HB414
132762-2
By Representative Love
RFD: Ways and Means Education
First Read: 31-MAR-11
ENROLLED, An Act,


BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:


"§12-18-5.

(a) Every justice of the Supreme Court, judge of the Court of Civil Appeals, judge of the Court of Criminal Appeals, and judge of the circuit court of the state holding office on September 18, 1973, shall have the right of election to come under this article. Each justice or judge holding office on September 18, 1973, shall have the right, within three years from September 18, 1973, to file with the clerk of the Supreme Court of Alabama, an instrument in writing electing to come under this article. Each justice or judge of such courts elected or appointed to office after September 18, 1973, shall come under this article as a matter of law. After September 18, 1973, each justice and each judge who has elected to come under this article as provided by this section or who comes under this article by operation of law shall
contribute to the Judicial Retirement Fund four and one-half percent of his earnable compensation; provided, that after February 1, 1977, the rate of contribution to be paid by the justices and judges shall be six percent of their salary derived from the State of Alabama, but the increased rate of contribution shall not be effective until February 1, 1977. For all pay dates beginning on or after October 1, 2011, the contribution to be paid by the justices and judges shall be eight and one-quarter percent (8.25%) of their salary. For all pay dates beginning on or after October 1, 2012, the rate of contribution to be paid by the justices and judges shall be eight and one-half percent (8.5%) of their salary. The percentages shall be deducted by the State Comptroller from each justice's or judge's salary and paid into the Judicial Retirement Fund in the State Treasury and credited to the individual account of the justice or judge from whose salary it was deducted.

(b) Members of the retirement fund who heretofore, during a term for which they had been appointed or elected to a judicial office covered by this article for which prior service credit toward retirement under this article is given, entered the military services of the United States, and judicial officers covered by this article hereafter entering the armed forces of the United States who return to service as a justice or judge shall be given full credit for the time of
such military service; provided, that a contribution shall be made into the Judicial Retirement Fund in an amount equal to that which would have been contributed had the member remained and served in the judicial office to which he had been duly elected or appointed. Request for the service credit must be made within 90 days after returning to service as the justice or judge or the service credit shall be forfeited forever. When requests for the service credit have been approved by the Board of Control of the Judicial Retirement Fund and the Chief Justice of the Supreme Court, contributions as required shall commence within 60 days and be made in equal payments within the following 12 months. Military service credit granted to a justice or a judge shall include credit for service during World War II, but, in computing any service with the armed forces for credit after World War II, service credit granted shall be limited to service for a period not to exceed five years, provided that the justice or judge was on official leave of absence from his or her judicial position and further provided that the length of service so granted shall not exceed the term of office for which the justice or judge had been appointed or elected prior to his or her entering military service.

(c) The Supreme Court of Alabama may provide that the state shall pick-up member contributions to the Judicial Retirement Fund, as required by this section and Section
12-18-52, on behalf of all appellate justices or judges, circuit, and district judges who participate in the Judicial Retirement Fund and that the counties shall pick-up member contributions to the Judicial Retirement Fund, as required by Section 12-18-81, on behalf of all probate judges who participate in the Judicial Retirement Fund, by a corresponding reduction in the salary of the member, the pick-up to be mandatory for all the judges, and the contributions so picked up shall be treated as employer contributions in determining tax treatment under the Internal Revenue Code. These contributions shall be paid from the same source of funds which is used in paying earnings to the member. If member contributions are so picked up they shall be treated for all other purposes of state law in the same manner and to the same extent as member contributions made prior to the date picked up.

"§12-18-52.

After January 16, 1977, each district judge who comes under the provisions of Article 1 of this chapter by election or by operation of law shall contribute to the Judicial Retirement Fund annually, payable in equal monthly installments, four and one-half percent of his annual compensation paid by the State of Alabama; provided, that after February 1, 1977, the rate of contribution to be paid by such judge shall be six percent of his salary derived from the
State of Alabama, but such increased rate of contribution
shall not be effective until February 1, 1977. For all pay
dates beginning on or after October 1, 2011, the contribution
to be paid by the judges shall be eight and one-quarter
percent (8.25%) of their salary. For all pay dates beginning
on or after October 1, 2012, the rate of contribution to be
paid by the judges shall be eight and one-half percent (8.5%)
of their salary. Such percentages shall be deducted by the
State Comptroller from each such judge's salary and paid into
the Judicial Retirement Fund in the State Treasury and
credited to the individual account of the judge from whose
salary it was deducted.

The Supreme Court of Alabama may provide that the
state shall pick-up member contributions to the judicial
retirement fund, as required by Section 12-18-5 and this
section, on behalf of all appellate justices or judges,
circuit and district judges who participate in the Judicial
Retirement Fund and that the counties shall pick-up member
contributions to the Judicial Retirement Fund, as required by
Section 12-18-81, on behalf of all probate judges who
participate in the Judicial Retirement Fund, by a

The corresponding reduction in the salary of the member, such
pick-up to be mandatory for all such judges, and the
contributions so picked up shall be treated as employer
contributions in determining tax treatment under the Internal
Revenue Code. These contributions shall be paid from the same
source of funds which is used in paying earnings to the
member. If member contributions are so picked up they shall be
treated for all other purposes of state law in the same manner
and to the same extent as member contributions made prior to
the date picked up.

"§12-18-82.

(a) Judges on fees. - After October 1, 1976, each
probate judge compensated by fees who elects to come under the
provisions of Article 1 of this chapter or who comes under the
provisions of Article 1 of this chapter by operation of law
shall contribute to the Judicial Retirement Fund annually,
payable in equal monthly installments, four and one-half
percent of a sum, hereinafter referred to as the "base sum,"
that is, 90 percent of the annual state compensation now
authorized by law to be paid to circuit judges in Alabama;
provided, that, after February 1, 1977, the rate of
contribution to be paid by such judge shall be six percent of
his salary derived from the State of Alabama, but such
increased rate of contribution shall not be effective until
February 1, 1977. For all pay dates beginning on or after
October 1, 2011, the contribution to be paid by the judges
shall be eight and one-quarter percent (8.25%) of their
salary. For all pay dates beginning on or after October 1,
2012, the rate of contribution to be paid by the judges shall
be eight and one-half percent (8.5%) of their salary. The base sum shall be adjusted up or down in accordance with and equal to future changes that are made in the state compensation of such circuit judges. Such percentage shall be paid by each such probate judge into the Judicial Retirement Fund in the State Treasury and credited to the individual account of the probate judge from whose fees it was paid.

(b) Judges on salary. - After October 1, 1976, each probate judge compensated by salary who elects to come under the provisions of Article 1 of this chapter or who comes under the provisions of Article 1 of this chapter by operation of law shall contribute to the Judicial Retirement Fund annually, payable in equal monthly installments, four and one-half percent of his salary; provided, that, after February 1, 1977, the rate of contribution to be paid by such judge shall be six percent of his salary derived from the State of Alabama, but such increased rate of contribution shall not be effective until February 1, 1977. For all pay dates beginning on or after October 1, 2011, the contribution to be paid by the judges shall be eight and one-quarter percent (8.25%) of their salary. For all pay dates beginning on or after October 1, 2012, the rate of contribution to be paid by the judges shall be eight and one-half percent (8.5%) of their salary. Such percentage shall be paid into the Judicial Retirement Fund in
the State Treasury and credited to the individual account of
the probate judge from whose salary it was deducted.

"§16-25-21.

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

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

a. Each employer shall cause to be deducted from the
salary of each member on each and every payroll of such
employer for each and every payroll period five percent of his
or her earnable compensation. For all pay dates beginning on
or after October 1, 2011, each employer shall cause to be
deducted from the salary of each member on each and every
payroll of such employer for each and every payroll period
seven and one-quarter percent (7.25%) of his or her earnable compensation. For all pay dates beginning on or after October 1, 2012, each employer shall cause to be deducted from the salary of each member on each and every payroll of such employer for each and every payroll period seven and one-half percent (7.5%) of his or her earnable compensation. In determining the amount earnable by a member in a payroll period, the Board of Control may consider the rate of annual compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period, and it may omit deductions from compensation for any period less than a full payroll period if a teacher was not a member on the first day of the payroll period, and to facilitate the making of deductions it may modify the deduction required of any member by such an amount as shall not exceed one tenth of one percent of the annual compensation upon the basis of which such deduction is to be made.

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

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

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

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

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

b. On the basis of regular interest and of such
mortality and other tables as shall be adopted by the Board of
Control, the actuary engaged by the board to make such
valuation required by this title shall, immediately after
making such valuation, determine the uniform and constant
percentage of the earnable compensation of the average new
entrant which, if contributed on the basis of his or her
compensation throughout his or her entire period of active
service, would be sufficient to provide for the payment of any
pension payable on his or her account. The rate per centum so
determined shall be known as the "normal contribution" rate.
The normal contribution rate shall be determined by the
actuary after each valuation.

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

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

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

d. The total amount payable in each year to the Pension Accumulation Fund shall be not less than the sum of the per centum rates known as the normal contribution rate and the accrued liability contribution rate of the total compensation earnable by all members during the year.

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

f. Upon the death of a member on account of whom no survivor allowance is payable under subdivisions (2) and (3) of subsection (g) of Section 16-25-14, the death benefit as provided in subdivision (3) of subsection (g) of such section equal to the accumulated contributions not to exceed $5,000 shall be payable from the Pension Accumulation Fund.

(3) The Expense Fund shall be the fund from which the expenses of the administration of the retirement system shall be paid, exclusive of amounts payable as retirement allowances and as other benefits provided herein. Any amounts credited to the accounts of members withdrawing before retirement and not returnable under the provisions of subsection (g) of Section 16-25-14 shall be credited to the Expense Fund. Any additional contributions required to meet the expenses of the retirement system shall be made as provided in paragraphs c., d., and e. of subdivision (4) of this section.

(4)a. On or before October 1 of each year, each local board of education, the State Board of Education, the governing boards of the University of Alabama, Auburn University, and the University of Montevallo and the Executive Committee of the Alabama Education Association shall file with the Board of Control of the retirement system a certified
statement containing the following information concerning the
members of the retirement system employed by such boards for
the scholastic year beginning on July first preceding the
date: Name, address, monthly salary, annual salary, and such
other information as the Board of Control may require. On or
before July 31 of each year, each local board of education;
the State Board of Education; the governing boards of the
University of Alabama, Auburn University, and the University
of Montevallo and the Executive Committee of the Alabama
Education Association shall file with the Board of Control of
the retirement system a certified statement containing the
following information concerning members of the retirement
system employed by such boards during the scholastic year
ending on June 30 preceding the date: Name, address, monthly
salary actually paid, total annual salary actually paid, and
such other information as the Board of Control may require.

b. The collection of members' contributions shall be
as follows: Each local board of education, the State Board of
Education, the governing boards of the University of Alabama,
Auburn University, and the University of Montevallo and the
Executive Committee of the Alabama Education Association shall
cause to be deducted on each and every payroll period
subsequent to the date of the establishment of the retirement
system the contributions payable by each member as provided in
this chapter. Each employer shall transmit monthly, or at such
time as the Board of Control shall designate, the total amount so deducted to the Secretary-Treasurer of the Board of Control accompanied by an itemized statement of the contributions of each individual member of the retirement system. The Secretary-Treasurer of the Board of Control after making a record of all such receipts shall transmit the same to the State Treasurer to be held for use according to the provisions of this chapter. Notwithstanding anything in this section, the Board of Control may modify the form of reports required of employers and may modify the method of collecting the contributions of members so that employers may retain the amounts so deducted and have a corresponding amount deducted from funds otherwise payable to them.

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

d. Where member contributions are made from salaries paid from federal funds, the employer shall pay from federal funds to the Teachers' Retirement System the amount calculated as a percentage of the salaries of those teachers to be contributed by the employer in accordance with subdivisions (2) and (3) of this section. Such amounts shall be paid at the same time as the member contributions are made to the retirement system. The provisions of this paragraph shall not apply to funds received under the provisions of the Hatch Act.
of 1887, as amended in 1955, and the McIntyre-Stennis Act
(Cooperative Forestry Research Act of 1962) of the Congress of
the United States, for the support of agriculturally related
research.

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

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

g. Employer cost provided for in this article
together with member contributions required under this article
shall be paid to the Teachers' Retirement System on the first
day of the month following the month in which the related
member salary is earned. Delinquent accounts shall accrue
interest at the actuarial assumed investment rate beginning 30
days after the original due date. The member contributions for each member shall be reported to the Teachers' Retirement System in a format prescribed by the Teachers' Retirement System.


(a) Effective October 1, 1997, all the assets of the retirement system shall be credited according to the purpose for which they are held among three funds, namely, the Annuity Savings Fund, the Pension Accumulation Fund, and the Expense Fund. The operation of the former Pension Reserve Fund and the Annuity Reserve Fund shall be discontinued as of such date and the balance of the former Pension Reserve Fund shall be transferred to the Pension Accumulation Fund, and the balance of the former Annuity Reserve Fund shall be transferred to the Pension Accumulation Fund.

(b) Annuity Savings Fund. The Annuity Savings Fund shall be a fund in which shall be accumulated contributions from the compensation of members to provide for their annuities.

Contributions to and payments from the Annuity Savings Fund shall be made as follows: Effective October 1, 1971, each employer shall cause to be deducted from the salary of each member on each and every payroll of such employer for each and every payroll period five percent of his or her earnable compensation; except, that in the case of a state
policeman, the rate of 10 percent of earnable compensation shall apply, and in computing all retirement benefits it shall be assumed that a seven percent rate of contribution had applied with respect to service as a state policeman prior to July 1, 1957. For all pay dates beginning on or after October 1, 2011, each employer, except those employers participating pursuant to Section 36-27-6, shall cause to be deducted from the salary of each member on each and every payroll of such employer for each and every payroll period seven and one-quarter percent (7.25%) of his or her earnable compensation; except, that in the case of a state policeman, the rate of ten percent (10%) of earnable compensation shall apply. For all pay dates beginning on or after October 1, 2012, each employer, except those employers participating pursuant to Section 36-27-6, shall cause to be deducted from the salary of each member on each and every payroll of such employer for each and every payroll period seven and one-half percent (7.5%) of his or her earnable compensation; except, that in the case of a state policeman, the rate of ten percent (10%) of earnable compensation shall apply. Any employer participating under Section 36-27-6, by adoption of a resolution, may elect for the increases in employee contributions provided by the act adding this language to be withheld from the earnable compensation of employees of the employer. In determining the amount earnable by a member in a
payroll period, the Board of Control may consider the rate of annual compensation payable to such member on the first day of the payroll period as continuing through such payroll period, and it may omit deductions from compensation for any period less than a full payroll period if an employee was not a member on the first day of the payroll period, and, to facilitate the making of deductions, it may modify the deductions required of any member by such an amount as shall not exceed one tenth of one percent of the annual compensation upon the basis of which such deductions are made.

The deductions provided for in this subsection shall be made notwithstanding that the minimum compensation provided for by law for any member shall be reduced thereby. Every member shall be deemed to consent and agree to the deduction made and provided for in this subsection and shall receipt for his or her full salary or compensation and payment of salary or compensation less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for the services rendered by such person during the period covered by such payment, except as to the benefits provided under this article. The employer shall certify to the Board of Control in each and every payroll or in such other manner as the board may prescribe the amounts to be deducted, and each of the amounts shall be deducted and, when deducted, shall be paid into the Annuity Savings Fund and shall be
credited, together with regular interest thereon, to the
individual account of the member from whose compensation the
deduction was made.

In addition to the contributions deducted from
compensation as provided in this subsection, subject to the
approval of the Board of Control, any member may deposit in
the Annuity Savings Fund by a single payment or by an
increased rate of contribution an amount computed to be
sufficient to purchase an additional annuity which, together
with his or her prospective retirement allowance, will provide
for him or her a total retirement allowance not to exceed one
half of his or her average final compensation at age 60. Such
additional amounts so deposited shall become a part of his or
her accumulated contributions, except in the case of
retirement, when they shall be treated as excess contributions
returnable to the member in cash or as an annuity of
equivalent actuarial value and shall not be considered in
computing his or her pension.

The contributions and interest credits of a member
withdrawn by him or her or paid to his or her estate or to his
or her designated beneficiary in event of his or her death
shall be paid from the Annuity Savings Fund. Should a member
cease to be a member other than by retirement under the
provisions of this article, an amount equivalent to the
difference, if any, between his or her accumulated
contributions and the amount then paid shall be transferred to
the Expense Fund. Upon the retirement of a member or the death
of an eligible member where an allowance to a surviving spouse
or other designated beneficiary is payable, his or her
accumulated contributions shall be transferred from the
Annuity Savings Fund to the Pension Accumulation Fund.

Notwithstanding the preceding provisions, no
deductions shall be made from any member's salary on account
of which the employer's contributions are in default.

The State Personnel Board, with the approval of the
Governor, may provide that the state shall pick up member
contributions to the Employees' Retirement System of Alabama
as required by this subsection on behalf of all state
employees who participate in the Employees' Retirement System
by a corresponding reduction in the salary of the member, such
pick-up to be mandatory for all such employees, and the
contributions so picked up shall be treated as employer
contributions in determining tax treatment under the Internal
Revenue Code. These contributions shall be paid from the same
source of funds which is used in paying earnings to the
employee. If employee contributions are so picked up they
shall be treated for all other purposes of state law in the
same manner and to the same extent as employee contributions
made prior to the date picked up.
(c) Pension Accumulation Fund. The Pension Accumulation Fund shall be the fund in which shall be accumulated all reserves other than the amounts held in the Annuity Savings Fund for the payment of all pensions, all allowances granted to surviving spouses or other designated beneficiaries and other benefits payable from contributions made by the employer and from which shall be paid all pensions, all allowances granted to surviving spouses or other designated beneficiaries and other benefits on account of members with prior service credit.

Contributions to and payments from the Pension Accumulation Fund shall be made as follows: On account of each member there shall be paid monthly by the employer an amount equal to a certain percentage of the earnable compensation of each member to be known as the "normal contribution" and an additional amount equal to a percentage of his or her earnable compensation to be known as the "accrued liability contribution," and these two amounts shall be paid monthly into the Pension Accumulation Fund; provided, that in the case of a state policeman, such percentage rates of contributions shall be calculated separately. The percentage rate of such contributions shall be fixed for each fiscal year on the basis of the liabilities of the retirement system as shown by the last annual actuarial valuation, and such percentage rate as
established by such valuation shall take effect the following
October 1 and continue in effect for the fiscal year.

On the basis of regular interest and of such
mortality and other tables as shall be adopted by the Board of
Control, the actuary engaged by the board to make such
valuation required by this article during the period over
which the accrued liability contribution is payable shall,
immediately after making such valuation, determine the uniform
and constant percentage of the earnable compensation of the
average new entrant which, if contributed on the basis of his
or her compensation throughout his or her entire period of
active service, would be sufficient to provide for the payment
of any pension payable on his or her account. The percentage
rate so determined shall be known as the "normal contribution"
rate. The normal rate of contributions shall be determined by
the actuary after each valuation.

The accrued liability contribution rate shall be
computed by the actuary on the basis of each valuation as the
percentage rate of the total annual compensation of all
members which is sufficient to liquidate the accrued liability
over a period to be determined by the Board of Control which
shall be not less than 10 nor more than 30 years.

The unfunded accrued liability shall be computed by
the actuary as the total liabilities of the system which are
not dischargeable by the assets of the Annuity Savings Fund
and the Pension Accumulation Fund and the present value of the
aforesaid normal contributions.

For purposes of computing the unfunded accrued
liability the assets shall be determined as follows:

On September 30, 1997, the assets shall be
determined by using the market value of such assets. For
subsequent years the value of the assets shall be determined
by the system's actuary using a five year smoothed market
value.

The total amount payable in each year to the Pension
Accumulation Fund shall be not less than the sum of the
percentage rates known as the normal contribution rate and the
accrued liability contribution rate of the total compensation
earnable by all members during the preceding year.

All interest and dividends earned on the funds of
the retirement system shall be credited to the Pension
Accumulation Fund. The amounts needed to allow a regular
interest on the reserves in the Annuity Savings Fund shall be
transferred in accordance with this article from the Pension
Accumulation Fund. The Board of Control, in its discretion,
may transfer to and from the Pension Accumulation Fund the
amounts of any surplus or deficit which may develop in the
Annuity Savings Fund, or the Expense Fund.

Upon the death of a member on account of whom no
survivor allowance is payable under subdivisions (2) and (3)
of subsection (c) of Section 36-27-16, the death benefit as provided in subdivision (4) of subsection (c) of Section 36-27-16 equal to the accumulated contributions, not to exceed $5,000.00, shall be payable from the Pension Accumulation Fund.

(d) Expense Fund. The Expense Fund shall be the fund from which the expenses of the administration of the retirement system shall be paid, exclusive of amounts payable as retirement allowances and as other benefits provided in this chapter. In addition thereto and on account of each member of the retirement system, there shall be paid monthly by the employer an amount equal to a certain percentage of the earnable compensation of each member for the administrative expenses of the retirement system. The percentage rate of such contribution shall be fixed by the Board of Control on the basis of the cost exclusive of that provided by interest not returnable. Any amounts credited to the accounts of the members withdrawing before retirement and not returnable under the provisions of subsection (c) of Section 36-27-16 shall be credited to the Expense Fund.

(e) Employer's contributions. For each biennium beginning October 1, 1965, each employer shall pay to the retirement system the rates provided in this section and thereafter, at least 30 days preceding October 1 of each fiscal year, the Board of Control shall certify to the chief
fiscal officer of each employer the percentage rates of
earnable compensation of the members required to be paid to
the retirement system in accordance with subsections (c) and
(d) of this section.

The employer's contribution on account of the
membership of employees whose salaries are paid in whole or in
part from funds derived from federal grants shall be paid from
funds derived from the federal grants in accordance with
statutes governing the administration of the grants and in
proportion to salaries paid therefrom. At such time and in
such manner as may be required, the Board of Control shall
certify to each department of state receiving a federal grant
the amount due and payable from the grant as the employer's
contribution to the retirement system on account of the
membership of the department whose salaries are paid in whole
or in part from funds derived from such federal grants. The
fiscal agent of the department shall authorize the state
Comptroller to draw a warrant or warrants in payment of the
amount certified as due and payable from federal grants.

(f) Appropriations. There is hereby appropriated
annually from the fund from which salaries of the employees of
each employer are paid the amounts sufficient to carry out the
provisions of this section. In the case of those departments
supported wholly by transfers from other state funds, there is
hereby appropriated from the supporting funds such additional
amounts as may be necessary to pay the employer contribution
of each department so supported in the same proportion as the
other state funds contribute to the support and maintenance of
such department.

(g) Employer cost provided for in this article
together with member contributions required under this article
shall be paid to the Employees' Retirement System on the first
day of the month following the month in which the related
member salary is earned. Delinquent accounts shall accrue
interest at the actuarial assumed investment rate beginning 30
days after the original due date. The member contributions for
each member shall be reported to the Employees' Retirement
System in a format prescribed by the Employees' Retirement
System.

"§36-27-59.

(a) When used in this section, the following terms
shall have the following meanings, unless the context clearly
indicates otherwise:

(1) CORRECTIONAL OFFICER. A full-time correctional
officer who is certified as a correctional officer by the
Alabama Peace Officers' Standards and Training Commission.

(2) FIREFIGHTER. A full-time firefighter employed
with the State of Alabama, a municipal fire department, or a
fire district who has a level one minimum standard
certification by the Firefighters Personnel Standards and
Education Commission, or a firefighter employed by the Alabama
Forestry Commission who has been certified by the State
Forester as having met the wild land firefighter training
standard of the National Wildfire Coordinating Group.

(3) LAW ENFORCEMENT OFFICER. A full-time law
enforcement officer, not covered as a state policeman,
employed with any state agency, department, board, commission,
or institution or a full-time law enforcement officer employed
by a local unit of the Employees' Retirement System under
Section 36-27-6 who is certified as a law enforcement officer
by the Alabama Peace Officers' Standards and Training
Commission.

(b)(1) Any firefighter, law enforcement officer, or
correctional officer covered under the Employees' Retirement
System or the Teachers' Retirement System, upon attainment of
the requisite years of creditable service or who otherwise
qualifies for service or disability retirement, shall be
awarded one year of hazardous duty time for every five years
of service as a firefighter, a law enforcement officer, or a
correctional officer provided that the person has made the
additional contribution provided in subdivision (2) or paid
the additional contribution required in subsection (c) for
each year of service used in determining hazardous duty time
for the person. Proportional credit shall be awarded for any
period of service less than five years.
(2) Effective January 1, 2001, and each pay period thereafter, each active employee who is a firefighter, law enforcement officer, or correctional officer, as defined in subsection (a), shall contribute to the Teachers' or Employees' Retirement System of Alabama six percent of his or her earnable compensation. For all pay dates beginning on or after October 1, 2011, each active employee who is a firefighter, law enforcement officer, or correctional officer, as defined in subsection (a), except those employees participating pursuant to Section 36-27-6, shall contribute to the Teachers' or Employees' Retirement System of Alabama eight and one-quarter percent (8.25%) of his or her earnable compensation. For all pay dates beginning on or after October 1, 2012, each active employee who is a firefighter, law enforcement officer, or correctional officer, as defined in subsection (a), except those employees participating pursuant to Section 36-27-6, shall contribute to the Teachers' or Employees' Retirement System of Alabama eight and one-half percent (8.5%) of his or her earnable compensation. Any employer participating under Section 36-27-6, by adoption of a resolution, may elect for the increases in employee contributions provided by this act adding this language to be withheld from the earnable compensation of employees of the employer.
(c) Any member of the Employees' Retirement System or the Teachers' Retirement System eligible under subsection (b) may receive credit for his or her eligible prior service provided the member pays to the Secretary-Treasurer of the Employees' Retirement System or the Secretary-Treasurer of the Teachers' Retirement System one percent of his or her current annual earnable compensation or previous year's annual earnable compensation, whichever is higher, for each year of claimed credit within two years of January 1, 2001, except that any firefighter employed by the Alabama Forestry Commission shall make such payment within two years of December 28, 2001. Any member participating in the Employees' Retirement System under Section 36-27-6, who has eligible prior service under this section and who also had no prior eligibility to purchase prior service credit under this subsection, may purchase prior service credit under this section at the same rate provided in subsection (b) within one year of the effective date of his or her enrollment with the Employees' Retirement System or within one year of August 1, 2004. The member may purchase his or her claimed credit in increments of five years, unless the total service credit is less than five years, in which case the service shall be purchased in its entirety. The member shall provide certification from each employing agency, on forms prescribed by the Teachers' or Employees' Retirement System, of each year
of claimed service, as a prerequisite to payment under this section.

Section 2. If the positive investment performance of any retirement system administered by the Retirement Systems of Alabama results in a decrease in the total contribution rate paid by employers and employees participating in such a system, the Retirement Systems of Alabama shall first reduce the employee contribution rate, in an effort to at least partially offset the rate increases provided for in this act.

Section 3. All laws or parts of laws which conflict with this act are repealed.

Section 4. This bill shall become effective immediately upon its passage and approval by the Governor or its otherwise becoming law.
Speaker of the House of Representatives

Kay Ivey

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 12-APR-11.

Greg Pappas
Clerk

| Senate | 01-JUN-11 | Amended and Passed
| House  | 02-JUN-11 | Passed, as amended by Conference Committee Report
| Senate | 09-JUN-11 | Passed, as amended by Conference Committee Report

APPROVED 06-15-2011
TIME 8:30 AM

Alabama Secretary Of State
Act Num....: 2011-675
Bill Num....: H-414

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