

# HB440 INTRODUCED



1 HB440  
2 NAE5JJ8-1  
3 By Representatives Shedd, Reynolds, Blackshear, Paramore,  
4 Whitt, Crawford, Standridge, Lee, Baker  
5 RFD: Ways and Means General Fund  
6 First Read: 09-Apr-24



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SYNOPSIS:

This bill would provide for a benefit increase for certain retirees of the Employees' Retirement System on October 1, 2024.

A BILL  
TO BE ENTITLED  
AN ACT

Providing for a benefit increase for certain retirees and beneficiaries of the Employees' Retirement System effective October 1, 2024.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) Commencing October 1, 2024, and subject to the provisions of HB201 of the 2024 Regular Session, each individual, except those whose employer participated in the Employees' Retirement System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, whose effective date of retirement for purposes of receiving benefits from the Employees' Retirement System is prior to October 1, 2023, and who is receiving or is entitled to receive a monthly allowance from the Employees' Retirement System, shall receive a cost-of-living increase of three percent in their gross monthly benefit, but not less than fifteen dollars (\$15) per



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29 month.

30 (b) Beneficiaries of deceased members or deceased  
31 retirees, except where the deceased member or deceased retiree  
32 retired from an employer participating in the Employees'  
33 Retirement System pursuant to Sections 36-27-6, 36-27-7, and  
34 36-27-7.1, Code of Alabama 1975, provided the date of death  
35 for the deceased member, or the effective date of retirement  
36 for the deceased retiree for purposes of receiving benefits  
37 from the Employees' Retirement System was prior to October 1,  
38 2023, shall receive the cost-of-living increase in the amount  
39 attained by the retiree. In no case shall the cost-of-living  
40 increase be less than fifteen dollars (\$15) per month.

41 (c) Any future survivor allowance shall be adjusted as  
42 provided in the member's original option selection for those  
43 eligible retirees who have selected a monthly survivor  
44 allowance payable to a designated beneficiary upon the death  
45 of the retiree, or as otherwise provided by law in the case of  
46 a qualifying member who dies prior to October 1, 2024.

47 (d) The Board of Control of the Employees' Retirement  
48 System shall determine annually the amount required to pay the  
49 cost of the increased allowance provided under this section  
50 and shall notify the chief fiscal officer of each employer of  
51 the per centum rates of earnable compensation of the members  
52 required to be paid to the retirement systems. Each employer  
53 of members of the Employees' Retirement System shall pay on  
54 account of the increases provided in this section in the same  
55 manner and from the same source of funds as provided in  
56 Section 36-27-24, Code of Alabama 1975, it being the intent of



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57 the Legislature that the cost of providing the increases in  
58 this section shall be distributed from all funds in proportion  
59 to the salaries paid therefrom for active members.

60 (e) Pursuant to HB201 of the 2024 Regular Session, the  
61 Employees' Retirement System shall pay the benefit increase to  
62 the eligible retirees and beneficiaries provided for in this  
63 section only if the annual cost of the increase as estimated  
64 by the actuary of the system is included and appropriated in  
65 the State General Fund appropriation act for each fiscal year  
66 by a separate employer rate. In any fiscal year in which the  
67 required separate employer rate is not identified and  
68 appropriated in the appropriation act, eligible retirees and  
69 beneficiaries shall not receive, and the Employees' Retirement  
70 System shall not be required to pay, the increase in that  
71 fiscal year. The benefit increase may be resumed in any  
72 subsequent fiscal year if included in that year's  
73 appropriation act.

74 Section 2. (a) Commencing October 1, 2024, each  
75 individual whose employer participated in the Employees'  
76 Retirement System pursuant to Sections 36-27-6, 36-27-7, and  
77 36-27-7.1, Code of Alabama 1975, whose effective date of  
78 retirement for purposes of receiving benefits from the  
79 Employees' Retirement System is prior to October 1, 2023, and  
80 who is receiving or is entitled to receive a monthly allowance  
81 from the Employees' Retirement System, may receive a  
82 cost-of-living increase of three percent in their gross  
83 monthly benefit, but not less than fifteen dollars (\$15) per  
84 month, if the employer elects to come under this section. Any



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85 employer making the election to come under this section shall  
86 bear the cost of the cost-of-living increases paid to its  
87 employees pursuant to this section. Any employer participating  
88 under Section 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama  
89 1975, may elect to come under this section at any time and  
90 have this section become effective on October 1, 2024, or on  
91 October 1 of any subsequent fiscal year, and the employer  
92 shall not be required to pay this cost-of-living increase  
93 retroactively unless the employer elects to fund the increase.

94 (b) If the employer elects to come under this section,  
95 beneficiaries of deceased members or deceased retirees retired  
96 from an employer participating in the Employees' Retirement  
97 System pursuant to Section 36-27-6, 36-27-7, and 36-27-7.1,  
98 Code of Alabama 1975, shall receive the same cost-of-living  
99 increase provided in Section 1, but not less than fifteen  
100 dollars (\$15) per month.

101 (c) Any future survivor allowance shall be adjusted as  
102 provided in the member's original option selection for those  
103 eligible retirees who have selected a monthly survivor  
104 allowance payable to a designated beneficiary upon the death  
105 of the retiree, or as otherwise provided by law in the case of  
106 a qualifying member who dies prior to October 1, 2024.

107 (d) If the employer elects to come under this section,  
108 the Board of Control of the Employees' Retirement System shall  
109 determine annually the amount required to pay the cost of the  
110 increased allowance provided under this section and shall  
111 notify the chief fiscal officer of each employer of the per  
112 centum rates of earnable compensation of the members required



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113 to be paid to the retirement systems. Each employer of members  
114 of the Employees' Retirement System shall pay on account of  
115 the increases provided in this section in the same manner and  
116 from the same source of funds as provided in Section 36-27-6  
117 and 36-27-7, Code of Alabama 1975, it being the intent of the  
118 Legislature that the cost of providing the increases in this  
119 section shall be distributed from all funds in proportion to  
120 the salaries paid therefrom for active members.

121 (e) Commencing October 1, 2024, any retired employee  
122 who retired from a city, town, county, or public or  
123 quasi-public organization of the state before the city, town,  
124 county, or public or quasi-public organization of the state  
125 became a member of the Employees' Retirement System, and who  
126 is receiving a monthly benefit prior to October 1, 2024,  
127 administered by the Employees' Retirement System, and whose  
128 years of creditable service have not been made known to the  
129 Employees' Retirement System, may receive an increase in  
130 benefits of three percent, except that no pensioner shall  
131 receive an increase of less than fifteen dollars (\$15) per  
132 month, provided the retired employee retired prior to October  
133 1, 2023, and the employer elects to come under this section.

134 (f) Commencing October 1, 2024, beneficiaries of  
135 Employees' Retirement System pensioners described in  
136 subsection (a) shall receive an increase of three percent of  
137 their gross monthly benefit, but not less than fifteen dollars  
138 (\$15) per month, provided the date of death for the deceased  
139 pensioner, or the effective date of retirement for the  
140 deceased pensioner was prior to October 1, 2023, and the local



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141 units elect to fund the increase.

142 (g) Commencing October 1, 2024, any pensioner or  
143 annuitant who retired prior to October 1, 2023, from a city,  
144 town, county, or public or quasi-public organization of the  
145 state before the city, town, county, or public or quasi-public  
146 organization of the state became a member of the Employees'  
147 Retirement System and is receiving a monthly benefit not  
148 administered by the Employees' Retirement System shall receive  
149 an increase of three percent of their gross monthly benefit,  
150 but not less than fifteen dollars (\$15) per month, provided  
151 the city, town, county, or public or quasi-public organization  
152 of the state elects to fund the increase.

153 Section 3. Any individual who received benefits under  
154 the Medicaid Program and whose eligibility for Medicaid  
155 benefits would be impaired by the cost-of-living increase  
156 provided by this act shall not be entitled to receive the  
157 aforementioned increase. Any individual who subsequently  
158 applies for benefits under the Medicaid Program and that  
159 individual's eligibility to receive benefits is impaired by  
160 the cost-of-living increase provided by this act, shall not be  
161 entitled to receive the increase subsequent to the date that  
162 the member files application for benefits under the Medicaid  
163 Program.

164 Section 4. This act shall become effective on October  
165 1, 2024.