 ~~difference, if any, between his or her accumulated~~
25 ~~contributions and the amount then paid shall be transferred to~~

1 ~~the Expense Fund. Upon the retirement of a member or the death~~
2 ~~of an eligible member where an allowance to the surviving~~
3 ~~spouse is payable, his or her accumulated contributions shall~~
4 ~~be transferred from the Annuity Savings Fund to the Pension~~
5 ~~Accumulation Fund.~~

6 ~~"d. Notwithstanding the preceding provisions, no~~
7 ~~deductions shall be made from any member's salary on account~~
8 ~~of which the employer's contribution is in default.~~

9 ~~"(2) The Pension Accumulation Fund shall be the fund~~
10 ~~in which shall be accumulated all reserves, other than amounts~~
11 ~~held in the Annuity Savings Fund for the payment of all~~
12 ~~pensions and other benefits. Contributions to and payments~~
13 ~~from the Pension Accumulation Fund shall be made as follows:~~

14 ~~"a. On account of each member there shall be paid~~
15 ~~monthly by the employer an amount equal to a certain~~
16 ~~percentage of the earnable compensation of each member to be~~
17 ~~known as the "normal contribution" and an additional amount~~
18 ~~equal to a percentage of his or her earnable compensation to~~
19 ~~be known as the "accrued liability contribution," and these~~
20 ~~two amounts shall be paid monthly into the Pension~~
21 ~~Accumulation Fund. The Teachers' Retirement System shall~~
22 ~~recommend to the Legislature on or before the first~~
23 ~~legislative day of each regular session of the Legislature the~~
24 ~~rate for the following fiscal year. The Legislature shall set~~
25 ~~the rate in the annual appropriation bill.~~

1 ~~"b. On the basis of regular interest and of such~~
2 ~~mortality and other tables as shall be adopted by the Board of~~
3 ~~Control, the actuary engaged by the board to make such~~
4 ~~valuation required by this title shall, immediately after~~
5 ~~making such valuation, determine the uniform and constant~~
6 ~~percentage of the earnable compensation of the average new~~
7 ~~entrant which, if contributed on the basis of his or her~~
8 ~~compensation throughout his or her entire period of active~~
9 ~~service, would be sufficient to provide for the payment of any~~
10 ~~pension payable on his or her account. The rate per centum so~~
11 ~~determined shall be known as the "normal contribution" rate.~~
12 ~~The normal contribution rate shall be determined by the~~
13 ~~actuary after each valuation.~~

14 ~~"c.1. The accrued liability contribution rate shall~~
15 ~~be computed by the actuary on the basis of each valuation as~~
16 ~~the per centum rate of the total annual compensation of all~~
17 ~~members which is sufficient to liquidate the unfunded accrued~~
18 ~~liability over a period to be determined by the Board of~~
19 ~~Control which shall be not less than 10 nor more than 30~~
20 ~~years.~~

21 ~~"2. The unfunded accrued liability shall be computed~~
22 ~~by the actuary as the total liabilities of the system which~~
23 ~~are not dischargeable by the assets of the Annuity Savings~~
24 ~~Fund and the Pension Accumulation Fund and the present value~~
25 ~~of the aforesaid normal contributions. For purposes of~~

1 ~~computing the unfunded accrued liability the assets shall be~~
2 ~~determined as follows:~~

3 ~~"On June 30, 1997, the assets shall be determined by~~
4 ~~using the market value of such assets. For subsequent years~~
5 ~~the value of the assets shall be determined by the system's~~
6 ~~actuary using a five year smoothed market value.~~

7 ~~"d. The total amount payable in each year to the~~
8 ~~Pension Accumulation Fund shall be not less than the sum of~~
9 ~~the per centum rates known as the normal contribution rate and~~
10 ~~the accrued liability contribution rate of the total~~
11 ~~compensation earnable by all members during the year.~~

12 ~~"e. All interest and dividends earned on the funds~~
13 ~~of the retirement system shall be credited to the Pension~~
14 ~~Accumulation Fund. The amounts needed to allow regular~~
15 ~~interest on the reserves in the Annuity Savings Fund shall be~~
16 ~~transferred in accordance with this chapter from the Pension~~
17 ~~Accumulation Fund. The Board of Control, in its discretion,~~
18 ~~may transfer to and from the Pension Accumulation Fund the~~
19 ~~amount of any surplus or deficit which may develop in the~~
20 ~~Annuity Savings Fund or the Expense Fund.~~

21 ~~"f. Upon the death of a member on account of whom no~~
22 ~~survivor allowance is payable under subdivision (2) of~~
23 ~~subsection (i) of Section 16-25-14, the death benefit as~~
24 ~~provided in subdivision (2) of subsection (i) of such section~~
25 ~~equal to the accumulated contributions not to exceed five~~

1 thousand dollars (~~\$5,000~~) shall be payable from the Pension
2 Accumulation Fund.

3 ~~"(3) The Expense Fund shall be the fund from which~~
4 ~~the expenses of the administration of the retirement system~~
5 ~~shall be paid, exclusive of amounts payable as retirement~~
6 ~~allowances and as other benefits provided herein. Any amounts~~
7 ~~credited to the accounts of members withdrawing before~~
8 ~~retirement and not returnable under subsection (i) of Section~~
9 ~~16-25-14 shall be credited to the Expense Fund. Any additional~~
10 ~~contributions required to meet the expenses of the retirement~~
11 ~~system shall be made as provided in paragraphs c., d., and e.~~
12 ~~of subdivision (4) of this section.~~

13 ~~"(4) a. On or before October 1 of each year, each~~
14 ~~local board of education, the State Board of Education, the~~
15 ~~governing boards of the University of Alabama, Auburn~~
16 ~~University, and the University of Montevallo and the Executive~~
17 ~~Committee of the Alabama Education Association shall file with~~
18 ~~the Board of Control of the retirement system a certified~~
19 ~~statement containing the following information concerning the~~
20 ~~members of the retirement system employed by such boards for~~
21 ~~the scholastic year beginning on July first preceding the~~
22 ~~date: Name, address, monthly salary, annual salary, and such~~
23 ~~other information as the Board of Control may require. On or~~
24 ~~before July 31 of each year, each local board of education;~~
25 ~~the State Board of Education; the governing boards of the~~

1 ~~University of Alabama, Auburn University, and the University~~
2 ~~of Montevallo and the Executive Committee of the Alabama~~
3 ~~Education Association shall file with the Board of Control of~~
4 ~~the retirement system a certified statement containing the~~
5 ~~following information concerning members of the retirement~~
6 ~~system employed by such boards during the scholastic year~~
7 ~~ending on June 30 preceding the date: Name, address, monthly~~
8 ~~salary actually paid, total annual salary actually paid, and~~
9 ~~such other information as the Board of Control may require.~~

10 ~~"b. The collection of members' contributions shall~~
11 ~~be as follows: Each local board of education, the State Board~~
12 ~~of Education, the governing boards of the University of~~
13 ~~Alabama, Auburn University, and the University of Montevallo~~
14 ~~and the Executive Committee of the Alabama Education~~
15 ~~Association shall cause to be deducted on each and every~~
16 ~~payroll period subsequent to the date of the establishment of~~
17 ~~the retirement system the contributions payable by each member~~
18 ~~as provided in this chapter. Each employer shall transmit~~
19 ~~monthly, or at such time as the Board of Control shall~~
20 ~~designate, the total amount so deducted to the~~
21 ~~Secretary-Treasurer of the Board of Control accompanied by an~~
22 ~~itemized statement of the contributions of each individual~~
23 ~~member of the retirement system. The Secretary-Treasurer of~~
24 ~~the Board of Control after making a record of all such~~
25 ~~receipts shall transmit the same to the State Treasurer to be~~

1 ~~held for use according to this chapter. Notwithstanding~~
2 ~~anything in this section, the Board of Control may modify the~~
3 ~~form of reports required of employers and may modify the~~
4 ~~method of collecting the contributions of members so that~~
5 ~~employers may retain the amounts so deducted and have a~~
6 ~~corresponding amount deducted from funds otherwise payable to~~
7 ~~them.~~

8 ~~"c. The employer's contributions shall be made from~~
9 ~~the same funds used to pay salaries based on the employer cost~~
10 ~~rate determined under paragraph a. of subdivision (2).~~

11 ~~"d. Where member contributions are made from~~
12 ~~salaries paid from federal funds, the employer shall pay from~~
13 ~~federal funds to the Teachers' Retirement System the amount~~
14 ~~calculated as a percentage of the salaries of those teachers~~
15 ~~to be contributed by the employer in accordance with~~
16 ~~subdivisions (2) and (3) of this section. Such amounts shall~~
17 ~~be paid at the same time as the member contributions are made~~
18 ~~to the retirement system. The provisions of this paragraph~~
19 ~~shall not apply to funds received under the provisions of the~~
20 ~~Hatch Act of 1887, as amended in 1955, and the~~
21 ~~McIntyre-Stennis Act (Cooperative Forestry Research Act of~~
22 ~~1962) of the Congress of the United States, for the support of~~
23 ~~agriculturally related research.~~

24 ~~"e. Where member contributions are made from~~
25 ~~salaries paid by the Alabama Education Association, the~~

1 ~~Alabama Education Association shall pay the employer costs~~
2 ~~calculated as a percentage of the salaries of those employees~~
3 ~~to be contributed as employer in accordance with subdivisions~~
4 ~~(2) and (3) of this section. Such amounts shall be paid~~
5 ~~monthly and at the same time as the member contributions are~~
6 ~~made to the Teachers' Retirement System.~~

7 ~~"f. To the extent that employer cost is collected~~
8 ~~for any increase in benefits payable to retired employees of~~
9 ~~local boards of education and state institutions of higher~~
10 ~~education who are retired under the Employees' Retirement~~
11 ~~System, there shall be a transfer of funds from these funds to~~
12 ~~the Employees' Retirement System for each year such benefits~~
13 ~~are payable.~~

14 ~~"g. Employer cost provided for in this article~~
15 ~~together with member contributions required under this article~~
16 ~~shall be paid to the Teachers' Retirement System on the first~~
17 ~~day of the month following the month in which the related~~
18 ~~member salary is earned. Delinquent accounts shall accrue~~
19 ~~interest at the actuarial assumed investment rate beginning 30~~
20 ~~days after the original due date. The member contributions for~~
21 ~~each member shall be reported to the Teachers' Retirement~~
22 ~~System in a format prescribed by the Teachers' Retirement~~
23 ~~System."~~

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

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 03-FEB-22.

Jeff Woodard
Clerk

Senate	31-MAR-22	Amended and Passed
House	31-MAR-22	Concurred in Senate Amendment