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3 SENATE F&TG COMMITTEE SUBSTITUTE FOR SB267
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8 SYNOPSIS: Under existing law, there is no provision
9 for retirees and beneficiaries receiving monthly
10 benefits from the Employees' Retirement System
11 (ERS) to receive a funded one-time lump-sum
12 addition to their retirement allowances.

13 This bill would provide such a payment to
14 certain retirees and beneficiaries under the ERS.
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16 A BILL
17 TO BE ENTITLED
18 AN ACT
19

20 To provide for a funded one-time lump-sum addition
21 to the retirement benefits of certain retirees and
22 beneficiaries of the Employees' Retirement System.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

24 Section 1. (a) There is provided for fiscal year
25 2014-2015 a funded one-time lump-sum payment, hereinafter
26 referred to as "lump-sum payment," to each person except those
27 whose employer participated in the Employees' Retirement

1 System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1,
2 Code of Alabama 1975, whose effective date of retirement for
3 purposes of receiving benefits from the Employees' Retirement
4 System is prior to October 1, 2013, and who is receiving or is
5 entitled to receive a monthly allowance from the Employees'
6 Retirement System on September 30, 2014.

7 (b) The formula for calculating the lump-sum payment
8 shall be two dollars (\$2) per month for each year of service
9 attained by the retiree or \$300.00 whichever is greater.

10 (c) Beneficiaries of deceased members or deceased
11 retirees, except where the deceased member or deceased retiree
12 retired from an employer participating in the Employees'
13 Retirement System pursuant to Sections 32-27-6, 36-27-7, and
14 36-27-7.1, Code of Alabama 1975, if the date of death for the
15 deceased member, or the effective date of retirement for the
16 deceased retiree for purposes of receiving benefits from the
17 Employees' Retirement System was prior to October 1, 2013, and
18 if the beneficiary is receiving or is entitled to receive a
19 monthly allowance from the Employees' Retirement System on
20 September 30, 2014, shall receive a lump-sum payment of
21 \$300.00.

22 (d) For purposes of this act, service includes the
23 service under Section 36-27-1 and Section 36-27-170 et seq.,
24 Code of Alabama 1975, as well as state police bonus credit or
25 hazardous duty (FLC bonus) credit.

26 Section 2. (a) Each person whose employer
27 participated in the Employees' Retirement System pursuant to

1 Section 36-27-6, Code of Alabama 1975, whose effective date of
2 retirement for purposes of receiving benefits from the
3 Employees' Retirement System is prior to October 1, 2013, and
4 who is receiving or is entitled to receive a monthly allowance
5 from the Employees' Retirement System on October 1, 2013,
6 shall receive the lump-sum payment specified in Section 1 (a)
7 and (b), if the employer elects to come under this act by
8 official resolution on or before August 31, 2014. Any employer
9 making the election to come under the act shall bear the cost
10 of the lump-sum payment paid to its retirees pursuant to this
11 section.

12 (b) If the employer elects to come under this act,
13 beneficiaries of deceased members or deceased retirees retired
14 from an employer participating in the Employees' Retirement
15 System pursuant to Section 36-27-6, Code of Alabama 1975, if
16 the date of death for the deceased member or the effective
17 date of retirement for the deceased retiree for purposes of
18 receiving benefits from the Employees' Retirement System was
19 prior to October 1, 2013 and if the beneficiary is receiving
20 or is eligible to receive a monthly allowance from the
21 Employees' Retirement System on September 30, 2014, shall
22 receive a lump-sum payment of \$300.00

23 Section 3. (a) Each person whose employer
24 participated in the Employees' Retirement System pursuant to
25 Sections 36-27-7 and 36-27-7.1, Code of Alabama 1975, whose
26 effective date of retirement for purposes of receiving
27 benefits from the Employees' Retirement System is prior to

1 October 1, 2013, and who is receiving or is entitled to
2 receive a monthly allowance from the Employees' Retirement
3 System on September 30, 2014, shall receive the lump-sum
4 payment stipulated in Section 1 (a) and (b). Any employer
5 making the election to come under the act shall bear the cost
6 of the lump-sum payment paid to its retirees pursuant to this
7 section.

8 (b) If the employer elects to come under this act,
9 beneficiaries of deceased members or deceased retirees of
10 employers participating in the Employees' Retirement System
11 pursuant to Sections 36-27-7 and 36-27-7.1, Code of Alabama
12 1975, shall receive a lump-sum payment of \$300.00.

13 Section 4. (a) Any retired pensioner or annuitant
14 who retired from a city, town, county, or public or
15 quasi-public organization of the state before the city, town,
16 county, or public or quasi-public organization of the state
17 became a member of the Employees' Retirement System, and who
18 is receiving or is entitled to receive a monthly allowance
19 from the Employees' Retirement System on September 30, 2014
20 shall receive the lump-sum payment stipulated in Section 1 (a)
21 and (b), provided the employer elects to come under the
22 provisions of this act. Any employer making the election to
23 come under the act shall bear the cost of the lump-sum payment
24 paid to its retirees pursuant to this section and provide the
25 Employees' Retirement System with the number of years of
26 creditable service earned by each of its eligible annuitants
27 and pensioners.

1 (b) Beneficiaries of Employees' Retirement System
2 pensioners or annuitants described in subsection (a) shall
3 receive a lump-sum payment of \$300.00, provided the date of
4 death for the deceased pensioner or annuitant or the effective
5 date of retirement for the deceased pensioner or annuitant was
6 prior to October 1, 2013 and the beneficiary is receiving or
7 is entitled to receive a monthly allowance from the Employees'
8 Retirement System on September 30, 2014 and the local unit
9 elects to fund the lump-sum payment of \$300.00 and provides
10 the Employees' Retirement System with the number of years of
11 creditable service earned by each of its eligible annuitants
12 and pensioners.

13 Section 5. Any pensioner or annuitant who retired
14 from a city, town, county, or public or quasi-public
15 organization of the state before the city, town, county, or
16 public or quasi-public organization of the state became a
17 member of the Employees' Retirement System and is receiving a
18 monthly benefit on September 30, 2014, not administered by the
19 Employees' Retirement System may receive the lump-sum payment
20 stipulated in Section 1 (a) and (b), provided the retired
21 employee retired prior to October 1, 2013, and the employer
22 decides to come under the provisions of this act and fund the
23 lump-sum payment. The Employees' Retirement System shall not
24 make payments to these pensioners or annuitants. The employer
25 shall make payments to its pensioners and annuitants under
26 this section.

1 Section 6. The Board of Control of the Employees'
2 Retirement System shall make all reasonable efforts to notify
3 any employer who participated in the Employees' Retirement
4 System and has withdrawn from participation by the effective
5 date of this act that the lump-sum stipulated in Section 1 is
6 available to their retirees and beneficiaries provided the
7 employer elects the lump-sum payment.

8 Section 7. Any person who received benefits under
9 the Medicaid program and whose eligibility for Medicaid
10 benefits would be impaired by the lump-sum payment provided by
11 this act shall not be entitled to receive the aforementioned
12 increase. Any person who subsequently applies for benefits
13 under the Medicaid program and that person's eligibility to
14 receive benefits is impaired by the lump-sum payment provided
15 by this act shall not be entitled to receive the increase
16 subsequent to the date that the member files application for
17 benefits under the Medicaid program.

18 Section 8. The Board of Control of the Employees'
19 Retirement System shall determine the amount required to pay
20 the cost of the lump-sum payments provided under this act and
21 shall notify the chief fiscal officer of each employer of the
22 increases in the employer rate required to be paid to the
23 system. For the fiscal year beginning October 1, 2015 only,
24 each employer shall pay the increase in the employer rate in
25 the same manner and from the same source of funds as salaries
26 of active members are paid.

1 Section 9. The lump-sum payments provided under this
2 act shall be paid to all eligible recipients by the Employees'
3 Retirement System in October 2014.

4 Section 10. This act shall become effective
5 immediately following its passage and approval by the
6 Governor, or its otherwise becoming law.