

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



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4 SYNOPSIS:

5 This bill would provide for a benefit increase
6 for certain state and local retirees and beneficiaries
7 of the Employees' Retirement System effective October
8 1, 2026.

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11 A BILL

12 TO BE ENTITLED

13 AN ACT

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

21 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

22 Section 1. (a) Commencing October 1, 2026, and subject
23 to the provisions of Section 36-27-32, Code of Alabama 1975,
24 each individual, except those whose employer participated in
25 the Employees' Retirement System pursuant to Sections 36-27-6,
26 36-27-7, and 36-27-7.1, Code of Alabama 1975, whose effective
27 date of retirement for purposes of receiving benefits from the
28 Employees' Retirement System is prior to October 1, 2025, and



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

34 (b) Beneficiaries of deceased members or deceased
35 retirees, except where the deceased member or deceased retiree
36 retired from an employer participating in the Employees'
37 Retirement System pursuant to Sections 36-27-6, 36-27-7, and
38 36-27-7.1, Code of Alabama 1975, if the date of death for the
39 deceased member, or the effective date of retirement for the
40 deceased retiree for purposes of receiving benefits from the
41 Employees' Retirement System was prior to October 1, 2025,
42 shall receive the cost-of-living increase in the amount
43 attained by the retiree. In no case shall the cost-of-living
44 increase be less than fifteen dollars (\$15) per month.

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

51 (d) If funded by the Legislature pursuant to Section
52 36-27-32, Code of Alabama 1975, the Board of Control of the
53 Employees' Retirement System shall determine annually the
54 amount required to pay the cost of the increased allowance
55 provided under this section and shall notify the chief fiscal
56 officer of each employer of the per centum rates of earnable



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



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



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

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

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

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

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141 county, or public or quasi-public organization of the state
142 became a member of the Employees' Retirement System, and who
143 is receiving a monthly benefit prior to October 1, 2026,
144 administered by the Employees' Retirement System, and whose
145 years of creditable service have not been made known to the
146 Employees' Retirement System, may receive an increase in the
147 benefits of four percent, except that no pensioner shall
148 receive an increase of less than fifteen dollars (\$15) per
149 month, provided the retired employee retired prior to October
150 1, 2025, and the employer elects to come under this act.

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

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

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169 organization of the state elects to fund the increase.

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

180 Section 3. This act shall become effective on October
181 1, 2026.