

1 SB49
2 95256-2
3 By Senators Bedford, Singleton, and Dixon
4 RFD: Finance and Taxation General Fund
5 First Read: 05-FEB-08
6 PFD: 01/22/2008

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

13 This bill would provide such a payment to
14 certain retirees and beneficiaries under the ERS.

15
16 A BILL
17 TO BE ENTITLED
18 AN ACT

19
20 To provide for a funded one-time lump-sum addition
21 to the retirement benefits of certain retirees and
22 beneficiaries of the Employees' Retirement System.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

24 Section 1. (a) There is provided for fiscal year
25 2008-2009, a funded one-time lump-sum payment, hereinafter
26 referred to as "the lump-sum payment," to each person, except
27 those whose employer participated in the Employees' Retirement

1 System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1,
2 Code of Alabama 1975, whose effective date of retirement for
3 purposes of receiving benefits from the Employees' Retirement
4 System is prior to December 12, 2008, and who is receiving or
5 is entitled to receive a monthly allowance from the Employees'
6 Retirement System on December 12, 2008.

7 (b) The formula for calculating the lump-sum payment
8 shall be one dollar (\$1) per month for each year of service
9 attained by the retiree.

10 (c) Beneficiaries of deceased members or deceased
11 retirees, except where the deceased member or deceased retiree
12 retired from an employer participating in the Employees'
13 Retirement System pursuant to Sections 36-27-6, 36-27-7, and
14 36-27-7.1, Code of Alabama 1975, if the date of death for the
15 deceased member, or the effective date of retirement for the
16 deceased retiree for purposes of receiving benefits from the
17 Employees' Retirement System was prior to December 12, 2008,
18 and if the beneficiary is receiving or is entitled to receive
19 a monthly allowance from the Employees' Retirement System on
20 December 12, 2008, shall receive the lump-sum payment defined
21 in Section 1.

22 (d) For purposes of this act, service includes the
23 service under Section 36-27-1 and Section 36-27-170 et seq.,
24 Code of Alabama 1975.

25 Section 2. (a) Each person whose employer
26 participated in the Employees' Retirement System pursuant to
27 Section 36-27-6, Code of Alabama 1975, whose effective date of

1 retirement for purposes of receiving benefits from the
2 Employees' Retirement System is prior to December 12, 2008,
3 and who is receiving or is entitled to receive a monthly
4 allowance from the Employees' Retirement System on December
5 12, 2008, shall receive the lump-sum payment specified in
6 Section 1, if the employer elects to come under this act. Any
7 employer making the election to come under the act shall bear
8 the cost of the lump-sum payment paid to its retirees pursuant
9 to this section.

10 (b) If the employer elects to come under this act,
11 beneficiaries of deceased members or deceased retirees retired
12 from an employer participating in the Employees' Retirement
13 System pursuant to Section 36-27-6, Code of Alabama 1975,
14 shall receive the lump-sum payment provided in Section 1.

15 Section 3. (a) Each person whose employer
16 participated in the Employees' Retirement System pursuant to
17 Sections 36-27-7 and 36-27-7.1, Code of Alabama 1975, whose
18 effective date of retirement for purposes of receiving
19 benefits from the Employees' Retirement System is prior to
20 December 12, 2008, and who is receiving or is entitled to
21 receive a monthly allowance from the Employees' Retirement
22 System on December 12, 2008, shall receive the lump-sum
23 payment stipulated in Section 1. Any employer making the
24 election to come under the act shall bear the cost of the
25 lump-sum payment paid to its retirees pursuant to this
26 section.

1 (b) If the employer elects to come under this act,
2 beneficiaries of deceased members or deceased retirees of
3 employers participating in the Employees' Retirement System
4 pursuant to Sections 36-27-7 and 36-27-7.1, Code of Alabama
5 1975, shall receive the lump-sum payment stipulated in Section
6 1.

7 Section 4. (a) Any retired pensioner or annuitant
8 who retired from a city, town, county, or public or
9 quasi-public organization of the state before the city, town,
10 county, or public or quasi-public organization of the state
11 became a member of the Employees' Retirement System, and who
12 is receiving or is entitled to receive a monthly allowance
13 from the Employees' Retirement System on December 12, 2008,
14 shall receive the lump-sum payment stipulated in Section 1,
15 provided the employer elects to come under the provisions of
16 this act. Any employer making the election to come under the
17 act shall bear the cost of the lump-sum payment paid to its
18 retirees pursuant to this section.

19 (b) Beneficiaries of Employees' Retirement System
20 pensioners or annuitants described in subsection (a) shall
21 receive the lump-sum payment, provided the date of death for
22 the deceased pensioner or annuitant or the effective date of
23 retirement for the deceased pensioner or annuitant was prior
24 to December 12, 2008, and the beneficiary is receiving or is
25 entitled to receive a monthly allowance from the Employees'
26 Retirement System on December 12, 2008, and the local unit
27 elects to fund the lump-sum payment.

1 Section 5. Any pensioner or annuitant who retired
2 from a city, town, county, or public or quasi-public
3 organization of the state before the city, town, county, or
4 public or quasi-public organization of the state became a
5 member of the Employees' Retirement System and is receiving a
6 monthly benefit on December 12, 2008, not administered by the
7 Employees' Retirement System may receive the lump-sum payment
8 stipulated in Section 1, provided the retired employee retired
9 prior to December 12, 2008, and the employer decides to come
10 under the provisions of this act and fund the lump-sum
11 payment.

12 Section 6. The Board of Control of the Employees'
13 Retirement System shall make all reasonable efforts to notify
14 any employer who participated in the Employees' Retirement
15 System and has withdrawn from participation by the effective
16 date of this act that the lump-sum payment stipulated in
17 Section 1 is available to their retirees and beneficiaries
18 provided the employer elects to fund the lump-sum payment.

19 Section 7. Any person who received benefits under
20 the Medicaid Program and whose eligibility for Medicaid
21 benefits would be impaired by the lump-sum payment provided by
22 this act shall not be entitled to receive the aforementioned
23 increase. Any person who subsequently applies for benefits
24 under the Medicaid Program and that person's eligibility to
25 receive benefits is impaired by the lump-sum payment provided
26 by this act, shall not be entitled to receive the increase

1 subsequent to the date that the member files application for
2 benefits under the Medicaid Program.

3 Section 8. The Board of Control of the Employees'
4 Retirement System shall determine the amount required to pay
5 the cost of the lump-sum payments provided under this act and
6 shall notify the chief fiscal officer of each employer of the
7 increases in the employer rate required to be paid to the
8 system. For the fiscal year beginning October 1, 2008 only,
9 each employer shall pay the increase in the employer rate in
10 the same manner and from the same source of funds as salaries
11 of active members are paid.

12 Section 9. The lump-sum payments provided under this
13 act shall be paid to all eligible recipients by the Employees'
14 Retirement System on or about December 15, 2008.

15 Section 10. This act shall become effective October
16 1, 2008, following its passage and approval by the Governor,
17 or its otherwise becoming law.