

1 HB93
2 208363-1
3 By Representatives Baker, Collins, Moore (P), Robertson,
4 Estes, Meadows, Stringer, Brown (C), Marques and Wheeler
5 RFD: Ways and Means Education
6 First Read: 02-FEB-21
7 PFD: 12/17/2020

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8 SYNOPSIS: This bill would modify the retirement
9 benefits for Tier II plan members of the Teachers'
10 Retirement System by providing 30-year service
11 retirement and allowing the conversion of sick
12 leave into creditable service. This bill would also
13 increase the member contribution rate.

14
15 A BILL
16 TO BE ENTITLED
17 AN ACT

18
19 To amend Sections 16-25-11.1, 16-25-14, as amended
20 by Acts 2019-221 and 2019-316 of the 2019 Regular Session, and
21 16-25-21, Code of Alabama 1975, relating to retirement
22 benefits for employees who are members of the Teachers'
23 Retirement System, to modify the retirement benefits for Tier
24 II plan members of the Teachers' Retirement System by
25 providing 30-year service retirement and allowing the
26 conversion of sick leave into creditable service and
27 increasing the member contribution rate.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Sections 16-25-11.1, 16-25-14, as amended
3 by Acts 2019-221 and 2019-316 of the 2019 Regular Session, and
4 16-25-21, Code of Alabama 1975, are amended to read as
5 follows:

6 "§16-25-11.1.

7 "~~(a)~~ Teachers, as defined in subdivision (3) of
8 Section 16-25-1 or subsection (d) of Section 16-25-5, as
9 amended may use their accrued sick leave, up to a maximum
10 number of accrued sick leave days allowed by law, to be
11 included as membership service in determining the total years
12 of creditable service in the Teachers' Retirement System of
13 Alabama; provided, any teacher not authorized by law to
14 receive sick leave may use any accrued sick leave provided by
15 his or her employer, provided, that employer is lawfully
16 empowered to grant such leave, which cannot be without pay;
17 and provided further that the amount of such accrued leave
18 shall not exceed the maximum number of accrued sick leave days
19 allowed by law for a classroom teacher employed by a city or
20 county board of education. Unused sick leave may be converted
21 to membership service only for the purpose of applying for
22 service retirement. The conversion shall not apply to
23 eligibility for deferred retirement; provided that a person
24 eligible for service retirement, if also eligible for
25 disability retirement, may elect disability retirement and
26 also receive credit for accumulated sick leave pursuant to
27 this section. This section shall not be applicable to any

1 person who is eligible to receive partial payment for accrued
2 sick leave pursuant to Section 36-26-36.

3 ~~"(b) The conversion of accrued sick leave into~~
4 ~~creditable service provided in this section shall not apply to~~
5 ~~any Tier II plan member.~~

6 "§16-25-14.

7 "(a) (1) Any Tier I plan member who withdraws from
8 service upon or after attainment of age 60 and any Tier II
9 plan member who withdraws from service upon or after
10 attainment of age 62, or in the case of a Tier II plan member
11 who is a correctional officer, firefighter, or law enforcement
12 officer as defined in Section 36-27-59, who withdraws from
13 service upon or after attainment of age 56 with at least ~~ten~~
14 10 years of creditable service as a correctional officer,
15 firefighter, or law enforcement officer may retire upon
16 written application to the Board of Control setting forth at
17 what time, not less than 30 days nor more than 90 days
18 subsequent to the execution and filing thereof, he or she
19 desires to be retired; provided, that any such member who
20 became a member on or after October 1, 1963, shall have
21 completed 10 or more years of creditable service.

22 "(2) Any Tier I plan member who has attained age 60
23 and any Tier II plan member who has attained age 62, or in the
24 case of a Tier II plan member who is a correctional officer,
25 firefighter, or law enforcement officer as defined in Section
26 36-27-59, who has attained age 56 with at least ~~ten~~ 10 years
27 of creditable service as a correctional officer, firefighter,

1 or law enforcement officer and has previously withdrawn from
2 service may retire upon written application to the Board of
3 Control setting forth at what time, not less than 30 days nor
4 more than 90 days subsequent to the execution and filing
5 thereof, he or she desires to be retired; provided, that the
6 member shall have completed at the time for his or her
7 withdrawal from service the requirements established by the
8 Board of Control for eligibility for deferred benefits
9 pursuant to Section 16-25-3.

10 "(3) Any person who is presently covered or is
11 eligible to be covered under the Employees' Retirement System
12 of Alabama or the Teachers' Retirement System of Alabama and
13 who, prior to such coverage or eligibility for coverage,
14 served as head of any Alabama county's public library service
15 department shall have credited to him or her one year of
16 creditable service for each year served as such head, not to
17 exceed 12 years; provided, that such person shall pay into the
18 retirement system the employee's part of the cost or
19 contribution based on the salary paid to such person during
20 the time of his or her service in the above capacity, with
21 such cost or contribution to be calculated at the percent or
22 rate in effect on October 1, 1973.

23 "(4) Any Tier I plan member of the Teachers'
24 Retirement System of Alabama, who withdraws from service after
25 the completion of at least 25 years of creditable service, or
26 any Tier II plan member, who withdraws from service after the
27 completion of at least 30 years of creditable service, may

1 retire upon written application to the Board of Control of the
2 Teachers' Retirement System setting forth at what time, not
3 less than 30 days nor more than 90 days subsequent to the
4 execution and filing thereof, he or she desires to be retired;
5 provided, that any such member who became a Tier I or Tier II
6 plan member on or after October 1, 1963, shall have completed
7 10 or more years of creditable service.

8 "(b) Upon retirement from service, a Tier I plan
9 member shall receive a service retirement allowance which
10 shall consist of:

11 "(1) An annuity which shall be the actuarial
12 equivalent of his or her accumulated contributions at the time
13 of his or her retirement;

14 "(2) A pension which shall be equal to the annuity
15 allowable at the age of retirement, but not to exceed an
16 annuity allowable at age 65 computed on the basis of
17 contributions made prior to the attainment of age 65; and

18 "(3) If he or she has a prior service certificate in
19 full force and effect, an additional pension which shall be
20 equal to the annuity which would have been provided at age of
21 retirement, but not to exceed an annuity allowable at age 65
22 by twice the contributions which he or she would have made
23 during the period of prior service with which he or she is
24 credited had the system been in operation and had he or she
25 contributed thereunder. In lieu of a determination of the
26 actual compensation of the members that was received during
27 such prior service, the Board of Control may use for the

1 purposes of this chapter the compensation rates which, if they
2 had progressed with the rates of salary increase shown in the
3 tables as prescribed in subsection (o) of Section 16-25-19,
4 would have resulted in the same average salary of the member
5 for the five years immediately preceding the date of
6 establishment as the records show the member actually
7 received.

8 "(c) The annual service retirement pension payable
9 to a Tier I plan member retiring on or after October 1, 1975,
10 shall not be less than an amount which when added to his or
11 her annuity is equal to the greater of the following two
12 amounts:

13 "(1) Two and one-eightieth percent of the member's
14 average final compensation multiplied by the number of years
15 of his or her creditable service; or

16 "(2) If he or she became a member before October 1,
17 1971, ~~\$72~~ seventy-two dollars (\$72) multiplied by the number
18 of years of his or her creditable service not in excess of 25
19 years.

20 "Notwithstanding, a member who retired prior to
21 October 1, 1971, under service retirement shall receive ~~\$120~~
22 one hundred twenty dollars (\$120) multiplied by the number of
23 years of his or her creditable service not in excess of 25
24 years.

25 "(d) Upon retirement from service, a Tier II plan
26 member shall receive a service retirement allowance which
27 shall consist of an annuity which shall be the actuarial

1 equivalent of the member's accumulated contributions at the
2 time of retirement and a pension which, when added to the
3 member's annuity, shall be equal to one and sixty-five
4 hundredths percent (1.65%) of the member's average final
5 compensation multiplied by the number of years of creditable
6 service. Notwithstanding the foregoing, the service retirement
7 allowance shall not exceed eighty percent (80%) of the
8 member's average final compensation.

9 "(e) Upon the application of a Tier I plan member in
10 service or of his or her employer, any member who has had 10
11 or more years of creditable service may be retired by the
12 Board of Control on a disability retirement allowance not less
13 than 30 nor more than 90 days next following the date of
14 filing such an application; provided, that the medical board,
15 after a medical examination of such member, shall certify that
16 such member is mentally or physically incapacitated for
17 further performance of duty, that such incapacity is likely to
18 be permanent, and that such member should be retired. Upon the
19 application of a Tier II plan member in service or of his or
20 her employer, any member who has had 10 or more years of
21 creditable service may be retired by the Board of Control on a
22 disability retirement allowance not less than 30 nor more than
23 90 days next following the date of filing such an application;
24 provided, that the medical board, after a medical examination
25 of such member, shall certify that the member is totally and
26 permanently mentally or physically incapacitated from regular

1 and substantial gainful employment, and that such member
2 should be retired.

3 "(f) Upon retirement for disability, a Tier I plan
4 member shall receive a service retirement allowance if he or
5 she has attained age 60 or if any law or part of any law
6 pertaining to retirement under the Teachers' Retirement System
7 of Alabama provides for service retirement after the
8 completion of 25 years of creditable service and the member
9 has completed 25 years of creditable service; otherwise, he or
10 she shall receive a disability retirement allowance which
11 shall consist of:

12 "(1) An annuity which shall be the actuarial
13 equivalent of his or her accumulated contributions at the time
14 of retirement; and

15 "(2) A pension which shall be equal to the pension
16 that would have been payable under subdivisions (2) and (3) of
17 subsection (b) of this section upon service retirement at age
18 60 had the member continued in service to that age without
19 change in compensation.

20 "The annual disability retirement pension shall not
21 be less than an amount which when added to his or her annuity
22 is equal to the greater of the following amounts:

23 "a. Two and one-eightieth percent of the member's
24 average final compensation multiplied by the number of years
25 of creditable service.

26 "b. If he or she became a member before October 1,
27 1971, ~~\$54~~ fifty-four dollars (\$54) multiplied by the number of

1 years of his or her creditable service not in excess of 25
2 years.

3 "Notwithstanding, a member who retired prior to
4 October 1, 1971, for disability shall receive ~~\$90~~ ninety
5 dollars (\$90) multiplied by the number of years of his or her
6 creditable service not in excess of 25 years.

7 "(g) Upon retirement for disability, a Tier II plan
8 member shall receive a service retirement allowance if the
9 member has attained age 62, or in the case of a Tier II plan
10 member who is a correctional officer, firefighter, or law
11 enforcement officer as defined in Section 36-27-59, if the
12 member has attained age 56 with at least ~~ten~~ 10 years of
13 creditable service as a correctional officer, firefighter, or
14 law enforcement officer, or if the member has completed 30
15 years of creditable service, otherwise, the member shall
16 receive a disability retirement allowance which shall be equal
17 to one and sixty-five hundredths percent (1.65%) of the
18 member's average final compensation multiplied by the number
19 of years of creditable service.

20 "(h) (1) Once each year during the first five years
21 following the retirement of a member on a disability
22 retirement allowance and once in every three-year period
23 thereafter, the Board of Control may and upon his or her
24 application shall require any disability beneficiary who has
25 not yet attained age 60 for a Tier I plan member or age 62 for
26 a Tier II plan member to undergo a medical examination, such
27 examination to be made at the place of residence of such

1 beneficiary or other place mutually agreed upon by a physician
2 of or designated by the medical board. Should any disability
3 beneficiary who has not yet attained age 60 for a Tier I plan
4 member or age 62 for a Tier II plan member refuse to submit to
5 such medical examination, his or her pension may be
6 discontinued until his or her withdrawal of such refusal, and
7 should his refusal continue for one year, all his or her
8 rights in and to his or her pension may be revoked by the
9 Board of Control; provided, that these requirements relative
10 to the medical examination shall not apply in the case of a
11 Tier II plan member who is a correctional officer,
12 firefighter, or law enforcement officer as defined in Section
13 36-27-59 retired for disability and who has attained age 56
14 with at least ~~ten~~ 10 years of creditable service as a
15 correctional officer, firefighter, or law enforcement officer.

16 "(2) Should the medical board report and certify to
17 the Board of Control that a disability beneficiary who is a
18 Tier I plan member is engaged in or is able to engage in a
19 gainful occupation paying more than the difference between his
20 or her retirement allowance and his average final compensation
21 and should the Board of Control concur in such report, then
22 the amount of his or her pension shall be reduced to an amount
23 which, together with his or her annuity and the amount
24 earnable by him or her, shall equal the amount of his or her
25 average final compensation. Should his or her earning capacity
26 be later changed, the amount of his or her pension may be
27 further modified; provided, that the new pension shall not

1 exceed the amount of the pension originally granted nor an
2 amount which, when added to the amount earnable by the
3 beneficiary together with his or her annuity, equals the
4 amount of his or her average final compensation.

5 "(3) Should the medical board report and certify to
6 the Board of Control that a disability beneficiary who is a
7 Tier II plan member has the capacity to engage in regular and
8 substantial gainful employment, the Board of Control shall
9 discontinue the beneficiary's retirement allowance until the
10 beneficiary is otherwise eligible for service retirement.

11 "(i) (1) Should a member cease to be a teacher,
12 except by death or by retirement under the provisions of this
13 chapter, the contributions standing to the credit of his or
14 her individual account in the Annuity Savings Fund shall be
15 paid to him or her upon demand, and in addition to such
16 payment there shall be paid five-tenths of the interest
17 accumulations standing to the credit of his or her individual
18 account if he or she shall have not less than three but less
19 than 16 years of membership service, six-tenths of such
20 interest accumulations if he or she shall have not less than
21 16 but less than 21 years of membership service, seven-tenths
22 of such interest accumulations if he or she shall have not
23 less than 21 but less than 26 years of membership service, and
24 eight-tenths of such interest accumulations if he or she shall
25 have not less than 26 years of membership service.

26 "(2) In case of the death of a member eligible for
27 service retirement pursuant to subsection (a) of this section,

1 an allowance shall be paid to the surviving spouse, or to such
2 other person who the member shall have designated, in an
3 amount that would have been payable if the member had retired
4 immediately prior to his or her death and had elected Option ~~3~~
5 2, as set forth in subsection (j) of this section or,
6 alternatively, if the surviving spouse or other designee
7 desires, he or she may choose to receive, in lieu of the
8 allowance provided under Option ~~3~~ 2, the accumulated
9 contributions of the member plus an amount equal to the
10 accumulated contributions of the member not to exceed ~~\$5,000~~
11 five thousand dollars (\$5,000) or the accumulated
12 contributions of the member plus the benefit provided by
13 Section 36-27B-3 if a benefit is payable under such section.

14 "(3) Upon the death of a member on account of whom
15 no survivor allowance is payable under subdivision (2) of this
16 subsection, the accumulated contributions of the member plus
17 an amount equal to the accumulated contributions not to exceed
18 ~~\$5,000~~ five thousand dollars (\$5,000) or the accumulated
19 contributions of the member plus the benefit provided by
20 Section 36-27B-3 if a benefit is payable under such section
21 shall be paid to his or her estate or to such person as he
22 shall have nominated by written designation duly executed and
23 filed with the Board of Control.

24 "(j) With the provision the election of an option
25 shall be effective on the effective date of retirement, any
26 member may elect prior to retirement to receive, in lieu of
27 his or her retirement allowance payable throughout life, the

1 actuarial equivalent at that time of his or her retirement
2 allowance in a reduced retirement allowance payable throughout
3 life with the provision that:

4 "(1) OPTION 1. If he or she dies before he or she
5 has received in annuity payments the present value of his or
6 her annuity as it was at the time of his or her retirement,
7 the balance shall be paid to his or her legal representatives
8 or to the person as he or she shall nominate by written
9 designation duly acknowledged and filed with the Board of
10 Control;

11 "(2) OPTION 2. Upon his or her death, his or her
12 reduced retirement allowance shall be continued throughout the
13 life of and paid to the person as he or she shall nominate by
14 written designation duly acknowledged and filed with the Board
15 of Control at the time of his or her retirement;

16 "(3) OPTION 3. Upon his or her death, one half of
17 his or her reduced retirement allowance shall be continued
18 throughout the life of and paid to the person as he or she
19 shall nominate by written designation duly acknowledged and
20 filed with the Board of Control at the time of his or her
21 retirement; or

22 "(4) OPTION 4. Some other benefit or benefits shall
23 be paid either to the member or to the person or persons as he
24 or she shall nominate; provided, that such other benefit or
25 benefits, together with the reduced retirement allowance,
26 shall be certified by the actuary to be of equivalent

1 actuarial value to his or her retirement allowance and shall
2 be approved by the Board of Control.

3 "(5) OPTION 5. At the time of retirement, he or she
4 shall receive a partial lump sum distribution as a single
5 payment not to exceed the sum of 24 months of the maximum
6 monthly retirement allowance the member could receive. This
7 option may be elected in addition to the election of another
8 option under this subsection and the further reduced monthly
9 retirement allowance shall be calculated in accordance with
10 the selected option. This option shall not be available to a
11 member who is receiving a disability retirement.

12 "(6) Where the person designated by the member under
13 this subsection to receive a continued retirement allowance is
14 a beneficiary of a special needs trust established under Title
15 42, United States Code, Section 1396p(d)(4)(A) or (C), as
16 amended, the retirement allowance payable to the person may be
17 paid by the retirement system to the special needs trust upon
18 written direction to the retirement system by the member or,
19 after the member is deceased, by the designated person or by
20 his or her legal representative if the designated person is a
21 minor or is incapacitated.

22 "(k) Should any beneficiary be restored to active
23 service, his or her retirement allowance shall be suspended
24 until he or she again withdraws from service and, he or she
25 shall not again become a member, nor shall he or she make
26 contributions; except, that should such beneficiary who has
27 been restored to active service continue in service for a

1 period of two or more years from the date of his or her
2 reentry into active service, he or she may request the Board
3 of Control to allow him or her to again become a member of the
4 retirement system. The Board of Control may grant the request
5 for restoration to membership; provided, that such beneficiary
6 whose retirement allowance has been suspended shall repay to
7 the system all ~~moneys~~ monies received by him or her as
8 benefits during any period subsequent to the date of his or
9 her reentry into active service; provided further, that he or
10 she shall make a contribution equal to the amount he or she
11 would have contributed had he or she been a member during the
12 period of his or her restoration to active service on a
13 suspended allowance basis, together with the interest which
14 would have been credited to the contributions on account of
15 such period of restoration up to the date such contribution is
16 made.

17 "(1) (1) All retirement allowance payments due on or
18 after October 1, 1975, to members who retired prior to October
19 1, 1975, shall be redetermined as if the provisions of
20 subsections (b) and (e) of this section which became effective
21 on the date were in effect at the time the member retired;
22 provided, that the annual retirement allowance of any member
23 who retired on or before January 1, 1956, shall be not less
24 than ~~\$132~~ one hundred thirty-two dollars (\$132) multiplied by
25 the number of years of his or her creditable service not in
26 excess of 30 years in the case of service retirement or ~~\$99~~
27 ninety-nine dollars (\$99) multiplied by the number of years

1 of creditable service not in excess of 30 years in the case of
2 disability retirements. Any increase provided in the
3 retirement allowance payment under this subsection for a
4 member who retired under the provisions of any optional
5 benefit elected pursuant to subsection (j) shall accrue only
6 to the retired member, and no person designated to receive any
7 payments after the death of a retired member under the
8 provisions of any such optional benefit shall receive any
9 increase in such payments under this subsection.

10 "(2) Any person who served at least 30 years as a
11 teacher in the public schools of Alabama and was never a
12 member of the system and who, prior to October 1, 1963, was in
13 receipt of a benefit for old age assistance pursuant to
14 subsections (1) and (2) of Section 1 of Act 116, approved
15 August 24, 1959, shall be entitled to receive an annual
16 retirement allowance of ~~\$3,960~~ three thousand nine hundred
17 sixty dollars (\$3,960) from the system, effective as of
18 October 1, 1973.

19 "(3) Prior to October 31, 1975, any beneficiary may
20 elect to leave on deposit with the system all or a specified
21 part of any increase in his or her monthly retirement
22 allowance payments arising in accordance with subdivision (1)
23 or (2) of this subsection. The portion of each monthly payment
24 left in the system in accordance with such election shall be
25 credited, together with regular interest thereon, to the
26 individual account of the beneficiary. Upon the death of the
27 beneficiary, the total amount standing to his or her credit,

1 including regular interest to the date of death, shall be paid
2 in a lump sum to his or her legal representative or to such
3 person as he or she shall have nominated by written
4 designation duly acknowledged and filed with the Board of
5 Control.

6 "(m) Notwithstanding any other provisions of this
7 section to the contrary, when a designated beneficiary for a
8 member predeceases the member who is receiving a monthly
9 benefit allowance provided under Option 2, 3, or 4, the member
10 may designate a replacement beneficiary for the deceased
11 beneficiary to become effective two years after the date of
12 designation of the replacement beneficiary and an actuarial
13 adjustment in the monthly benefit allowance of the member to
14 cover any cost associated with designating a replacement
15 beneficiary shall be reflected thereafter in the monthly
16 benefit allowance received by the member, commencing with the
17 first benefit allowance check received by the member following
18 the date of designation of the replacement beneficiary.

19 "(n) Notwithstanding any provision of this section
20 to the contrary, if a retired member who is receiving a
21 monthly benefit allowance provided under Option 2, 3, or 4
22 divorces his or her designated beneficiary, the member may
23 designate a replacement beneficiary for the beneficiary to
24 become effective two years after the date of designation of
25 the replacement beneficiary and an actuarial adjustment in the
26 monthly benefit allowance of the member to cover any cost
27 associated with designating a replacement beneficiary shall be

1 reflected thereafter in the monthly benefit allowance received
2 by the member, commencing with the first benefit allowance
3 check received by the member following the date of designation
4 of the replacement beneficiary.

5 "(o) Any future act to increase the retirement age
6 for Tier II plan members above the age of 62 shall require a
7 two-thirds vote of the elected membership of each house of the
8 Legislature.

9 "§16-25-21.

10 "Effective October 1, 1997, all the assets of the
11 retirement system shall be credited according to the purpose
12 for which they are held among three funds, namely: The Annuity
13 Savings Fund, the Pension Accumulation Fund, and the Expense
14 Fund. The operation of the former Pension Reserve Fund and the
15 Annuity Reserve Fund shall be discontinued as of such date,
16 the balance of the former Pension Reserve Fund shall be
17 transferred to the Pension Accumulation Fund, and the balance
18 of the former Annuity Reserve Fund shall be transferred to the
19 Pension Accumulation Fund.

20 "(1) The Annuity Savings Fund shall be a fund in
21 which shall be accumulated contributions from the compensation
22 of members to provide for their annuities. Contributions to
23 and payments from the Annuity Savings Fund shall be made as
24 follows:

25 "a. Each employer shall cause to be deducted from
26 the salary of each member on each and every payroll of such
27 employer for each and every payroll period five percent of his

1 or her earnable compensation. For all pay dates beginning on
2 or after October 1, 2011, each employer shall cause to be
3 deducted from the salary of each member on each and every
4 payroll of such employer for each and every payroll period
5 seven and one-quarter percent (7.25%) of his or her earnable
6 compensation. For all pay dates beginning on or after October
7 1, 2012, each employer shall cause to be deducted from the
8 salary of each Tier I plan member on each and every payroll of
9 such employer for each and every payroll period seven and
10 one-half percent (7.5%) of his or her earnable compensation.
11 For all pay dates beginning on or after January 1, 2013, each
12 employer shall cause to be deducted from the salary of each
13 Tier II plan member on each and every payroll period six
14 percent (6%) of his or her earnable compensation; except in
15 the case of a Tier II plan member who is a correctional
16 officer, firefighter, or law enforcement officer as defined in
17 Section 36-27-59, the rate of seven percent (7%) shall apply.
18 For all pay dates beginning on or after October 1, 2021, each
19 employer shall cause to be deducted from the salary of each
20 Tier II plan member on each and every payroll period six and
21 three-quarters percent (6.75%) of his or her earnable
22 compensation; except in the case of a Tier II plan member who
23 is a correctional officer, firefighter, or law enforcement
24 officer as defined in Section 36-27-59, the rate of seven and
25 three-quarters percent (7.75%) shall apply. In determining the
26 amount earnable by a member in a payroll period, the Board of
27 Control may consider the rate of annual compensation payable

1 to such member on the first day of the payroll period as
2 continuing throughout such payroll period, and it may omit
3 deductions from compensation for any period less than a full
4 payroll period if a teacher was not a member on the first day
5 of the payroll period, and to facilitate the making of
6 deductions it may modify the deduction required of any member
7 by such an amount as shall not exceed one tenth of one percent
8 of the annual compensation upon the basis of which such
9 deduction is to be made.

10 "b. The deductions provided for herein shall be made
11 notwithstanding that the minimum compensation provided for by
12 law for any member shall be reduced thereby. Every member
13 shall be deemed to consent and agree to the deduction made and
14 provided for herein and shall receipt for his or her full
15 salary or compensation, and payment of salary or compensation
16 less such deduction shall be a full and complete discharge and
17 acquittance of all claims and demands whatsoever for the
18 service rendered by such person during the period covered by
19 such payment, except as to the benefits provided under this
20 chapter. The employer shall certify to the Board of Control on
21 each and every payroll or in such other manner as the board
22 may prescribe the amount to be deducted; and each of the
23 amounts shall be deducted, and when deducted shall be paid
24 into the Annuity Savings Fund and shall be credited, together
25 with regular interest thereon, to the individual account of
26 the member from whose compensation the deduction was made.

1 "c. In addition to the contributions deducted from
2 compensation as hereinbefore provided, subject to the approval
3 of the Board of Control, any member may deposit in the Annuity
4 Savings Fund by a single payment or by an increased rate of
5 contribution an amount computed to be sufficient to purchase
6 an additional annuity which, together with his or her
7 prospective retirement allowance, will provide for him or her
8 a total retirement allowance not to exceed one half of his or
9 her average final compensation at age 60. Such additional
10 amounts so deposited shall become a part of his or her
11 accumulated contributions except in the case of retirement,
12 when they shall be treated as excess contributions returnable
13 to the member in cash or as an annuity of equivalent actuarial
14 value and shall not be considered in computing his or her
15 pension. The contributions and interest credits of a member
16 withdrawn by him or her, or paid to his or her estate or to
17 his or her designated beneficiary in event of his or her
18 death, shall be paid from the Annuity Savings Fund. Should a
19 member cease to be a member other than by retirement under the
20 provisions of this title, an amount equivalent to the
21 difference, if any, between his or her accumulated
22 contributions and the amount then paid shall be transferred to
23 the Expense Fund. Upon the retirement of a member or the death
24 of an eligible member where an allowance to the surviving
25 spouse is payable, his or her accumulated contributions shall
26 be transferred from the Annuity Savings Fund to the Pension
27 Accumulation Fund.

1 "d. Notwithstanding the preceding provisions, no
2 deductions shall be made from any member's salary on account
3 of which the employer's contribution is in default.

4 "(2) The Pension Accumulation Fund shall be the fund
5 in which shall be accumulated all reserves, other than amounts
6 held in the Annuity Savings Fund for the payment of all
7 pensions and other benefits. Contributions to and payments
8 from the Pension Accumulation Fund shall be made as follows:

9 "a. On account of each member there shall be paid
10 monthly by the employer an amount equal to a certain
11 percentage of the earnable compensation of each member to be
12 known as the "normal contribution" and an additional amount
13 equal to a percentage of his or her earnable compensation to
14 be known as the "accrued liability contribution," and these
15 two amounts shall be paid monthly into the Pension
16 Accumulation Fund. The Teachers' Retirement System shall
17 recommend to the Legislature on or before the first
18 legislative day of each regular session of the Legislature the
19 rate for the following fiscal year. The Legislature shall set
20 the rate in the annual appropriation bill.

21 "b. On the basis of regular interest and of such
22 mortality and other tables as shall be adopted by the Board of
23 Control, the actuary engaged by the board to make such
24 valuation required by this title shall, immediately after
25 making such valuation, determine the uniform and constant
26 percentage of the earnable compensation of the average new
27 entrant which, if contributed on the basis of his or her

1 compensation throughout his or her entire period of active
2 service, would be sufficient to provide for the payment of any
3 pension payable on his or her account. The rate per centum so
4 determined shall be known as the "normal contribution" rate.
5 The normal contribution rate shall be determined by the
6 actuary after each valuation.

7 "c.1. The accrued liability contribution rate shall
8 be computed by the actuary on the basis of each valuation as
9 the per centum rate of the total annual compensation of all
10 members which is sufficient to liquidate the unfunded accrued
11 liability over a period to be determined by the Board of
12 Control which shall be not less than 10 nor more than 30
13 years.

14 "2. The unfunded accrued liability shall be computed
15 by the actuary as the total liabilities of the system which
16 are not dischargeable by the assets of the Annuity Savings
17 Fund and the Pension Accumulation Fund and the present value
18 of the aforesaid normal contributions. For purposes of
19 computing the unfunded accrued liability the assets shall be
20 determined as follows:

21 "On June 30, 1997, the assets shall be determined by
22 using the market value of such assets. For subsequent years
23 the value of the assets shall be determined by the system's
24 actuary using a five year smoothed market value.

25 "d. The total amount payable in each year to the
26 Pension Accumulation Fund shall be not less than the sum of
27 the per centum rates known as the normal contribution rate and

1 the accrued liability contribution rate of the total
2 compensation earnable by all members during the year.

3 "e. All interest and dividends earned on the funds
4 of the retirement system shall be credited to the Pension
5 Accumulation Fund. The amounts needed to allow regular
6 interest on the reserves in the Annuity Savings Fund shall be
7 transferred in accordance with the provisions of this chapter
8 from the Pension Accumulation Fund. The Board of Control, in
9 its discretion, may transfer to and from the Pension
10 Accumulation Fund the amount of any surplus or deficit which
11 may develop in the Annuity Savings Fund or the Expense Fund.

12 "f. Upon the death of a member on account of whom no
13 survivor allowance is payable under subdivision (2) of
14 subsection (i) of Section 16-25-14, the death benefit as
15 provided in subdivision 2 of subsection (i) of such section
16 equal to the accumulated contributions not to exceed ~~\$5,000~~
17 five thousand dollars (\$5,000) shall be payable from the
18 Pension Accumulation Fund.

19 "(3) The Expense Fund shall be the fund from which
20 the expenses of the administration of the retirement system
21 shall be paid, exclusive of amounts payable as retirement
22 allowances and as other benefits provided herein. Any amounts
23 credited to the accounts of members withdrawing before
24 retirement and not returnable under the provisions of
25 subsection (i) of Section 16-25-14 shall be credited to the
26 Expense Fund. Any additional contributions required to meet
27 the expenses of the retirement system shall be made as

1 provided in paragraphs c., d., and e. of subdivision (4) of
2 this section.

3 "(4)a. On or before October 1 of each year, each
4 local board of education, the State Board of Education, the
5 governing boards of the University of Alabama, Auburn
6 University, and the University of Montevallo and the Executive
7 Committee of the Alabama Education Association shall file with
8 the Board of Control of the retirement system a certified
9 statement containing the following information concerning the
10 members of the retirement system employed by such boards for
11 the scholastic year beginning on July first preceding the
12 date: Name, address, monthly salary, annual salary, and such
13 other information as the Board of Control may require. On or
14 before July 31 of each year, each local board of education;
15 the State Board of Education; the governing boards of the
16 University of Alabama, Auburn University, and the University
17 of Montevallo and the Executive Committee of the Alabama
18 Education Association shall file with the Board of Control of
19 the retirement system a certified statement containing the
20 following information concerning members of the retirement
21 system employed by such boards during the scholastic year
22 ending on June 30 preceding the date: Name, address, monthly
23 salary actually paid, total annual salary actually paid, and
24 such other information as the Board of Control may require.

25 "b. The collection of members' contributions shall
26 be as follows: Each local board of education, the State Board
27 of Education, the governing boards of the University of

1 Alabama, Auburn University, and the University of Montevallo
2 and the Executive Committee of the Alabama Education
3 Association shall cause to be deducted on each and every
4 payroll period subsequent to the date of the establishment of
5 the retirement system the contributions payable by each member
6 as provided in this chapter. Each employer shall transmit
7 monthly, or at such time as the Board of Control shall
8 designate, the total amount so deducted to the
9 Secretary-Treasurer of the Board of Control accompanied by an
10 itemized statement of the contributions of each individual
11 member of the retirement system. The Secretary-Treasurer of
12 the Board of Control after making a record of all such
13 receipts shall transmit the same to the State Treasurer to be
14 held for use according to the provisions of this chapter.
15 Notwithstanding anything in this section, the Board of Control
16 may modify the form of reports required of employers and may
17 modify the method of collecting the contributions of members
18 so that employers may retain the amounts so deducted and have
19 a corresponding amount deducted from funds otherwise payable
20 to them.

21 "c. The employer's contributions shall be made from
22 the same funds used to pay salaries based on the employer cost
23 rate determined under paragraph a. of subdivision (2).

24 "d. Where member contributions are made from
25 salaries paid from federal funds, the employer shall pay from
26 federal funds to the Teachers' Retirement System the amount
27 calculated as a percentage of the salaries of those teachers

1 to be contributed by the employer in accordance with
2 subdivisions (2) and (3) of this section. Such amounts shall
3 be paid at the same time as the member contributions are made
4 to the retirement system. The provisions of this paragraph
5 shall not apply to funds received under the provisions of the
6 Hatch Act of 1887, as amended in 1955, and the
7 McIntyre-Stennis Act (Cooperative Forestry Research Act of
8 1962) of the Congress of the United States, for the support of
9 agriculturally related research.

10 "e. Where member contributions are made from
11 salaries paid by the Alabama Education Association, the
12 Alabama Education Association shall pay the employer costs
13 calculated as a percentage of the salaries of those employees
14 to be contributed as employer in accordance with subdivisions
15 (2) and (3) of this section. Such amounts shall be paid
16 monthly and at the same time as the member contributions are
17 made to the Teachers' Retirement System.

18 "f. To the extent that employer cost is collected
19 for any increase in benefits payable to retired employees of
20 local boards of education and state institutions of higher
21 education who are retired under the Employees' Retirement
22 System, there shall be a transfer of funds from these funds to
23 the Employees' Retirement System for each year such benefits
24 are payable.

25 "g. Employer cost provided for in this article
26 together with member contributions required under this article
27 shall be paid to the Teachers' Retirement System on the first

1 day of the month following the month in which the related
2 member salary is earned. Delinquent accounts shall accrue
3 interest at the actuarial assumed investment rate beginning 30
4 days after the original due date. The member contributions for
5 each member shall be reported to the Teachers' Retirement
6 System in a format prescribed by the Teachers' Retirement
7 System."

8 Section 2. This act shall become effective
9 immediately following its passage and approval by the
10 Governor, or its otherwise becoming law.