



# THE RETIREMENT SYSTEMS OF ALABAMA

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## **RSA Statement Regarding the Implementation of Act 2022-348**

Act 2022-348 (the “Act”) allows local employers that participate in the Employees’ Retirement System (“ERS”) to provide Tier I retirement benefits to their Tier II members. Those Tier II members will pay the Tier I member contribution rates (7.5% for regular employees and 8.5% for firefighters and law enforcement officers). The local employers will pay an increased employer contribution rate, as calculated by RSA’s actuaries.

### **Election**

Local employers may elect to provide Tier I benefits to their Tier II employees by adopting a resolution and submitting such resolution to the ERS. Under the Act, local employers may adopt the Act by August 31<sup>st</sup> of any given year to be effective on October 1<sup>st</sup> of the year of adoption. Such election shall be irrevocable.

RSA’s actuaries have calculated estimated employer costs for each local employer to increase benefits for Tier II members. The local employer cost estimates have been uploaded to each local employer’s portal. After this initial cost estimate is calculated by the RSA’s actuaries, local employers will be responsible to pay the cost for any future cost estimate.

### **Denial of Election**

Under the Act, the ERS Board may deny a local employer’s election based upon historical compliance with ERS requirements and the local employer’s financial stability.

### **Plan for Increasing Tier I Member Rates**

The Act also requires that local employers that have not raised the Tier I member contribution rates from 5% to 7.5% for regular employees and from 6% to 8.5% for firefighters and law enforcement officers as provided in Act 2011-676 must submit a plan to RSA for raising those rates before they will be allowed to make an election to provide Tier I benefits to Tier II members. The ERS Board has adopted a policy governing the plans that must be submitted by such local employers.

The policies adopted by the ERS Board relating to the Act are posted on the RSA website ([www.rsa-al.gov](http://www.rsa-al.gov)).

### **Effective Date of Election**

The election to provide Tier I benefits to Tier II members will be effective the fiscal year (October 1<sup>st</sup>) following the date the resolution is received by the ERS. The resolution must be received by the ERS by August 31<sup>st</sup> of any given year. This effective date will be the date that the local employer’s Tier II members will begin paying the higher member contribution rate, and the local employers will begin contributing a higher employer contribution rate for such members. Every Tier II member employed by the local employer as of that date will have his or her past Tier II service converted to Tier I service.