

1 HB1
2 196037-1
3 By Representatives Hanes and Sells
4 RFD: Ways and Means General Fund
5 First Read: 05-MAR-19
6 PFD: 01/10/2019

2
3
4
5
6
7
8 SYNOPSIS: Existing law provides for the Deferred
9 Retirement Option Plan (DROP), which contractually
10 allows a member of the Employees' Retirement System
11 (ERS) or the Teachers' Retirement System (TRS) to
12 continue employment with his or her employer for a
13 specific period of time, while deferring a portion
14 of his or her retirement allowance until the end of
15 the participation period, at which time the member
16 withdraws from his or her service.

17 Existing law provides that participation in
18 DROP is prohibited after March 24, 2011.

19 This bill would open participation in an
20 Employees' Investment Retirement Plan (EIRP) and
21 would further provide options for Tier I and Tier
22 II members to participate in EIRP.

23
24 A BILL
25 TO BE ENTITLED
26 AN ACT
27

1 To amend Sections 16-25-150, 16-25-151, 36-27-170,
2 and 36-27-171 of the Code of Alabama 1975, relating to the
3 Deferred Retirement Option Plan (DROP); to open participation
4 in an Employees' Investment Retirement Plan (EIRP) for certain
5 members; and to further provide options for Tier I and Tier II
6 members to participate in EIRP.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8 Section 1. Sections 16-25-150, 16-25-151, 36-27-170,
9 and 36-27-171 of the Code of Alabama 1975, are amended to read
10 as follows:

11 "§16-25-150.

12 "(a) As governed by this subsection, there exists as
13 a part of this retirement system an optional account known as
14 the ~~Deferred Retirement Option Plan~~ Employees' Investment
15 Retirement Plan, which may be cited as "~~DROP~~ EIRP." The
16 purpose of ~~DROP~~ EIRP is to allow, contractually, in lieu of
17 immediate withdrawal from service and receipt of a retirement
18 allowance, continued employment for a specific period of time,
19 coupled with the deferral of receipt of a retirement allowance
20 until the end of the period of participation, at which time
21 the member shall withdraw from service.

22 "(b) Participation in ~~DROP~~ EIRP is an option
23 available to any Tier I member of this retirement system who
24 meets all of the following requirements:

25 "(1) Has at least 25 years of creditable service
26 exclusive of sick leave.

27 "(2) Is at least 55 years of age.

1 "(3) Is eligible for service retirement.

2 "(c) Participation in EIRP is an option available to
3 any Tier II member of this retirement system who meets all of
4 the following requirements:

5 "(1) Has at least 25 years of creditable service
6 exclusive of sick leave.

7 "(2) Is at least 62 years of age.

8 "(3) Is eligible for service retirement.

9 "~~(c)~~ (d) An election to participate in ~~DROP~~ EIRP may
10 be made in one year increments not to exceed five years, nor
11 to be less than three years. A member may participate in ~~DROP~~
12 EIRP only one time. Any voluntary termination within the first
13 three years in ~~DROP~~ EIRP will result in a forfeiture of the
14 portion of his or her ~~DROP~~ EIRP account that constitutes the
15 retirement allowance. ~~However, member contributions will not~~
16 ~~be forfeited, nor will any interest attributable to the~~
17 ~~retirement allowance.~~ There will be no penalty forfeiture if
18 the participation period is interrupted due to an involuntary
19 dismissal, disability, involuntary transfer of his or her
20 spouse, or death of the participant.

21 "~~(d)~~ (e) A member who chooses to participate in ~~DROP~~
22 EIRP may elect an option allowance set out for members of the
23 Teachers' Retirement System in subsection (h) of Section
24 16-25-14 at the beginning of the participation period.
25 Otherwise, he or she shall receive the maximum benefit. Such
26 election shall be irrevocable once the participation period
27 begins except as otherwise provided in this chapter.

1 "~~(e)~~ (f) For purposes of ~~DROP~~ EIRP, sick leave may
2 not be converted for purposes of establishing retirement
3 eligibility, nor used in the calculation of the original
4 retirement allowance except as provided in Section 16-25-151.

5 "~~(f)~~ (g) The election to participate in ~~DROP~~ EIRP
6 shall be made in accordance with procedures set forth in a
7 uniform and nondiscriminatory election and application form
8 adopted by the Board of Control. The election to participate
9 in ~~DROP~~ EIRP may be made at any time on or after the date the
10 member becomes eligible to participate as set out in
11 subsection (b). Such application must be made at least 30
12 days, but not more than 90 days, before the effective date of
13 participation in ~~DROP~~ EIRP , ~~and shall be made no later than~~
14 ~~March 24, 2011~~. A member must be eligible to participate, as
15 provided above at the time the application is made.

16 "~~(g)~~ (h) Upon the effective date of the commencement
17 in ~~DROP~~ EIRP, the member's service shall remain as it existed
18 on that date for the duration of ~~DROP~~ EIRP. Once a member
19 enters ~~DROP~~ EIRP, service credit purchases are prohibited.
20 Both the employer and employee member contribution shall
21 continue to be made. The employee member contribution shall
22 not be refundable to the member at the completion of EIRP. The
23 Eighty percent of the monthly retirement allowance that would
24 have been payable, had the person elected to withdraw from
25 service and receive a retirement allowance, shall be paid into
26 a ~~DROP~~ EIRP account that reflects the credits attributed to
27 the person in ~~DROP~~ EIRP. However, the monies shall remain a

1 part of the regular retirement fund until disbursed to the
2 participating member in accordance with this section. Any
3 monies paid into this account are subject to the exemptions
4 set out in Section 16-25-23.

5 ~~"(h) (1) The DROP account shall earn interest at the~~
6 ~~same rate that interest is posted to active member accounts as~~
7 ~~defined in subdivision (15) of Section 16-25-1. (i) A person~~
8 who participates in this plan shall not be eligible to receive
9 a retiree cost-of-living increase while participating in ~~DRDP~~
10 EIRP, and shall not be eligible for a retiree cost-of-living
11 increase until participation in the plan ceases and he or she
12 withdraws from service and has been receiving a retirement
13 allowance for at least one full year.

14 ~~"(2) Notwithstanding any other provision of this~~
15 ~~chapter, for any member who has fulfilled his or her~~
16 ~~obligation under DRDP and does not withdraw from service and~~
17 ~~any member who begins participation in DRDP on or before April~~
18 ~~1, 2011, and fulfills his or her obligation under DRDP and~~
19 ~~does not withdraw from service, the amount of interest payable~~
20 ~~on benefit deposits after March 24, 2011, shall be the lesser~~
21 ~~of (1) the investment performance of the immediately preceding~~
22 ~~fiscal year but no less than \$0, or (2) as provided in~~
23 ~~subdivision (1) of subsection (d) of Section 16-25-151.~~

24 ~~"(i) (j) DRDP EIRP shall not be subject to any fees,~~
25 charges, or other similar expenses of any kind for any
26 purpose.

1 "~~(j)~~ (k) Participation in ~~DRDP~~ EIRP shall not affect
2 the rights of any education employee including, but not
3 limited to, the Fair Dismissal Act, Section 36-26-100 et seq.,
4 the tenure law, Section 16-24-1, et seq., or any other fringe
5 benefit.

6 "~~(k)~~ (l) Participation in ~~DRDP~~ EIRP shall not affect
7 the accrual of annual and sick leave by the participant.

8 "~~(l)~~ (m) Participants in ~~DRDP~~ EIRP may receive
9 salary cost-of-living adjustments and salary increases.

10 "§16-25-151.

11 "(a) On withdrawing from service pursuant to Section
12 16-25-14, a member who participated in ~~DRDP~~ EIRP:

13 "(1) Who fulfilled his or her contractual obligation
14 pursuant to ~~DRDP~~ EIRP shall receive a lump-sum payment from
15 his or her ~~DRDP~~ EIRP account equal to the payments made to
16 that account on his or her behalf ~~plus interest. Further, the~~
17 ~~member shall receive his or her accumulated contribution made~~
18 ~~during participation in DRDP, together with interest for the~~
19 ~~period of DRDP participation as provided in subdivision (1) of~~
20 ~~subsection (g) of Section 16-25-14. In lieu of a lump-sum~~
21 ~~payment from the DRDP EIRP account, to the extent eligible~~
22 ~~under applicable tax laws, the member's total accrued benefit~~
23 ~~may be "rolled over" directly to the custodian of an eligible~~
24 ~~retirement plan. The member shall also begin receiving his or~~
25 ~~her monthly benefit which had been paid directly into the DRDP~~
26 ~~account during that would have been payable, had the person~~
27 elected to withdraw from service and receive a retirement

1 allowance at the commencement of his or her participation in
2 ~~DROP~~ EIRP. However, the monthly benefit shall be recalculated
3 prospectively to reflect any accrued sick leave as credit for
4 retirement purposes. Conversion of sick leave is limited to
5 the applicable laws pertaining to conversion of sick leave
6 into retirement credit. In no event can the number of days
7 converted be greater than the number of days the participant
8 had on the date he or she entered ~~DROP~~ EIRP. The member is not
9 allowed to change the option allowance chosen at the beginning
10 of ~~DROP~~ EIRP participation.

11 " (2) Who did not fulfill his or her obligation under
12 ~~DROP~~ EIRP due to involuntary termination, disability, or
13 involuntary transfer of his or her spouse, shall receive a
14 lump-sum payment from his or her ~~DROP~~ EIRP account equal to
15 the payments made to that account on his or her behalf ~~plus~~
16 ~~interest. Further, the member shall receive his or her~~
17 ~~accumulated contribution made during participation in DROP,~~
18 ~~together with interest for the period of DROP participation as~~
19 ~~provided in subdivision (1) of subsection (g) of Section~~
20 ~~16-25-14.~~ In lieu of a lump-sum payment from the ~~DROP~~ EIRP
21 account, to the extent eligible under applicable tax laws, the
22 member's total accrued benefit may be "rolled over" directly
23 to the custodian of an eligible retirement plan. The member
24 shall also begin receiving his or her monthly benefit ~~which~~
25 ~~had been paid directly into the DROP account during~~ that would
26 have been payable, had the person elected to withdraw from
27 service and receive a retirement allowance at the commencement

1 of his or her participation in ~~DRDP~~ EIRP. However, the monthly
2 benefit shall be recalculated prospectively to reflect any
3 accrued sick leave as credit for retirement purposes.
4 Conversion of sick leave is limited to the applicable laws
5 pertaining to conversion of sick leave into retirement credit.
6 In no event can the number of days converted be greater than
7 the number of days the participant had on the date he or she
8 entered ~~DRDP~~ EIRP. The member is not allowed to change the
9 option allowance chosen at the beginning of ~~DRDP~~ EIRP
10 participation.

11 "(3) Who did not fulfill his or her obligation under
12 ~~DRDP~~ EIRP due to voluntary termination within the first three
13 years of participation shall forfeit ~~a portion of his or her~~
14 ~~DRDP~~ EIRP account ~~that constitutes the retirement allowance.~~
15 ~~The member shall be entitled to a return of his or her member~~
16 ~~contribution made during his or her participation in DRDP as~~
17 ~~well as any interest attributable to the retirement allowance.~~
18 However, following termination of employment, the member shall
19 begin receiving his or her monthly benefit ~~which had been paid~~
20 ~~directly into the DRDP account during~~ that would have been
21 payable, had the person elected to withdraw from service and
22 receive a retirement allowance at the commencement of his or
23 her participation in ~~DRDP~~ EIRP. However, the monthly benefit
24 shall be recalculated prospectively to reflect any accrued
25 sick leave as credit for retirement purposes. Conversion of
26 sick leave is limited to the applicable laws pertaining to
27 conversion of sick leave into retirement credit. In no event

1 can the number of days converted be greater than the number of
2 days the participant had on the date he or she entered ~~DROP~~
3 EIRP. The member is not allowed to change the option allowance
4 chosen at the beginning of ~~DROP~~ EIRP participation.

5 "(b) If a participant dies during the period of
6 participation in ~~DROP~~ EIRP, a lump-sum payment equal to the
7 payments made to the ~~DROP~~ EIRP account on his or her behalf
8 plus interest shall be paid to his or her named beneficiary
9 or, if none, to his or her estate. ~~Further, the beneficiary of~~
10 ~~the estate shall be entitled to a return of the member's~~
11 ~~contribution made during his or her participation in DROP~~
12 ~~together with interest for the period of DROP participation as~~
13 ~~provided in subdivision (1) of subsection (g) of Section~~
14 ~~16-25-14. However, death benefits payable pursuant to~~
15 ~~subsection (g) of Section 16-25-14 or Section 36-27B-3 shall~~
16 ~~not be applicable.~~ Where there is a beneficiary that would be
17 entitled to an ongoing monthly benefit, if applicable laws
18 allow, the monthly benefit may be recalculated prospectively
19 to reflect accrued sick leave as credit for retirement
20 purposes. If applicable laws allow, the beneficiary may elect
21 to be paid for the deceased member's sick leave as would any
22 other member upon retirement. In no event can the number of
23 sick leave days used for either calculation be greater than
24 the number of days the participant had on entry into ~~DROP~~
25 EIRP. The member is not allowed to change the option allowance
26 chosen at the beginning of ~~DROP~~ EIRP participation.

1 "(c) At the end of the specified period for ~~DRDP~~
2 EIRP:

3 "(1) Payments into the ~~DRDP~~ EIRP account made on
4 behalf of the member shall cease.

5 "(2) Payment from the ~~DRDP~~ EIRP account shall not be
6 made to the member until he or she withdraws from service, nor
7 shall the monthly retirement allowance being paid into the
8 ~~DRDP~~ EIRP account during the period of participation be
9 payable to the member until he or she withdraws from service
10 pursuant to Section 16-25-14.

11 "(3) If the member does not withdraw from service
12 after the period specified for participation in ~~DRDP~~ EIRP, he
13 or she shall resume active contributing membership in the
14 system for the purpose of earning creditable service. Under no
15 circumstance will any time spent participating in ~~DRDP~~ EIRP be
16 eligible to constitute service credit in any Alabama public
17 supported retirement system.

18 "(d) (1) Upon a future withdrawal from service, the
19 member shall receive a lump-sum payment from his or her ~~DRDP~~
20 EIRP account equal to the payments made to that account on his
21 or her behalf ~~plus interest. Further, the member shall receive~~
22 ~~his or her accumulated contribution made during participation~~
23 ~~in DRDP together with interest for the period of DRDP~~
24 ~~participation as provided in subdivision (1) of subsection (g)~~
25 ~~of Section 16-25-14.~~ In lieu of a lump-sum payment from the
26 ~~DRDP~~ EIRP account, to the extent eligible under applicable tax

1 laws, the member's total accrued benefit may be "rolled over"
2 directly to the custodian of an eligible retirement plan.

3 "(2) Upon withdrawal from service, the monthly
4 retirement allowance that ~~was being originally paid into the~~
5 ~~DROP account~~ would have been payable, had the person elected
6 to withdraw from service and receive a retirement allowance at
7 the commencement of his or her participation in EIRP, shall
8 begin to be paid to the member. However, the monthly benefit
9 shall be recalculated prospectively to reflect any accrued
10 sick leave as credit for retirement purposes. Conversion of
11 sick leave is limited to the applicable laws pertaining to
12 conversion of sick leave into retirement credit. In no event
13 can the number of days converted be greater than the number of
14 days the participant had on the date he or she entered ~~DROP~~
15 EIRP. The member is not allowed to change the option allowance
16 chosen at the beginning of ~~DROP~~ EIRP participation.

17 "(3) Upon withdrawal from service, the member shall
18 receive an additional retirement benefit based on his or her
19 additional service rendered to the system since termination of
20 participating in ~~DROP~~ EIRP, using the normal method of
21 computation of benefit for that period only. This additional
22 service shall not be added to any service prior to his or her
23 participation in ~~DROP~~ EIRP. The member's average compensation
24 for that time worked after the participation in ~~DROP~~ EIRP
25 shall be multiplied by the appropriate benefit factor
26 multiplied by the amount of time worked after the
27 participation in ~~DROP~~ EIRP. Under no circumstances is this

1 service to be combined with service prior to participation in
2 ~~DROP~~ EIRP.

3 "(4) The option used for retirement purposes shall
4 be that applicable to the original benefit.

5 "(5) If the member dies or becomes disabled during
6 the period of additional service, he or she shall be
7 considered as having retired on the date of death or
8 commencement of disability. However, no death benefits
9 pursuant to subsection (g) of Section 16-25-14 or Section
10 36-27B-3 will be applicable.

11 "§36-27-170.

12 "(a) As governed by this subsection, there exists as
13 a part of this retirement system, an optional account known as
14 the ~~Deferred Retirement Option Plan~~ Employees' Investment
15 Retirement Plan, which may be cited as "~~DROP~~ EIRP." The
16 purpose of ~~DROP~~ EIRP is to allow, contractually, in lieu of
17 immediate withdrawal from service and receipt of a retirement
18 allowance, continued employment for a specific period of time,
19 coupled with the deferral of receipt of a retirement allowance
20 until the end of such period of participation, at which time
21 the member shall withdraw from service.

22 "(b) Participation in ~~DROP~~ EIRP is an option
23 available to any Tier I member of this retirement system who
24 meets all of the following:

25 "(1) Has at least 25 years of creditable service
26 exclusive of sick leave.

1 "(2) Is at least 55 years of age, or in the case of
2 a state police member, is at least 52 years of age.

3 "(3) Is eligible for service retirement.

4 "(c) Participation in EIRP is an option available to
5 any Tier II member of this retirement system who meets all of
6 the following:

7 "(1) Has at least 25 years of creditable service
8 exclusive of sick leave.

9 "(2) Is at least 62 years of age, or in the case of
10 a firefighter, law enforcement officer, correction officer, or
11 state police member, is at least 56 years of age.

12 "(3) Is eligible for service retirement.

13 "~~(c)~~ (d) An election to participate in ~~DROP~~ EIRP may
14 be made in one year increments not to exceed five years, nor
15 to be less than three years. A member may participate in ~~DROP~~
16 EIRP only one time. Any voluntary termination within the first
17 three years in ~~DROP~~ EIRP will result in a forfeiture of a
18 portion of his or her ~~DROP~~ EIRP account that constitutes the
19 retirement allowance. ~~However, member contributions will not~~
20 ~~be forfeited nor will any interest attributable to the~~
21 ~~retirement allowance.~~ There will be no forfeiture if the
22 participation period is interrupted due to an involuntary
23 dismissal, disability, involuntary transfer of his or her
24 spouse, or death of the participant.

25 "~~(d)~~ (e) A member who chooses to participate in ~~DROP~~
26 EIRP may elect an option allowance set out for members of the
27 Employees' Retirement System in subsection (d) of Section

1 36-27-16 at the beginning of the participation period.
2 Otherwise, he or she shall receive the maximum benefit. Such
3 election shall be irrevocable once the participation period
4 begins except as otherwise provided in this chapter.

5 ~~"(e)~~ (f) For purposes of ~~DROP~~ EIRP, sick leave may
6 not be converted for purposes of establishing retirement
7 eligibility, nor used in the calculation of the original
8 retirement allowance except as provided in Section 36-27-171.
9 A person electing to enter the ~~DROP~~ EIRP program is not
10 eligible for a lump-sum payment for any annual or sick leave
11 until withdrawal from service.

12 ~~"(f)~~ (g) The election to participate in ~~DROP~~ EIRP
13 shall be made in accordance with procedures set forth in a
14 uniform and nondiscriminatory election and application form
15 adopted by the Board of Control. The election to participate
16 in ~~DROP~~ EIRP may be made at any time on or after the date the
17 member becomes eligible to participate as set out in
18 subsection (b). Such application must be made at least 30
19 days, but not more than 90 days, before the effective date of
20 participation in ~~DROP~~ EIRP ~~, and shall be made no later than~~
21 ~~March 24, 2011~~. A member must be eligible to participate, as
22 provided above, at the time the application is made.

23 ~~"(g)~~ (h) Upon the effective date of the commencement
24 in ~~DROP~~ EIRP, the member's service shall remain as it existed
25 on that date for the duration of ~~DROP~~ EIRP. Once a member
26 enters ~~DROP~~ EIRP, service credit purchases are prohibited.
27 Both the employer and employee member contribution shall

1 continue to be made. The employee member contribution shall
2 not be refundable to the member at the completion of EIRP. The
3 Eighty percent of the monthly retirement allowance that would
4 have been payable, had the person elected to withdraw from
5 service and receive a retirement allowance, shall be paid into
6 a ~~DROP~~ EIRP account that reflects the credits attributed to
7 the person in ~~DROP~~ EIRP. However, the monies shall remain a
8 part of the regular retirement fund until disbursed to the
9 participating member in accordance with this section. Any
10 monies paid into this account are subject to the exemptions
11 set out in Section 36-27-28.

12 ~~"(h) (1) The DROP account shall earn interest at the~~
13 ~~same rate that interest is posted to active member accounts as~~
14 ~~defined in subdivision (12) of Section 36-27-1. (i) A person~~
15 who participates in this plan shall not be eligible to receive
16 a retiree cost-of-living increase while participating in ~~DROP~~
17 EIRP, and shall not be eligible for a retiree cost-of-living
18 increase until participation in the plan ceases and he or she
19 withdraws from service and has been receiving a retirement
20 allowance for at least one full year.

21 ~~"(2) Notwithstanding any other provision of this~~
22 ~~chapter, for any member who has fulfilled his or her~~
23 ~~obligation under DROP and does not withdraw from service and~~
24 ~~any member who begins participation in DROP on or before April~~
25 ~~1, 2011, and fulfills his or her obligation under DROP and~~
26 ~~does not withdraw from service, the amount of interest payable~~
27 ~~on benefit deposits after March 24, 2011, shall be the lesser~~

1 of ~~(1)~~ the investment performance of the immediately preceding
2 fiscal year but no less than \$0, or ~~(2)~~ as provided in
3 subdivision ~~(1)~~ of subsection ~~(d)~~ of Section ~~36-27-171~~.

4 "~~(i)~~ (j) DROP EIRP shall not be subject to any fees,
5 charges, or other similar expenses of any kind for any
6 purpose.

7 "~~(j)~~ (k) Participation in DROP EIRP shall not affect
8 the rights of any state employee under the state personnel
9 system, including, but not limited to, his or her rights to
10 longevity pay.

11 "~~(k)~~ (l) Participation in DROP EIRP shall not affect
12 the accrual of annual and sick leave by the participant.

13 "~~(l)~~ (m) Participants in DROP EIRP may receive
14 salary cost-of-living adjustments and salary increases.

15 "§36-27-171.

16 "(a) On withdrawing from service pursuant to Section
17 36-27-16, a member who participated in DROP EIRP:

18 "(1) Who fulfilled his or her contractual obligation
19 pursuant to DROP EIRP shall receive a lump-sum payment from
20 his or her DROP EIRP account equal to the payments made to
21 that account on his or her behalf ~~plus interest. Further, the~~
22 ~~member shall receive his or her accumulated contribution made~~
23 ~~during participation in DROP, together with interest for the~~
24 ~~period of DROP participation as provided in subdivision (1) of~~
25 ~~subsection (c) of Section 36-27-16. In lieu of a lump-sum~~
26 payment from the DROP EIRP account, to the extent eligible
27 under applicable tax laws, the member's total accrued benefit

1 may be "rolled over" directly to the custodian of an eligible
2 retirement plan. The member shall also begin receiving his or
3 her monthly benefit ~~which had been paid directly into the DROP~~
4 ~~account during~~ that would have been payable, had the person
5 elected to withdraw from service and receive a retirement
6 allowance at the commencement of his or her participation in
7 ~~DROP~~ EIRP. However, if applicable laws allow, the monthly
8 benefit may be recalculated prospectively to reflect accrued
9 sick leave as credit for retirement purposes. If applicable
10 laws allow, the participant may elect to be paid for his or
11 her sick leave as would any other member upon retirement. In
12 no event can the number of sick leave days used for either
13 calculation be greater than the number of days the participant
14 had on entry into ~~DROP~~ EIRP. The member is not allowed to
15 change the option allowance chosen at the beginning of ~~DROP~~
16 EIRP participation.

17 "(2) Who did not fulfill his or her obligation under
18 ~~DROP~~ EIRP due to involuntary termination, disability, or
19 involuntary transfer of his or her spouse, shall receive a
20 lump-sum payment from his or her ~~DROP~~ EIRP account equal to
21 the payments made to that account on his or her behalf ~~plus~~
22 ~~interest. Further, the member shall receive his or her~~
23 ~~accumulated contribution made during participation in DROP,~~
24 ~~together with interest for the period of DROP participation as~~
25 ~~provided in subdivision (1) of subsection (c) of Section~~
26 ~~36-27-16.~~ In lieu of a lump-sum payment from the ~~DROP~~ EIRP
27 account to the extent eligible under applicable tax laws, the

1 member's total accrued benefit may be "rolled over" directly
2 to the custodian of an eligible retirement plan. The member
3 shall also begin receiving his or her monthly benefit ~~which~~
4 ~~had been paid into the DROP account during~~ that would have
5 been payable, had the person elected to withdraw from service
6 and receive a retirement allowance at the commencement of his
7 or her participation in ~~DRDP~~ EIRP. However, if applicable laws
8 allow, the monthly benefit may be recalculated prospectively
9 to reflect accrued sick leave as credit for retirement
10 purposes. If applicable laws allow, the participant may elect
11 to be paid for his or her sick leave as would any other member
12 upon retirement. In no event can the number of sick leave days
13 used for either calculation be greater than the number of days
14 the participant had on entry into ~~DRDP~~ EIRP. The member is not
15 allowed to change the option allowance chosen at the beginning
16 of ~~DRDP~~ EIRP participation.

17 "(3) Who did not fulfill his or her obligation under
18 ~~DRDP~~ EIRP due to voluntary termination within the first three
19 years of participation shall forfeit ~~a portion of his or her~~
20 ~~DRDP~~ EIRP account ~~that constitutes the retirement allowance.~~
21 ~~The member will be entitled to a return of his or her member~~
22 ~~contributions made during his or her participation in DRDP as~~
23 ~~well as any interest attributable to the retirement allowance.~~
24 However, following termination of employment, the member shall
25 begin receiving his or her monthly benefit ~~which had been paid~~
26 ~~directly into the DRDP account during~~ that would have been
27 payable, had the person elected to withdraw from service and

1 receive a retirement allowance at the commencement of his or
2 her participation in ~~DRDP~~ EIRP. However, if applicable laws
3 allow, the monthly benefit may be recalculated prospectively
4 to reflect accrued sick leave as credit for retirement
5 purposes. If applicable laws allow, the participant may elect
6 to be paid for his or her sick leave as would any other member
7 upon retirement. In no event can the number of sick leave days
8 used for either calculation be greater than the number of days
9 the participant had on entry into ~~DRDP~~ EIRP. The member is not
10 allowed to change the option allowance chosen at the beginning
11 of ~~DRDP~~ EIRP participation.

12 " (b) If a participant dies during the period of
13 participation in ~~DRDP~~ EIRP, a lump-sum payment equal to the
14 payments made to the ~~DRDP~~ EIRP account on his or her behalf
15 plus interest shall be paid to his or her named beneficiary
16 or, if none, to his or her estate. ~~Further, the beneficiary of~~
17 ~~the estate shall be entitled to a return of the member's~~
18 ~~contribution made during his or her participation in DRDP~~
19 ~~together with interest for the period of DRDP participation as~~
20 ~~provided in subdivision (1) of subsection (c) of Section~~
21 ~~36-27-16.~~ However, death benefits payable pursuant to
22 subsection (c) of Section 36-27-16 or Section 36-27B-3 shall
23 not be applicable. Where there is a beneficiary who would be
24 entitled to an ongoing monthly benefit, if applicable laws
25 allow, the monthly benefit may be recalculated prospectively
26 to reflect accrued sick leave as credit for retirement
27 purposes. If applicable laws allow, the beneficiary may elect

1 to be paid for the deceased member's sick leave as would any
2 other member upon retirement. In no event can the number of
3 sick leave days used for either calculation be greater than
4 the number of days the participant had on entry into ~~DROP~~
5 EIRP. The member is not allowed to change the option allowance
6 chosen at the beginning of ~~DROP~~ EIRP participation.

7 "(c) At the end of the specified period for ~~DROP~~
8 EIRP:

9 "(1) Payments into the ~~DROP~~ EIRP account made on
10 behalf of the member shall cease.

11 "(2) Payment from the ~~DROP~~ EIRP account shall not be
12 made to the member until he or she withdraws from service, nor
13 shall the monthly retirement allowance being paid into the
14 ~~DROP~~ EIRP account during the period of participation be
15 payable to the member until he or she withdraws from service
16 pursuant to Section 36-27-16. However, if applicable laws
17 allow, the monthly benefit may be recalculated prospectively
18 to reflect accrued sick leave as credit for retirement
19 purposes. If applicable laws allow, the participant may elect
20 to be paid for his or her sick leave as would any other member
21 upon retirement. In no event can the number of sick leave days
22 used for either calculation be greater than the number of days
23 the participant had on entry into ~~DROP~~ EIRP. The member is not
24 allowed to change the option allowance chosen at the beginning
25 of ~~DROP~~ EIRP participation.

26 "(3) If the member does not withdraw from service
27 after the period specified for participation in ~~DROP~~ EIRP, he

1 or she shall resume active contributing membership in the
2 system for the purpose of earning creditable service. Under no
3 circumstance will any time spent participating in ~~DRDP~~ EIRP be
4 eligible to constitute service credit in any Alabama public
5 supported retirement system.

6 "(d) (1) Upon a future withdrawal from service, the
7 member shall receive a lump-sum payment from his or her ~~DRDP~~
8 EIRP account equal to the payments made to that account on his
9 or her behalf ~~plus interest. Further, the beneficiary of the~~
10 ~~estate shall be entitled to a return of the member's~~
11 ~~contribution made during his or her participation in DRDP~~
12 ~~together with interest for the period of DRDP participation as~~
13 ~~provided in subdivision (1) of subsection (c) of Section~~
14 ~~36-27-16.~~ In lieu of a lump-sum payment from the ~~DRDP~~ EIRP
15 account, to the extent eligible under applicable tax laws, the
16 member's total accrued benefit may be "rolled over" directly
17 to the custodian of an eligible retirement plan.

18 "(2) Upon withdrawal from service, the monthly
19 retirement allowance that ~~was being originally paid into the~~
20 ~~DRDP account~~ would have been payable, had the person elected
21 to withdraw from service and receive a retirement allowance at
22 the commencement of his or her participation in EIRP, shall
23 begin to be paid to the member. However, if applicable laws
24 allow, the monthly benefit may be recalculated prospectively
25 to reflect accrued sick leave as credit for retirement
26 purposes. If applicable laws allow, the participant may elect
27 to be paid for his or her sick leave as would any other member

1 upon retirement. In no event can the number of sick leave days
2 used for either calculation be greater than the number of days
3 the participant had on entry into ~~DROP~~ EIRP. The member is not
4 allowed to change the option allowance chosen at the beginning
5 of ~~DROP~~ EIRP participation.

6 "(3) Upon withdrawal from service, the member shall
7 receive an additional retirement benefit based on his or her
8 additional service rendered to the system since termination of
9 participating in ~~DROP~~ EIRP, using the normal method of
10 computation of benefit for that period only. This additional
11 service shall not be added to any service prior to his or her
12 participation in ~~DROP~~ EIRP. The member's average compensation
13 for that time worked after the participation in ~~DROP~~ EIRP
14 shall be multiplied by the appropriate benefit factor
15 multiplied by the amount of time worked after the
16 participation in ~~DROP~~ EIRP. Under no circumstances is this
17 service to be combined with service prior to participation in
18 ~~DROP~~ EIRP.

19 "(4) The option used for retirement purposes shall
20 be that applicable to the original benefit.

21 "(5) If the member dies or becomes disabled during
22 the period of additional service, he or she shall be
23 considered as having retired on the date of death or
24 commencement of disability. However, no death benefits
25 pursuant to subsection (c) of Section 36-27-16 or Section
26 36-27B-3 will be applicable."

1 Section 2. This act shall become effective January
2 1, 2019, following its passage and approval by the Governor,
3 or its otherwise becoming law.