

HB338 INTRODUCED



1 HB338
2 ZQDFTKW-1
3 By Representatives Hassell, Bracy, Lawrence, Hollis, Travis,
4 Gray, McCampbell, Morris, Datcher, Moore (M)
5 RFD: Ways and Means General Fund
6 First Read: 27-Jan-26



SYNOPSIS:

This bill would provide for a benefit increase for certain state and local retirees and beneficiaries of the Employees' Retirement System effective October 1, 2026.

A BILL
TO BE ENTITLED
AN ACT

Relating to the Employees' Retirement System of Alabama; to provide for a benefit increase for certain state and local retirees and beneficiaries of the Employees' Retirement System effective October 1, 2026, subject to the annualized benefit increase procedure for retirees and beneficiaries under the Employees' Retirement System.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) Commencing October 1, 2026, and subject to the provisions of Section 36-27-32, Code of Alabama 1975, each individual, except those whose employer participated in the Employees' Retirement System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, whose effective date of retirement for purposes of receiving benefits from the Employees' Retirement System is prior to October 1, 2025, and



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who is receiving or is entitled to receive a monthly allowance from the Employees' Retirement System, shall receive a cost-of-living increase of four percent in his or her gross monthly benefit, but not less than fifteen dollars (\$15) per month.

(b) Beneficiaries of deceased members or deceased retirees, except where the deceased member or deceased retiree retired from an employer participating in the Employees' Retirement System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, if the date of death for the deceased member, or the effective date of retirement for the deceased retiree for purposes of receiving benefits from the Employees' Retirement System was prior to October 1, 2025, shall receive the cost-of-living increase in the amount attained by the retiree. In no case shall the cost-of-living increase be less than fifteen dollars (\$15) per month.

(c) Any future survivor allowance shall be adjusted as provided in the member's original option selection for those eligible retirees who have selected a monthly survivor allowance payable to a designated beneficiary upon the death of the retiree, or as otherwise provided by law in the case of a qualifying member who dies prior to October 1, 2026.

(d) If funded by the Legislature pursuant to Section 36-27-32, Code of Alabama 1975, the Board of Control of the Employees' Retirement System shall determine annually the amount required to pay the cost of the increased allowance provided under this section and shall notify the chief fiscal officer of each employer of the per centum rates of earnable



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57 compensation of the members required to be paid to the
58 retirement system. Each employer of members of the Employees'
59 Retirement System shall pay on account of the increases
60 provided in this section in the same manner and from the same
61 source of funds as provided in Section 36-27-24, Code of
62 Alabama 1975, it being the intent of the Legislature that the
63 cost of providing the increases in this section shall be
64 distributed from all funds in proportion to the salaries paid
65 therefrom for active members.

66 (e) Any individual who received benefits under the
67 Medicaid Program and whose eligibility for Medicaid benefits
68 would be impaired by the cost-of-living increase provided by
69 this section shall not be entitled to receive the
70 aforementioned increase. Any individual who subsequently
71 applies for benefits under the Medicaid Program and that
72 individual's eligibility to receive benefits is impaired by
73 the cost-of-living increase provided by this section shall not
74 be entitled to receive the increase subsequent to the date
75 that the member files an application for benefits under the
76 Medicaid Program.

77 (f) Pursuant to Section 36-27-32, Code of Alabama 1975,
78 the Employees' Retirement System shall pay the benefit
79 increase to the eligible retirees and beneficiaries provided
80 for in this section only if the annual cost of the increase as
81 estimated by the actuary of the system is included and
82 appropriated in the State General Fund appropriation act for
83 each fiscal year by a separate employer rate. In any fiscal
84 year in which the required separate employer rate is not



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85 identified and appropriated in the appropriation act, eligible
86 retirees and beneficiaries shall not receive, and the
87 Employees' Retirement System shall not be required to pay, the
88 increase in that fiscal year. The benefit increase may be
89 resumed in any subsequent fiscal year if included in that
90 year's appropriation act.

91 Section 2. (a)(1) Commencing October 1, 2026, each
92 individual whose employer participated in the Employees'
93 Retirement System pursuant to Sections 36-27-6, 36-27-7, and
94 36-27-7.1, Code of Alabama 1975, whose effective date of
95 retirement for purposes of receiving benefits from the
96 Employees' Retirement System is prior to October 1, 2025, and
97 who is receiving or entitled to receive a monthly allowance
98 from the Employees' Retirement System, may receive a
99 cost-of-living increase of four percent in his or her gross
100 monthly benefit, but not less than fifteen dollars (\$15) per
101 month, if the employer elects to come under this act. Any
102 employer making the election to come under this act shall bear
103 the cost-of-living increases paid to its employees pursuant to
104 this section. Any employer participating under Sections
105 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, may
106 elect to come under this act at any time and have this act
107 become effective on October 1, 2026, or on October 1 of any
108 subsequent fiscal year and the employer shall not be required
109 to pay this cost-of-living increase retroactively unless the
110 employer elects to fund the increase.

111 (2) If the employer elects to come under this act,
112 beneficiaries of deceased members or deceased retirees retired



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from an employer participating in Employees' Retirement System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, shall receive the same cost-of-living increase provided in this section, but no less than fifteen dollars (\$15) per month.

(3) Any future survivor allowance shall be adjusted as provided in the member's original option selection for those eligible retirees who have selected a monthly survivor allowance payable to a designated beneficiary upon the death of the retiree, or as otherwise provided by law in the case of a qualifying member who dies prior to October 1, 2026.

(4) If the employer elects to come under this act, the Board of Control of the Employees' Retirement System shall determine annually the amount required to pay the cost of increased allowance provided under this section and shall notify the chief fiscal officer of each employer of the per centum rates of earnable compensation of the members required to be paid to the retirement system. Each employer of members of the Employees' Retirement System shall pay on account of the increases provided in this section in the same manner and from the same source of funds as provided in Sections 36-27-6 and 36-27-7, Code of Alabama 1975, it being the intent of the Legislature that the cost of providing the increases in this section shall be distributed from all funds in proportion to the salaries paid therefrom for active members.

(b) (1) Commencing October 1, 2026, any retired employee who retired from a city, town, county, or public or quasi-public organization of the state before the city, town,



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county, or public or quasi-public organization of the state became a member of the Employees' Retirement System, and who is receiving a monthly benefit prior to October 1, 2026, administered by the Employees' Retirement System, and whose years of creditable service have not been made known to the Employees' Retirement System, may receive an increase in the benefits of four percent, except that no pensioner shall receive an increase of less than fifteen dollars (\$15) per month, provided the retired employee retired prior to October 1, 2025, and the employer elects to come under this act.

(2) Commencing October 1, 2026, beneficiaries of Employees' Retirement System pensioners described in subdivision (1) shall receive an increase of four percent of their gross monthly benefit, but not less than fifteen dollars (\$15) per month, provided the date of death for the deceased pensioner, or the effective date of retirement for the deceased pensioner, was prior to October 1, 2025, and the local units elect to fund the increase.

(3) Commencing October 1, 2026, any pensioner or annuitant who retired prior to October 1, 2024, from a city, town, county, or public or quasi-public organization of the state before the city, town, county, or public or quasi-public organization of the state became a member of the Employees' Retirement System and is receiving a monthly benefit not administered by the Employees' Retirement System shall receive an increase of four percent of his or her gross monthly benefit, but not less than fifteen dollars (\$15) per month, provided the city, town, county, public or quasi-public



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organization of the state elects to fund the increase.

(c) Any individual who received benefits under the Medicaid Program and whose eligibility for Medicaid benefits would be impaired by the cost-of-living increase provided by this act shall not be entitled to receive the aforementioned increase. Any individual who subsequently applies for benefits under the Medicaid Program and that individual's eligibility to receive benefits is impaired by the cost-of-living increase provided by this act shall not be entitled to receive the increase subsequent to the date that the member files application for benefits under the Medicaid Program.

Section 3. This act shall become effective on October 1, 2026.