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SYNOPSIS:

This bill would provide for the purchase of certain federal service credit by participating members of the Teachers' Retirement System and the Employees' Retirement System.

A BILL
TO BE ENTITLED
AN ACT

Relating to the Retirement Systems of Alabama; to add Section 36-27-49.4 to the Code of Alabama 1975, to allow participating members of the Teachers' Retirement System and the Employees' Retirement System to purchase certain federal service credit.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 36-27-49.4 is added to the Code of Alabama 1975, to read as follows:

§36-27-49.4

(a) (1) A member of the Teachers' Retirement System or a member of the Employees' Retirement System may receive up to four years of creditable service for federal nonmilitary employment rendered for the United States, provided: (i) the member of the retirement system claiming the credit shall have



29 attained not less than 10 years of contributing membership
30 service credit, exclusive of military service credit, under
31 the retirement system of which he or she is a member; and (ii)
32 the member performs and complies with the conditions
33 prescribed in subdivision (2).

34 (2) Before receiving credit pursuant to subdivision (1)
35 the member shall first:

36 a. Before the date of his or her retirement and for
37 each year of service credit, contribute to his or her
38 respective retirement system the full actuarially determined
39 cost for each year of claimed service as determined by the
40 system's actuary;

41 b. Have the public retirement system of the federal
42 government certify in writing to the applicable state
43 retirement system that the member had credit under the federal
44 retirement system for the service claimed; and

45 c. Claim, purchase, and receive credit for qualified
46 federal service in increments of not less than one year. If
47 the member's total or balance of qualified federal service is
48 less than one year, he or she may claim and purchase credit
49 for the entire time period.

50 (b) Any provision of this section to the contrary
51 notwithstanding, a member may not receive credit for federal
52 employment rendered for the United States if, at the time of
53 retirement, he or she has credit or is entitled to any
54 benefits whatsoever for the same service under any other
55 retirement or pension plan which is wholly or partly funded
56 from public funds. Nothing in this subsection shall be



57 construed to apply to participation in the federal Social
58 Security program. If federal nonmilitary employment service
59 credit is not qualified, any contribution made pursuant to
60 this section by a member shall be refunded to him or her.

61 (c) The applicable retirement system may deduct in 12
62 equal installments, from the retirement allowance payable to a
63 retired member, any additional contribution necessary to pay
64 the administrative cost incurred in granting the credit under
65 this section if the applicable Board of Control and consulting
66 actuary for the system determine that the amounts contributed
67 by the member pursuant to this section are insufficient to pay
68 the administrative cost.

69 Section 2. This act shall become effective on October
70 1, 2026.