

1 HB533  
2 149152-6  
3 By Representative Wren (N & P)  
4 RFD: Montgomery County Legislation  
5 First Read: 02-APR-13

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ENROLLED, An Act,

Relating to the Employees' Retirement System of the City of Montgomery; to combine, amend, and restate Act 2009-473, 2009 Regular Session (Acts 2009, p. 839), as amended, to change the retirement age, creditable service requirements, distribution options, employee contributions, and benefits for certain employees who become members of the system on or after October 1, 2013; to implement a new cash balance plan for certain employees who become members of the system on or after October 1, 2013, to provide certain employees who were members of the system before October 1, 2013, an option to elect to participate in the new cash balance plan, to authorize the board, with the mayor's approval, to increase the number of years of creditable service to qualify for a disability retirement allowance or eliminate the disability retirement under any or all of the retirement plans; to eliminate certain historical information no longer necessary; to clarify the board's authority to hire outside legal advisors and auditors; to provide minimum qualifications for the auditors hired by the system; to add provisions required to comply with the Internal Revenue Code; to update the method of calculating the contributions by the city; to eliminate certain provisions dealing with mandatory

1 retirement; and to define and redefine certain terms  
2 applicable to the system.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Definitions. The following words and  
5 phrases as used in this act, unless a different meaning is  
6 plainly required by the context, shall have the following  
7 meanings:

8 (1) "System" shall mean the Employees' Retirement  
9 System of the City of Montgomery, as defined in Section 2.

10 (2) "City" shall mean the City of Montgomery,  
11 Alabama, with respect to its employees, and any board or  
12 boards of the city now existing or hereafter created and duly  
13 authorized by the council to participate in the system with  
14 respect to its employees.

15 (3) "Council" shall mean the duly elected Council  
16 Members of the City (hereinafter sometimes referred to as  
17 Councilors).

18 (4) "Board" shall mean the board of trustees of the  
19 system provided for in Section 5B to administer the system,  
20 but shall not include the investment trustee.

21 (5) "Medical Board" shall mean the board of  
22 physicians provided for in Section 5D.

23 (6) "Employee" shall mean any regular and permanent  
24 officer or employee of the city, whether full time or part  
25 time, including elected or appointed officials, the Mayor and

1 councilors, and the regular employees of any board or  
2 commission of the city other than the Water Works and Sanitary  
3 Sewer Board, and any person or persons employed by the city  
4 and performing the duties of a regular employee in the service  
5 of the city, but shall not include anyone who is paid on a fee  
6 or commission basis.

7 (7) "Member" shall mean any person included in the  
8 membership of the system as provided in Section 3.

9 (8) "Service" shall mean service in the employment  
10 of and paid for by the city.

11 (9) "Membership service" shall mean service as a  
12 member for which credit is allowable as provided in subsection  
13 (1) of Section 4.

14 (10) "Creditable service" shall mean total  
15 membership service plus any prior service allowed under this  
16 act.

17 (11) "Retirement allowance" shall mean annual  
18 payments, payable in monthly installments, continuing to the  
19 last payment prior to death.

20 (12) "Beneficiary" shall mean any person in receipt  
21 of a retirement allowance or other benefit as provided by the  
22 system.

23 (13) "Accumulated contributions" shall mean the sum  
24 of the balance to a member's credit in the annuity savings  
25 account as of December 31, 1968, plus all the amounts deducted

1 thereafter from his or her compensation and credited to his or  
2 her individual account.

3 (14) "Earnable compensation" shall mean the full  
4 rate of compensation that would be payable to a member if he  
5 or she worked the full normal working time. Earnable  
6 compensation shall not include overtime pay. In cases where  
7 compensation includes maintenance, the board shall fix the  
8 value of the part of compensation not paid in money.  
9 Compensation in excess of \$200,000.00 shall be disregarded for  
10 all purposes under this act. The amount shall be adjusted at  
11 the same time and in the manner as permitted under Section  
12 401(a) (17) of the Internal Revenue Code.

13 (15) "Average final compensation" shall mean (a)  
14 with respect to members of the 20-Year Plan and the 25-Year  
15 Plan, the earnable compensation of a member during the highest  
16 12 consecutive months of the 60-month period immediately  
17 preceding his or her retirement date and (b) with respect to  
18 members of the Group II Age 62 Plan, the earnable compensation  
19 of a member during the highest 36 consecutive months of the  
20 120-month period immediately preceding his or her retirement  
21 date. If at any time prior to or during the 60-month or  
22 120-month period, as applicable, immediately preceding his or  
23 her retirement date, a member served in a part-time capacity,  
24 average final compensation, creditable service, and the

1 retirement allowance shall be determined in accordance with  
2 the rules and regulations adopted by the board.

3 (16) "Equivalent actuarial value" shall mean equal  
4 value when computed (a) for purposes of determining the  
5 service retirement allowance under subsection (1)(b)(iii) of  
6 Section 6, the applicable mortality table as specified under  
7 Section 417(e) of the Internal Revenue Code and the interest  
8 rate used for interest credits for the applicable year and (b)  
9 for other purposes, the regular interest rate and mortality  
10 tables last adopted by the board.

11 (17) "Operative date" shall mean the date the system  
12 began operation as provided in Section 2.

13 (18) "Investment trustee" shall mean each of the  
14 banks or other recognized advisory service or services that  
15 the board of trustees selects. Each investment trustee shall  
16 have the powers and duties prescribed by Section 5A. The board  
17 of trustees may terminate the services of any investment  
18 trustee upon thirty (30) days' written notice to the trustee,  
19 and each trustee may likewise terminate its services upon  
20 thirty (30) days' written notice to the board. After receipt  
21 of the notice by either party the investment trustee concerned  
22 shall make an accounting within forty-five (45) days of the  
23 receipt of the notice.

24 (19) "ERIP option" shall mean the optional election  
25 available to a member pursuant to Section 15.

1           (20) "ERIP calculation date" shall mean the first  
 2 day of the ERIP election period.

3           (21) "ERIP election period" shall mean the period of  
 4 exactly one (1), two (2) or three (3) years ending on a  
 5 member's actual retirement date. The ERIP election period  
 6 shall include only years actually worked by the member after  
 7 the ERIP eligibility date plus any buy-back years for military  
 8 service.

9           (22) "ERIP eligibility date" shall mean the date a  
 10 member is credited with 20 or more years of creditable service  
 11 or 25 or more years of creditable service, as applicable  
 12 pursuant to subsection (1) of Section 6, including buy-back  
 13 years purchased prior to January 1, 2005, but excluding  
 14 buy-back years purchased on or after January 1, 2005, or years  
 15 earned prior to a member's rehire date unless membership in  
 16 the system was retained until the rehire date.

17           (23) "Group I 20-Year Plan" shall mean the  
 18 retirement plan for each member in Group I or I-A who (a)  
 19 became a member of the system prior to October 1, 2005, (b)  
 20 did not elect to participate in the Group I 25-Year Plan, and  
 21 (c) does not elect to participate in the Group I Cash Balance  
 22 Plan.

23           (24) "Group I 25-Year Plan" shall mean the  
 24 retirement plan for each member in Group I or I-A who (a)  
 25 became a member of the system on or after October 1, 2005, but

1 before October 1, 2013, or elected to participate as if he or  
2 she became a member on or after October 1, 2005, but before  
3 October 1, 2013, and (b) does not elect to participate in the  
4 Group I Cash Balance Plan.

5 (25) "Group I Cash Balance Plan" shall mean the  
6 retirement plan for each member in Group I or I-A who becomes  
7 a member of the system on or after October 1, 2013, or elects  
8 to participate as if he or she became a member of the system  
9 on or after October 1, 2013.

10 (26) " Group II 20-Year Plan" shall mean the  
11 retirement plan for each member in Group II who (a) became a  
12 member of the system prior to October 1, 2005, and (b) did not  
13 elect to participate in the Group II 25-Year Plan.

14 (27) "Group II 25-Year Plan" shall mean the  
15 retirement plan for each member in Group II who (a) became a  
16 member of the system on or after October 1, 2005, but before  
17 October 1, 2013, or (b) elected to participate as if he or she  
18 became a member on or after October 1, 2005, but before  
19 October 1, 2013.

20 (28) " Group II Age 62 Plan" shall mean the  
21 retirement plan for each member in Group II who becomes a  
22 member of the system on or after October 1, 2013.

23 (29) "20-Year Plan" shall mean the Group I 20-Year  
24 Plan and the Group II 20-Year Plan collectively.



1           (30) "25-Year Plan" shall mean the Group I 25-Year  
 2 Plan and the Group II 25-Year Plan collectively.

3           (31) "Early retirement factor" shall mean the early  
 4 retirement factor set forth in subsection (1)(c)(iii) of  
 5 Section 6.

6           (32) "Annuity starting date" shall mean, with  
 7 respect to a person, the first day of the first period for  
 8 which an amount is paid as an annuity, or, in the case of a  
 9 benefit not payable in the form of an annuity, the first day  
 10 on which all events have occurred which entitles the person to  
 11 the benefit.

12           (33) "Pre-cash balance accumulated contributions"  
 13 shall mean with respect to an elective cash balance plan  
 14 member, the accumulated contributions credited to his or her  
 15 individual account while a member of the applicable previous  
 16 plan.

17           (34) "Cash balance accumulated contributions" shall  
 18 mean with respect to a member in the Group I Cash Balance  
 19 Plan, the accumulated contributions credited to his or her  
 20 individual account while a member of the Group I Cash Balance  
 21 Plan.

22           (35) "Cash balance account" shall mean the  
 23 hypothetical account established for a member in the Group I  
 24 Cash Balance Plan to receive pay credits and interest credits.

1           (36) "Pay credits" shall mean the allocations made  
2 to a member's cash balance account pursuant to subsection  
3 (1)(d) of Section 6.

4           (37) "Interest credits" shall mean the interest that  
5 is credited to a person's cash balance account pursuant to  
6 subsection (1)(f) of Section 6. The interest rate used for  
7 accumulating a member's cash balance account as determined by  
8 the board shall not exceed a market rate of return, and  
9 regardless of the rate elected, an interest credit of less  
10 than zero shall in no event result in the balance being less  
11 than the aggregate amount of contributions credited to the  
12 accounts.

13           (38) "Initial election date" shall mean with respect  
14 to a member, the earlier of (a) the date that the member  
15 elects to become a member of the Group I Cash Balance Plan or  
16 (b) the latest date for an initial election to become a member  
17 of the Group I Cash Balance Plan as set by the board.

18           (39) "Pre-election frozen benefit" shall mean the  
19 service retirement allowance or vesting retirement allowance,  
20 as applicable, a person would have received under the  
21 applicable previous plan based on his or her average final  
22 compensation and years of creditable service as of the date he  
23 or she becomes a member in the Group I Cash Balance Plan.

24           (40) "Applicable previous plan" shall mean with  
25 respect to an elective cash balance plan member, the plan that

1 the person was a member of immediately prior to electing to  
2 become a member of the Group I Cash Balance Plan.

3 (41) "Regular interest" shall mean interest at the  
4 per centum rate or rates compounded annually as shall be  
5 determined by the board from time to time.

6 (42) "Elective cash balance plan member" shall mean  
7 a member that is provided the option and elects to become a  
8 member in the Group I Cash Balance Plan in accordance with  
9 subsection (7) of Section 3.

10 (43) The masculine pronoun shall include the  
11 feminine pronoun.

12 Section 2. Name and Operative Date.

13 The board shall be responsible for the management of  
14 the system for the purpose of providing retirement allowances  
15 and other benefits under the provisions of this act for  
16 employees of the city. The system shall be a continuation of  
17 the retirement system established under Ordinance No. 1659, as  
18 amended prior to the effective date of this act, as the  
19 Employees' Retirement System of the City of Montgomery, under  
20 which name all of its business shall continue to be  
21 transacted, all of its funds shall continue to be invested,  
22 all warrants for money shall continue to be drawn and all  
23 payments made, and all of its cash and securities and other  
24 property shall continue to be held as hereinafter provided.

1 The operative date of the system shall continue to be the  
2 first day of June, 1959.

3 Section 3. Membership.

4 (1) Any person who is a member of the system at the  
5 time of the adoption of this act shall be a member of the  
6 system and in addition any person becoming an employee  
7 thereafter shall become a member of the system as a condition  
8 of his or her employment. Provided however, that any person  
9 who shall have become a member of and participate in the  
10 retirement program of the Employees Retirement System of the  
11 State of Alabama owing to the election of the Water Works and  
12 Sanitary Sewer Board of the city to become a participating  
13 employer respecting the state retirement program shall  
14 thereafter cease to be a member of the system. Any employee  
15 who is elected as a member of the council and who is a member  
16 of the system at the time of the election may elect to  
17 terminate his or her membership in the system at the time of  
18 his or her election by filing with the board on a form  
19 prescribed by the board a notice of his or her election to  
20 terminate his or her membership in the system, and a duly  
21 executed waiver of all prospective benefits which would  
22 otherwise inure to him or her as a member, the notice to be  
23 filed not later than the day on which he or she assumes his or  
24 her duties as a member of the city council. Any person who is  
25 elected as a member of the city council and who is not a

1 member at the time of his or her election shall become a  
2 member unless he or she elects in the manner set forth above  
3 not to become a member.

4 (2) Any employee whose membership in the system is  
5 contingent on his or her own election and who elects not to  
6 become a member may thereafter apply for and be admitted to  
7 membership.

8 (3) It shall be the duty of the city's Finance  
9 Department, and the corresponding departments of the city's  
10 Airport Authority, to submit to the board a statement showing  
11 the name, title, compensation, duties, date of birth and  
12 length of service of each member, and any information  
13 regarding other employees as the board may require, and on the  
14 basis thereof the board shall classify each member in one of  
15 the following groups:

16 Group I. General municipal employees.

17 Group I-A. Airport Employees.

18 Group II. Members of the Fire Department and the  
19 Police Department of the city, trained in fire fighting or  
20 police work and actively engaged in such work or subject to  
21 call for such services.

22 Upon written request, the board shall certify to the  
23 member the group in which he or she is placed and the date of  
24 his or her admission to membership therein. When the duties of  
25 a member so require, the board may classify him or her in

1 another group and shall certify to him or her the group to  
2 which he or she has been reclassified, except that no member  
3 having 15 or more years of service in one class may be so  
4 reclassified.

5 (4) Should any member be absent from service more  
6 than five consecutive years, or should he or she withdraw his  
7 or her accumulated contributions or die or retire under the  
8 provision of this act, he or she shall thereupon cease to be a  
9 member.

10 (5) Participants who were members of the system  
11 prior to October 1, 2005, were entitled to elect to have their  
12 then current service retirement allowance frozen and  
13 participate in the 25-Year Plan, provided that they had three  
14 or more years remaining until they attained the mandatory  
15 retirement age under the 25-Year Plan. Members who elected  
16 shall earn benefits prospectively for creditable service  
17 completed on and after October 1, 2005, or the first day of  
18 the next month following the filing of their election,  
19 whichever date is later, on the same basis as employees who  
20 become members on or after that date; and, for creditable  
21 service completed prior to October 1, 2005, or prior to the  
22 first day of the next month following the filing of their  
23 election, as the case may be, the electing member shall be  
24 entitled at retirement to such benefits for such creditable  
25 service based on the retirement allowance formula provided for

1 employees who became members prior to October 1, 2005, and did  
2 not elect to participate in the 25-Year Plan.

3 (6) Any employee who became a member prior to  
4 October 1, 2005, and did not elect to participate in the  
5 25-Year Plan, upon the attainment of 25 years of creditable  
6 service may elect, during the three-month period immediately  
7 next following the attainment of 25 years of creditable  
8 service, to participate thereafter and prospectively in the  
9 25-Year Plan. Members desiring to so elect must file with the  
10 board a written election on forms, and pursuant to rules and  
11 regulations, adopted by the board, prior to the expiration of  
12 the three-month period next following the member's attainment  
13 of 25 years of creditable service. Members who so elect shall  
14 be entitled at retirement to a retirement allowance for each  
15 year of creditable service in excess of 25 based on the  
16 benefit formula applicable to the member under the 25-Year  
17 Plan. The retirement allowance for each year of the initial 25  
18 years of creditable service shall be based on the benefit  
19 formula applicable to the member under the 20-Year Plan.  
20 Otherwise, an electing member shall thereafter participate in  
21 the 25-Year Plan on the same basis as if the member were a  
22 post-October 1, 2005, employee.

23 (7) Each member in Group II that becomes a member of  
24 the system on or after October 1, 2013, including a previous  
25 member who ceased to be a member of the system and is

1 reemployed by the city, shall be a member in the Group II Age  
2 62 Plan. Each member in Group I or I-A that becomes a member  
3 of the system on or after October 1, 2013, including a  
4 previous member who ceased to be a member of the system and is  
5 reemployed by the city, shall be a member in the Group I Cash  
6 Balance Plan. The effective date of participation for such  
7 persons in the Group I Cash Balance Plan shall be the date  
8 they become a regular and permanent officer or employee of the  
9 city, after the completion of any probationary period. The  
10 following shall have the option to elect to become a member in  
11 the Group I Cash Balance Plan: (1) each member in Group I or  
12 I-A that became a member of the system prior to October 1,  
13 2013, and remains in active service through the initial  
14 election date, (2) each member that became a member of the  
15 system prior to October 1, 2013, ceased to be an employee  
16 prior to the initial election date, and subsequently returns  
17 to the status of a Group I or I-A employee while still a  
18 member of the system, and (3) each member that is reclassified  
19 as a Group I or I-A member after the initial election date.  
20 The elections shall be made in accordance with the procedures,  
21 rules, and regulations, and the time periods established by  
22 the board. If an eligible member fails to make a proper  
23 election to become a member in the Group I Cash Balance Plan  
24 in accordance with the procedures, rules, and regulations and  
25 before the deadline established by the board, the member shall



1 remain in the 20-Year Plan or 25-Year Plan, as applicable. The  
2 effective date of participation for a member electing to be a  
3 member in the Group I Cash Balance Plan shall be the date  
4 established by the board. All elections are irrevocable.

5 Section 4. Creditable Service.

6 (1) Each member shall receive membership service  
7 credit for all service rendered while a member of the system  
8 since he or she became a member, or since he or she last  
9 became a member in the event of a break in his or her  
10 membership, on account of which contributions are made by the  
11 member.

12 (2) Each member claiming prior service credit shall  
13 file a detailed statement of all service rendered by him or  
14 her prior to the date for which he or she is eligible to claim  
15 prior service credit, and other facts as the board may require  
16 for the proper operation of the system. The board shall fix  
17 and determine by appropriate rules and regulations how much  
18 service, if any, in any year is equivalent to a year of  
19 service, but in no case shall more than one year of service be  
20 creditable for all service in one calendar year, nor shall the  
21 board allow credit as service for any period of more than one  
22 month's duration during which the employee was absent without  
23 pay. The board shall verify, as soon as practicable after the  
24 filing of the statements of service, the service therein

1 claimed. Except as expressly limited herein, a member claiming  
2 prior service credit must claim all eligible prior service.

3 (3) Creditable service at retirement on which the  
4 retirement allowance of a member shall be based shall consist  
5 of his or her total membership service plus any prior service  
6 verified by the board pursuant to subsection (2) of this  
7 section.

8 (4) Anything in this act to the contrary  
9 notwithstanding, credit for any period of absence due to  
10 compulsory service in the armed forces of the United States  
11 shall be allowed as service credit as if such service had been  
12 service as an employee of the city, provided the employee  
13 returns to city service within ninety days after becoming  
14 entitled to an honorable discharge from the armed forces or  
15 within ninety days after hospitalization continuing after  
16 discharge for a period of not more than one year; and,  
17 provided further that the employee contributes and pays to the  
18 system a sum equal to the total contribution which he or she  
19 would have made had he or she remained in service during the  
20 leave less any amount actually contributed by the member for  
21 such period, as determined in accordance with rules and  
22 regulations adopted by the board. In the case of a death  
23 occurring on or after January 1, 2007, if a member dies while  
24 performing qualified military service (as defined in Section  
25 414(u) of Internal Revenue Code), the survivors of the member

1 are entitled to any additional death benefits (other than  
2 benefit accruals relating to the period of qualified military  
3 service) provided under the retirement plan for which he or  
4 she was a member as if the member had resumed and then  
5 terminated employment on account of death. Anything herein to  
6 the contrary notwithstanding, credit for military leave shall  
7 be granted in compliance with all applicable federal laws,  
8 rules and regulations.

9 (5) Notwithstanding any other provisions of this  
10 act, an active and contributing member of the 20-Year Plan,  
11 the 25-Year Plan, or the Group II Age 62 Plan with prior  
12 employment with the State of Alabama as a state employee or as  
13 an employee of the public education system under the State  
14 Board of Education or an institution of higher education may  
15 purchase up to four years of creditable service in the system  
16 for the prior employment with the State of Alabama if the  
17 member claiming the prior employment credit has at least 10  
18 years of contributing membership service credit, exclusive of  
19 military service credit, in the system and the member pays to  
20 the system prior to his or her date of retirement from active  
21 service a sum, for each year or partial year of service  
22 purchased, equal to the total contribution which he or she and  
23 the city would have made during the period for which he or she  
24 is claiming credit. The total contribution will be based on  
25 the annual income of the member at the time of payment and the

1 city's actuarial rate at the time of payment. A member is  
2 prohibited from purchasing credit under the aforementioned  
3 provisions for any prior service for which he or she has  
4 received credit toward a benefit from any other public  
5 retirement system except the federal Social Security program.  
6 The member has the responsibility of providing a statement  
7 from the Retirement Systems of Alabama that the member is not  
8 eligible for any state retirement benefits for the prior  
9 employment for which he or she is purchasing service credit  
10 and for wage statements covering the time period of the  
11 service credit being purchased.

12 (6) Any employee whose membership in the system was  
13 contingent upon his or her own election and who elected not to  
14 become a member, may apply for and be admitted to membership  
15 with all prior service credit at any time, provided the  
16 employee pays to the system a sum equal to the total  
17 contributions which he or she would have made as a member  
18 during his or her prior service; provided that the prior  
19 service credit shall not apply if the employee becomes a  
20 member of the Group I Cash Balance Plan.

21 (7) Any member of the 20-Year Plan, the 25-Year  
22 Plan, or the Group II Age 62 Plan, who at one time worked as a  
23 nonmember may receive credit for prior service and for the  
24 years worked as a nonmember, provided the member pays to the

1 system, a sum equal to the total contributions which he or she  
2 would have made as a member during his or her prior service

3 (8) Any member who ceased to be a member as a result  
4 of being absent from service for more than five consecutive  
5 years or as a result of withdrawing his or her accumulated  
6 contributions and thereafter becomes a contributing member of  
7 the 20-Year Plan, the 25-Year Plan, or the Group II Age 62  
8 Plan shall be allowed credit for the previous service,  
9 provided he or she pays the system a sum equal to the total  
10 contribution he or she has withdrawn.

11 (9) Any law or part of law relating to the payment  
12 of interest on contributions as a prerequisite to the granting  
13 of credit for prior service under the system notwithstanding,  
14 any eligible employee, member or retired member who claims  
15 such prior service (including prior service claimed under  
16 subsections (6), (7), and (8) but excluding prior service  
17 claimed under subsections (4) and (5)) shall pay into the  
18 system in addition to the contributions required, interest of  
19 eight percent, compounded annually, on the contributions, as a  
20 prerequisite to the granting of the service credit. Interest  
21 shall be calculated in accordance with the rules and  
22 regulations established by the board.

23 (10) Anything in this act to the contrary  
24 notwithstanding, the employer cost for the granting of any  
25 service credit granted under the provisions of this act shall

1 become the continuing liability of the employer for whom the  
2 service was rendered.

3 Section 5. Administration.

4 A. Investment Trustee.

5 Each investment trustee shall be a state or  
6 federally chartered bank with not less than \$500,000,000 in  
7 assets, bonded for not less than the amount of the board's  
8 assets held from time to time, and shall have the following  
9 powers and duties (but no other):

10 (1) To retain inventoried assets delivered to it by  
11 the board so long as the retention appears advisable,  
12 including the right to retain investments previously made in  
13 its stock, if any, by the board.

14 (2) To sell, exchange, assign, transfer and convey  
15 any security or property, real or personal (whether in the  
16 original inventory or acquired by purchase or otherwise), at  
17 public or private sale, at the time and price and upon the  
18 terms and conditions (including credit) as it may determine.

19 (3) To invest and reinvest in such stocks, bonds,  
20 and other securities and properties as it may deem advisable,  
21 including preferred stocks, common stocks, debentures, and  
22 unsecured obligations, undivided interests, interests in  
23 investment trusts, mutual funds, legal and discretionary  
24 common trust funds, and leases and property either inside or  
25 outside of Alabama.

1           (4) To register and carry any property in its own  
2 name or in the name of its nominee or to hold it unregistered  
3 but without thereby increasing or decreasing its liability as  
4 fiduciary.

5           (5) To vote in person or by proxy any stock or  
6 securities held and to grant the proxies and powers of  
7 attorney to the person or persons as it may deem proper. The  
8 board shall have the power to vote in person or by proxy any  
9 stock in each investment trustee.

10          (6) To consent to and participate in any plan for  
11 the liquidation, reorganization, consolidation or merger of  
12 any corporation, any stock or security of which is held.

13          (7) To receive reasonable compensation for its  
14 services either out of the fund administered by each  
15 investment trustee or from the board, the amount or method of  
16 computation and payment to be agreed upon between the board  
17 and each investment trustee.

18          (8) To receive funds or appropriations from the  
19 board or from the city to be held and administered hereunder,  
20 and to have custody of all investments delivered to it,  
21 subject to the directions of the board.

22          (9) To pay to the board on duly authorized vouchers  
23 such funds as may be required to make current monthly payments  
24 of retirement allowances and expenses.

1           (10) To invest and manage all assets delivered to  
2 the trustee by the board and/or city in a professional and  
3 prudent manner and exercising due care.

4           The powers and duties of each investment trustee  
5 shall apply from and after its selection by the board and  
6 delivery of assets to it, and no investment trustee shall have  
7 any duties in reference to or any liabilities for any acts or  
8 failures to act which occurred prior thereto.

9           B. Board of Trustees.

10           (1) Except for the powers and duties prescribed for  
11 the investment trustee, the general administration and the  
12 responsibility for the proper operation of the system and for  
13 making effective the provisions of this act are hereby vested  
14 in the board of trustees of the system.

15           (2) The board shall consist of nine voting trustees  
16 as follows: one shall be a member employee in the Police  
17 Department, one shall be a member employee in the Fire  
18 Department, one shall be a member employee classified as a  
19 general municipal employee, three may be either active or  
20 retired members of the retirement system, one shall be a  
21 retired member of the retirement system, and two may or may  
22 not be members of the system. The terms of office of all  
23 trustees so appointed shall be four years.



1           (3) If a vacancy occurs in the office of a trustee,  
2 the vacancy shall be filled for the unexpired term in the same  
3 manner as the office was previously filled.

4           (4) The trustees shall serve without compensation.

5           (5) Each trustee shall, within ten days after his or  
6 her appointment, take an oath of office.

7           (6) Each trustee shall be entitled to one vote. Five  
8 trustees shall constitute a quorum and a vote of a majority of  
9 the trustees present at the meeting where a quorum is present  
10 shall be the act of the board.

11           (7) Subject to the limitations of this act, the  
12 board shall, from time to time, establish rules and  
13 regulations for the administration of the system and for the  
14 transaction of its business, including uniform standards for  
15 determining who are employees within the meaning of this act.

16           (8) The board shall elect from its membership a  
17 chairman and a vice chairman, and shall appoint a secretary  
18 who may or may not be a member of the board. The board may  
19 employ personnel for secretarial and other service as shall be  
20 required.

21           (9) The board shall keep in convenient form such  
22 data as shall be necessary for actuarial valuation of the  
23 system and for checking the experience of the system.

24           (10) The board shall keep a record of all of its  
25 proceedings, which shall be open to public inspection. It

1 shall submit to the council, annually, a report showing the  
2 fiscal transactions of the system for the preceding year, the  
3 amount of the accumulated cash and securities of the system,  
4 and the last balance sheet indicating the financial condition  
5 of the system as shown by an actuarial valuation of the assets  
6 and liabilities of the system.

7 C. Legal Advisor

8 The board shall designate an attorney or attorneys  
9 who shall be the legal advisor of the board on matters  
10 regarding the operation of the system and who shall perform  
11 such other duties as are required in connection therewith or  
12 as may be designated by the board from time to time.

13 D. Medical Board

14 The board shall designate a Medical Board of one,  
15 two or three physicians who are not eligible to participate in  
16 the system. The Medical Board shall arrange for and pass upon  
17 all medical examinations required under the provisions of this  
18 act, shall investigate all essential statements and  
19 certificates by or on behalf of a member in connection with  
20 application for disability retirement, and shall report in  
21 writing to the board its conclusions and recommendations upon  
22 all the matters referred to it.

23 E. Duties of Actuary

24 (1) The board shall designate an actuary who shall  
25 be the technical advisor of the board on matters regarding the

1 operation of the system and who shall perform such other  
2 duties as are required in connection therewith.

3 (2) The board shall certify from time to time the  
4 rates of contribution payable by the city and any other  
5 participating employers under the provisions of this act, and  
6 shall adopt for the system from time to time such mortality,  
7 service and other tables as shall be deemed necessary, and on  
8 the basis of such tables and the interest rate adopted by the  
9 board for the purpose of determining the city's and other  
10 participating employers' contributions to the system, the  
11 actuary shall make annually an actuarial valuation of the  
12 assets and liabilities of the system. At least once in each  
13 five-year period the board shall cause an actuarial  
14 investigation to be made into the mortality, service and  
15 compensation experience of the members and beneficiaries of  
16 the system.

17 F. Auditor

18 The board shall designate an independent accounting  
19 firm to perform the audits for the system and other duties as  
20 are required in connection therewith or as may be designated  
21 by the board from time to time. The accounting firm performing  
22 an audit for the system must meet the following minimum  
23 standards: meet the independence standards of the American  
24 Institute of Certified Public Accountants and the Department  
25 of Labor and provide evidence of professional liability

1 insurance satisfactory to the board. In addition, the  
2 accountant in charge of the audit must meet the following  
3 minimum standards: be a certified public accountant in good  
4 standing with the Alabama State Board of Public Accountancy,  
5 have an adequate knowledge of defined benefit plan accounting,  
6 and regularly engage in employee benefit plan audits.

7 Section 6. Benefits.

8 (1) Service Retirement Allowance.

9 (a) The minimum service retirement age shall be as  
10 follows:

11 (i) For a member in the Group I 20-Year Plan, the  
12 age at which he or she completes 20 years of creditable  
13 service or age 65, whichever occurs first.

14 (ii) For a member in the Group II 20-Year Plan, the  
15 age at which he or she completes 20 years of creditable  
16 service or age 62, whichever occurs first.

17 (iii) For a member in Group I 25-Year Plan, the age  
18 at which he or she completes 25 years of creditable service or  
19 age 62, whichever occurs first.

20 (iv) For a member in the Group II 25-Year Plan, the  
21 age at which he or she completes 25 years of creditable  
22 service or age 55, whichever occurs first.

23 (v) For a member in the Group II Age 62 Plan the age  
24 at which he or she completes 25 years of creditable service or

1 age 55 with at least 10 years of creditable service, whichever  
2 occurs first.

3 (vi) For a member in the Group I Cash Balance Plan,  
4 the age at which he or she completes 25 years of creditable  
5 service or age 62, whichever occurs first; provided, however,  
6 that with respect to an elective cash balance plan member with  
7 a pre-election frozen benefit attributable to the Group I  
8 20-Year Plan, the minimum service retirement age for such  
9 pre-election frozen benefit shall be the age at which he or  
10 she completes 20 years of creditable service or age 65,  
11 whichever occurs first.

12 Any member in service who has attained his or her  
13 minimum service retirement age shall be retired by the board  
14 on a service retirement allowance upon his or her written  
15 application setting forth at what time not less than 30 nor  
16 more than 60 days next following the execution and filing  
17 thereof, he or she desires to be retired, notwithstanding that  
18 during the period of notification he or she may have separated  
19 from service. The member shall be entitled to such retirement  
20 allowance whether he or she voluntarily separates from service  
21 or is dismissed for cause or for any other reason. In the  
22 event the member is dismissed for cause or for any other  
23 reason, he or she shall be entitled to make application for  
24 and receive the retirement allowance hereinabove provided for  
25 upon his or her giving the written notice herein mentioned.

1           (b) The service retirement allowance of a member in  
2 Group I or I-A shall be as follows:

3           (i) For a member in the Group I 20-Year Plan, 2% of  
4 his or her average final compensation multiplied by the number  
5 of years of his or her creditable service not in excess of 20  
6 plus 1% of such compensation for each year of creditable  
7 service in excess of 20 years, subject to a maximum of 60% of  
8 average final compensation.

9           (ii) For a member in the Group I 25-Year Plan, 2% of  
10 his or her average annual final compensation multiplied by the  
11 number of years of creditable service, subject to a maximum of  
12 100% of average final compensation.

13           (iii) For a member in the Group I Cash Balance Plan,  
14 (A) the service retirement allowance that is the equivalent  
15 actuarial value of the member's cash balance account and (B)  
16 with respect to an elective cash balance plan member, an  
17 additional service retirement allowance or vesting retirement  
18 allowance, as applicable, equal to the member's pre-election  
19 frozen benefit.

20           (c) The service retirement allowance of a member in  
21 Group II shall be as follows:

22           (i) For a member in the Group II 20-Year Plan, 2  
23 1/2% of his or her average final compensation multiplied by  
24 the number of years of his or her creditable service not in  
25 excess of 20 years plus 1% of such compensation for each year

1 of creditable service in excess of 20 years, subject to a  
 2 maximum of 60% of average final compensation.

3 (ii) For a member in the Group II 25-Year Plan, 2  
 4 1/2% of his or her average final compensation multiplied by  
 5 the number of years of creditable service, subject to a  
 6 maximum of 100% of average final compensation.

7 (iii) For a member in the Group II Age 62 Plan, 2  
 8 1/2% of his or her average final compensation multiplied by  
 9 the number of years of creditable service, subject to a  
 10 maximum of 100% of average final compensation; provided that  
 11 the service retirement allowance shall be reduced by an early  
 12 retirement factor of 5/9% for each full month the annuity  
 13 starting date precedes the member's 62nd birthday and the  
 14 annuity starting date shall in no event be earlier than a  
 15 member's 55th birthday.

16 (d) For each year, a member in the Group I Cash  
 17 Balance Plan shall have the member's cash balance account  
 18 credited for that year with a pay credit equal to the  
 19 following amounts, which are inclusive of the member's  
 20 contribution:

21 (i) For a member with less than 10 years of  
 22 creditable service, 11% of the member's earnable compensation.

23 (ii) For a member with 10 or more years of  
 24 creditable service, but less than 15 years of creditable  
 25 service, 12% of the member's earnable compensation.

1           (iii) For a member with 15 or more years of  
2           creditable service, but less than 20 years of creditable  
3           service, 13% of the member's earnable compensation.

4           (iv) For a member with 20 or more years of  
5           creditable service, but less than 25 years of creditable  
6           service, 14% of the member's earnable compensation.

7           (v) For a member with 25 or more years of creditable  
8           service, 15% of the member's earnable compensation.

9           (e) The determination of the number of years of  
10          creditable service of a member under subsection (1)(d) of this  
11          section shall be determined as of the first day of each  
12          calendar year. The pay credit shall be credited as of the last  
13          day of the calendar year; provided, however, that if a member  
14          terminates employment during the calendar year, the member  
15          shall be entitled to a pay credit on the earnable compensation  
16          actually paid to the member prior to termination of employment  
17          as soon as administratively feasible following separation from  
18          service.

19          (f) For each calendar year continuing until the last  
20          day of the calendar year before the payment of benefits  
21          commence, each person's cash balance account shall be  
22          credited, whether or not the person remains an employee or  
23          member, with an interest credit determined by multiplying the  
24          dollar amount representing the balance of the person's cash  
25          balance account as of the first day of the calendar year and



1 all previous pay credits and interest credits, by the yield on  
2 30-year Treasury constant maturities for the November  
3 immediately preceding such calendar year or such other  
4 interest crediting rate as determined by the board.

5 (g) Interest shall be credited as of the last day of  
6 the calendar year. However, a person shall receive a pro rata  
7 interest credit up to the date distributions commence and no  
8 interest shall be credited for any period after payment of  
9 benefits commence.

10 (h) Notwithstanding anything in subsection (1) of  
11 this section, the board, with the approval of the mayor, may  
12 change the amount of pay credits allocated to members' cash  
13 balance accounts under subsection (1)(d) of this section  
14 and/or change the interest credits allocated to members' cash  
15 balance accounts under subsection (1)(f) of this section;  
16 provided that any change in the interest credits will not  
17 affect previously allocated interest credits and any change in  
18 the pay credits will not affect previously allocated pay  
19 credits.

20 (1.1) Spousal Benefit

21 (a) If any active member in the 20-Year Plan who has  
22 been credited with 20 or more years of creditable service  
23 should die, his or her surviving spouse, as hereinafter  
24 defined, shall be entitled to a death benefit, provided the  
25 spouse is the designated beneficiary.

1           (b) If any active member in the 25-Year Plan who has  
2 been credited with 25 or more years of creditable service  
3 should die, his or her surviving spouse, as hereinafter  
4 defined, shall be entitled to a death benefit, provided the  
5 spouse is the designated beneficiary.

6           (c) If any active member in the Group II Age 62 Plan  
7 who has been credited with 25 or more years of creditable  
8 service should die, his or her surviving spouse, as  
9 hereinafter defined, shall be entitled to a death benefit  
10 payable at such time as the deceased member would have  
11 otherwise been entitled to commence payment under the Group II  
12 Age 62 Plan if he or she had terminated on the day of his or  
13 her death and survived through the annuity starting date,  
14 provided the spouse is the designated beneficiary. In  
15 accordance with the rules and procedures established by the  
16 board, the surviving spouse may elect an annuity starting date  
17 that is any date after the deceased member would have  
18 otherwise been entitled to commence payment.

19           (d) If any active member in the Group I Cash Balance  
20 Plan who has been credited with 10 or more years of creditable  
21 service should die, his or her surviving spouse, as  
22 hereinafter defined, shall be entitled to a death benefit,  
23 provided the spouse is the designated beneficiary.

1           (e) Surviving Spouse as used in this subsection  
2 shall mean the legally married spouse of the member on the  
3 date of his or her death.

4           (f) No death benefit shall be payable if the  
5 deceased member is not survived by a spouse at the annuity  
6 starting date or the surviving spouse is not the designated  
7 beneficiary.

8           (g) The death benefit shall be as follows:

9           (i) With respect to a member in the 25-Year Plan or  
10 the 20-Year Plan, the monthly income, payable for the life of  
11 the surviving spouse equal to the service retirement allowance  
12 that would have been payable to the member's surviving spouse  
13 if he or she had retired on the day immediately preceding his  
14 or her death, selected the 50% survivorship option, and  
15 designated his or her surviving spouse as beneficiary.

16           (ii) With respect to a member in the Group II Age 62  
17 Plan, the monthly income, payable for the life of the  
18 surviving spouse equal to the service retirement allowance  
19 that would have been payable to the member's surviving spouse  
20 if he or she terminated employment on the day of his or her  
21 death, survived through the annuity starting date, selected  
22 the 50% survivorship option, designated his or her surviving  
23 spouse as beneficiary, and died the day after the annuity  
24 starting date. The monthly income will be calculated using any

1 applicable early retirement factor that would have otherwise  
2 applied to the member at the annuity starting date.

3 (iii) With respect to a member in Group I Cash  
4 Balance Plan, (A) 50% of the member's cash balance account,  
5 payable in one lump sum payment in cash and (B) with respect  
6 to an elective cash balance plan member an additional death  
7 benefit equal to the death benefit that such person would have  
8 received under the applicable previous plan, if any, based on  
9 the member's pre-election frozen benefit.

10 (h) Notwithstanding and in lieu of the death  
11 benefits set forth in subsection (1.1)(g) (i) and (ii) above,  
12 the surviving spouse may elect to receive on demand a lump sum  
13 payment equal to the member's accumulated contributions at the  
14 date of his or her death.

15 (i) Notwithstanding and in lieu of the death benefit  
16 set forth in subsection (1.1)(g)(iii)(A) above, the surviving  
17 spouse may elect to receive on demand a lump sum payment equal  
18 to the member's cash balance accumulated contributions at the  
19 date of his or her death.

20 (j) Notwithstanding and in lieu of the death benefit  
21 set forth in subsection (1.1)(g)(iii)(B) above, the surviving  
22 spouse may elect to receive on demand a lump sum payment equal  
23 to the member's pre-cash balance accumulated contributions at  
24 the date of his or her death.

25 (2) Disability Retirement Allowance

1           (a) Any member in the 20-Year Plan or 25-Year Plan  
2 in service and who has had 5 years or more of creditable  
3 service and any member in the Group II Age 62 Plan in service  
4 and who has had 10 years or more of creditable service may be  
5 retired for disability upon application of the member to the  
6 board and upon recommendation of the head of the division in  
7 which the member is employed, provided he or she meets the  
8 following requirements:

9           (i) The Medical Board after medical examination of  
10 the member shall certify that he or she is mentally or  
11 physically incapacitated for the further performance of duty;  
12 that the incapacity is likely to be permanent; and that the  
13 member should be retired for physical or mental disability.

14           (ii) The disability did not result from service in  
15 the armed forces of the United States, chronic alcoholism,  
16 addiction to narcotics, intentionally self-inflicted injuries,  
17 or injuries received while committing a felony.

18           (iii) Except for temporary and/or partial disability  
19 workers' compensation benefits, medical payments and  
20 educational or training benefits, he or she is not receiving  
21 and has not received any payments for such disability from the  
22 city under workers' compensation or any other type of  
23 employer-provided payment for disability payable from the  
24 participating employer's general or self-insured funds;  
25 provided, however, that in the event the employee is entitled

1 to any other benefits from the city or any of its boards he or  
2 she may elect by filing with the board up to the time of the  
3 commencement of the benefits, his or her choice of the two  
4 benefits. In the event he or she chooses not to accept  
5 benefits under the system he or she shall withdraw his or her  
6 accumulated contributions in a lump sum.

7 (b) The disability retirement allowance shall be  
8 computed as a service retirement allowance on the basis of his  
9 or her average final compensation and creditable service at  
10 disability retirement and shall not be reduced by any early  
11 retirement factor.

12 (c) Should a member in the 20-Year Plan or the  
13 25-Year Plan with 5 or more years of creditable service become  
14 disabled under circumstances which fail to meet the  
15 requirements set forth in (i), (ii), and (iii) of subsection  
16 (2) (a) of this section, he or she may elect in lieu of a  
17 return of his or her accumulated contributions as provided  
18 under subsection (4) (a) of this section, to receive a  
19 deferred retirement allowance commencing at such age as he or  
20 she would be eligible to receive a vesting retirement  
21 allowance.

22 (d) No member shall be entitled to a disability  
23 retirement allowance unless he or she meets the requirements  
24 of (i), (ii), and (iii) of subsection (2) (a) of this section,

1 regardless of whether the member is eligible for benefits for  
2 total (100%) disability under the federal system guidelines.

3 (e) Notwithstanding anything in subsection (2) of  
4 this section, the board, with the approval of the mayor, may  
5 increase the number of years of creditable service required to  
6 qualify for a disability retirement allowance under any or all  
7 of the retirement plans or eliminate the disability retirement  
8 allowance altogether for any or all of the retirement plans.  
9 If the disability retirement allowance is eliminated, members  
10 will be entitled to a vesting retirement allowance or service  
11 retirement allowance as applicable provided they meet the  
12 requirements for such retirement allowance.

13 (f) If a member of the Group I Cash Balance Plan  
14 terminates employment due to disability, he or she shall not  
15 be entitled to a disability retirement allowance attributable  
16 to the member's cash balance account but shall be entitled to  
17 a vesting retirement allowance or service retirement allowance  
18 as applicable provided that he or she meets the requirements  
19 for such retirement allowance at the time of his or her  
20 disability; provided, however, that an elective cash balance  
21 plan member who would have qualified for a disability  
22 retirement allowance under the applicable previous plan if he  
23 or she had remained a member of the applicable previous plan  
24 shall be entitled to a disability retirement allowance

1       computed as a service retirement allowance on the basis of his  
 2       or her pre-election frozen benefit.

3                   (3) Vesting Retirement Allowance

4                   (a) Should any member in the 20-Year Plan or the  
 5       25-Year Plan be or have been involuntarily separated from  
 6       service for any cause other than fault or delinquency on his  
 7       or her part after having completed ten or more years of  
 8       creditable service, he or she may elect to receive a deferred  
 9       retirement allowance commencing twenty years for members of  
 10      the 20-Year Plan or twenty-five years for members of the  
 11      25-Year Plan, as applicable pursuant to subsection (1) of this  
 12      section, from the beginning of creditable service with the  
 13      city or age 50, whichever occurs first. Failure of reelection  
 14      of a member elected by vote of the people shall not be  
 15      construed as fault or delinquency on the part of the member.

16                  (b) Anything herein to the contrary notwithstanding,  
 17      any member separating from service after having completed ten  
 18      or more years of creditable service but prior to qualifying  
 19      for a service retirement allowance, may elect to receive a  
 20      deferred retirement allowance commencing as follows:

21                  (i) For a member in the Group I 20-Year Plan, at the  
 22      age of 65.

23                  (ii) For a member in the Group II 20-Year Plan, at  
 24      the age of 62.



1           (iii) For a member in the Group I 25-Year Plan, at  
2 the age of 62.

3           (iv) For a member in the Group II 25-Year Plan, at  
4 the age of 55.

5           (v) For a member in the Group II Age 62 Plan, the  
6 age of 62.

7           (vi) For a member in the Group I Cash Balance Plan,  
8 (A) with respect to the vesting retirement allowance  
9 attributable to the member's cash balance account as set forth  
10 in subsection (3)(c)(iii)(A) of this section, the age of 62  
11 and (B) with respect to the vesting retirement allowance  
12 attributable to an elective cash balance plan member's  
13 pre-election frozen benefit as set forth in subsection  
14 (3)(c)(iii)(B), if any, at such time as the vesting retirement  
15 allowance would have been paid under the applicable previous  
16 plan.

17           Any member who separates from service without  
18 completing ten years of creditable service or qualifying for a  
19 disability retirement allowance shall not receive any vesting  
20 retirement allowance and shall only be entitled to receive the  
21 amount of his or her accumulated contributions under the  
22 provisions of subsection (4)(a) of this section.

23           (c) The vesting retirement allowance shall be  
24 computed as follows:

1           (i) For a member in the 20-Year Plan or the 25-Year  
2 Plan, as a service retirement allowance on the basis of the  
3 member's average final compensation and creditable service at  
4 the time of separation from service.

5           (ii) For a member in the Group II Age 62 Plan, as a  
6 service retirement allowance on the basis of the member's  
7 average final compensation and creditable service at the time  
8 of separation from service.

9           (iii) For a member in the Group I Cash Balance Plan,  
10 (A) as a service retirement allowance that is the equivalent  
11 actuarial value of the member's cash balance account and (B)  
12 with respect to an elective cash balance plan member, an  
13 additional vesting retirement allowance equal to the member's  
14 pre-election frozen benefit.

15           (d) Notwithstanding the foregoing the member may at  
16 any time prior to the commencement of his or her vesting  
17 retirement allowance revoke such election and receive in lieu  
18 of such benefits the amount of his or her accumulated  
19 contributions under the provisions of subsection (4) (a) of  
20 this section. In the event of the death prior to the  
21 commencement of the vesting retirement allowance of a member  
22 who has made the election provided for herein, the amount of  
23 his or her accumulated contributions shall be paid under the  
24 provisions of subsection (4) (b) of this section in lieu of any  
25 other benefit provided for in this section.

1 (4) Return of Contributions or Cash Balance Account

2 (a) Should a member cease to be an employee for any  
3 reason and not be awarded a retirement allowance, he or she  
4 shall be paid on demand his or her accumulated contributions.

5 Notwithstanding and in lieu of the vesting retirement  
6 allowance set forth in subsection (3)(c)(i) and (ii) of this  
7 section, the member may elect to receive on demand a lump sum  
8 payment equal to the member's accumulated contributions.

9 Notwithstanding and in lieu of the vesting retirement  
10 allowance set forth in subsection (3)(c)(iii)(A) of this  
11 section, the member may elect to receive on demand a lump sum  
12 payment equal to the greater of the member's cash balance  
13 account or his or her cash balance accumulated contributions.

14 Notwithstanding and in lieu of the vesting retirement  
15 allowance set forth in subsection (3)(c)(iii)(B) of this  
16 section, the member may elect to receive on demand a lump sum  
17 payment equal to the member's pre-cash balance accumulated  
18 contributions.

19 (b) Upon the receipt of proof, satisfactory to the  
20 board, of the death of a member and that the member's  
21 beneficiary is not eligible for a spousal benefit under  
22 subsection (1.1) of this section, his or her accumulated  
23 contributions shall be paid to the person, if any, as he or  
24 she shall have nominated by written designation duly

1 acknowledged and filed with the board if the person survives  
2 him or her, otherwise to the estate of the member.

3 (5) Reexamination of Beneficiaries Retired on  
4 Account of Disability

5 (a) The board may at any time and as often as it  
6 sees fit, not in excess of once in each 12 months, require any  
7 beneficiary receiving a retirement allowance due to a  
8 disability to undergo a medical examination if he or she has  
9 not yet attained his or her minimum service retirement age,  
10 the examination to be made at the place of residence of the  
11 beneficiary, the office of a physician selected by the board,  
12 or other place mutually agreed upon. Should the beneficiary  
13 refuse to submit to the medical examination his or her  
14 retirement allowance may be discontinued by the board until  
15 his or her withdrawal of the refusal, and should his or her  
16 refusal continue for over one year, all his or her rights in  
17 and to that portion of his or her retirement allowance which  
18 is provided by the contributions of the city may be revoked by  
19 the board.

20 (b) In the event a member who is receiving a  
21 retirement allowance due to a disability secures gainful  
22 employment, including employment with the city, paying more  
23 than the difference between his or her retirement allowance  
24 and his or her average final compensation, the amount of his  
25 or her retirement allowance shall be reduced to an amount

1       which, together with the amount earnable by him or her, shall  
2       equal the amount of his or her average final compensation but,  
3       in no event, to an amount less than the portion of his or her  
4       allowance provided by his or her accumulated contributions.  
5       Should his or her earning capacity be later changed, the  
6       amount of his or her retirement allowance may be further  
7       modified in like manner. Any member receiving a retirement  
8       allowance due to a disability shall advise the board of any  
9       gainful employment. The board may make an investigation at any  
10      time in reference to any gainful employment of any retired  
11      member, up to the time he or she attains his or her minimum  
12      service retirement age, and the member shall answer any  
13      question and furnish information, including copies of federal  
14      income tax returns, as the board may require. In the event  
15      that the member fails or refuses to comply with the board's  
16      request, then his or her retirement allowance may be  
17      discontinued by the board until his or her withdrawal of the  
18      refusal, and should his or her refusal continue for over one  
19      year, all his or her rights in and to that portion of his or  
20      her retirement allowance which is provided by the  
21      contributions of the city may be revoked by the board.

22                   (6) Restoration of Beneficiaries to Membership

23              Should a member receiving a retirement allowance due  
24      to a disability be restored to or be in service at a  
25      compensation equal to or greater than his or her average final

1 compensation at retirement, or should any other beneficiary be  
2 restored to service, his or her retirement allowance shall  
3 cease, any election of an optional benefit shall become void,  
4 he or she shall again become a member of the system as a  
5 member of the retirement plan from which he or she was  
6 receiving the disability allowance and shall contribute  
7 thereafter at the then prevailing rate. An amount equal to the  
8 actuarial reserve held for the part of his or her retirement  
9 allowance provided by his or her contributions shall be  
10 credited to him or her as accumulated contributions. Any  
11 creditable service to which he or she was entitled when he or  
12 she retired shall be restored to him or her, and upon  
13 subsequent retirement his or her retirement allowance shall be  
14 based on his or her compensation and creditable service before  
15 and after the period of prior retirement; provided that if he  
16 or she does not complete three years of creditable service  
17 after his or her restoration to service, the part of his or  
18 her retirement allowance upon subsequent retirement payable  
19 with respect to creditable service rendered before the period  
20 of his or her previous retirement shall be equal to his or her  
21 previous retirement allowance with all of the provisions of  
22 any option restored, if one was elected, with respect to such  
23 part of his or her retirement allowance.

24 (7) Optional Allowances

1           Until the date of his or her retirement and, in the  
2 case of a member eligible for a vesting retirement allowance,  
3 the date as of which the allowance is to commence, any member  
4 may elect to convert the retirement allowance otherwise  
5 payable to him or her into a modified retirement allowance of  
6 equivalent actuarial value in accordance with one of the  
7 optional forms named below. The election shall become  
8 effective on the member's retirement date or the date as of  
9 which his or her vesting retirement allowance is to commence,  
10 as the case may be.

11           Option 1. A reduced retirement allowance payable  
12 during the life of the retired member, with the provision that  
13 if he or she dies before he or she has received in payments of  
14 his or her allowance the amount of his or her accumulated  
15 contributions at the time of his or her retirement, the  
16 balance of such amount shall be paid to the person, if any, as  
17 he or she shall have nominated by written designation duly  
18 acknowledged and filed with the board if the person survives  
19 him or her, otherwise to the retired member's estate; or

20           Option 2. A reduced retirement allowance payable  
21 during the life of the retired member, with the provision that  
22 upon his or her death his or her reduced retirement allowance  
23 shall be continued throughout the life of and paid to such  
24 person as he or she shall have nominated by written

1 designation duly acknowledged and filed with the board at the  
 2 time of retirement; or

3 Option 3. A reduced retirement allowance payable  
 4 during the life of the retired member, with the provision that  
 5 upon his or her death one-half of his or her reduced  
 6 retirement allowance shall be continued throughout the life of  
 7 and paid to such person as he or she shall have nominated by  
 8 written designation duly acknowledged and filed with the board  
 9 at the time of retirement; or

10 Option 4. A reduced retirement allowance payable  
 11 during the life of the retired member, with the provision that  
 12 upon his or her death some other benefit shall be payable,  
 13 provided that the total value of the allowance during his or  
 14 her life and the succeeding benefit shall be computed to be of  
 15 equivalent actuarial value to the retirement allowance which  
 16 he or she would receive without optional modification and  
 17 provided that the benefit shall be approved by the board.

18 Option 5. With respect to members of the Group I  
 19 Cash Balance Plan only and only with respect to the retirement  
 20 allowance attributable to the cash balance account, one  
 21 lump-sum payment in cash equal to his or her cash balance  
 22 account. An elective cash balance plan member may receive his  
 23 or her retirement allowance attributable to the cash balance  
 24 account in one lump-sum payment in cash and also receive his  
 25 or her retirement allowance attributable to the pre-election



1 frozen benefit in accordance with one of the other forms of  
2 payment permitted under this act.

3 (7.1) Anything herein to the contrary  
4 notwithstanding, a member may elect to convert the retirement  
5 allowance otherwise payable to him or her into a modified  
6 retirement allowance of equivalent actuarial value in  
7 accordance with one of the optional forms named in subsection  
8 (7) of this section.

9 Whenever any member has elected an optional  
10 allowance and has nominated his or her spouse to receive all  
11 amounts and benefits payable on or after the member's death as  
12 a result of the election, the member may revoke the election  
13 any time after the death of the spouse or the entry of a final  
14 judgment and complete divorce from the spouse so nominated.  
15 Upon revocation, the member shall return to the single  
16 lifetime only retirement allowance otherwise payable to him or  
17 her. The revocation shall be effective on the first day of the  
18 month following the month in which the revocation is filed  
19 with the board and once filed shall be final and irrevocable.  
20 Beneficiary elections and changes to the election, if allowed  
21 by the board, shall be made in accordance with the policies  
22 and procedures established by the board.

23 (8) Preservation of Benefits Accrued Under the  
24 System Prior Hereto

1           Anything herein contained to the contrary  
2 notwithstanding, the retirement allowance payable under the  
3 system to a member immediately prior to the effective date of  
4 this act, who continued without a break in membership to his  
5 or her retirement date or termination of employment entitling  
6 him or her to a benefit hereunder, shall not be less than the  
7 benefit which would otherwise be payable to him or her under  
8 the system as in effect prior to the effective date of this  
9 act, based on his or her creditable service to and his or her  
10 compensation earned prior to the effective date of this act.

11           (9) The payment of benefits shall begin no later  
12 than the 60th day after the close of the calendar year in  
13 which the latest of the following events occur: (a) the date  
14 on which the former employee attains the earlier age of 65 or  
15 his or her minimum service retirement age specified in the  
16 act; (b) the 10th anniversary of the year in which the  
17 employee or former employee became a member of the system; or  
18 (c) the date the member employee's employment with the city is  
19 terminated. All distributions will be determined and made in  
20 accordance with Section 401(a)(9) of the Internal Revenue Code

21           (10) The maximum amount payable to a member under  
22 the system in any calendar year when expressed as a straight  
23 life annuity commencing at normal retirement age shall be  
24 \$160,000.00. The dollar limitations shall be adjusted annually  
25 as provided in Section 415(d) of the Internal Revenue Code

1 pursuant to the regulations, effective as of January 1 of each  
2 calendar year. The limitations, adjustments, definitions,  
3 special rules, and other requirements prescribed by this act  
4 shall at all times comply with the provisions of Section 415  
5 of the Internal Revenue Code and the regulations thereunder as  
6 applicable to government plans, the terms of which are  
7 specifically incorporated herein by reference.

8 (11) Notwithstanding any provision of this act to  
9 the contrary, a distributee may elect, at the time and in the  
10 manner prescribed by the board, to have any eligible rollover  
11 distribution, or any portion of an eligible rollover  
12 distribution, paid directly to an eligible retirement plan  
13 specified by the distributee in a direct rollover in  
14 accordance with Section 402(c) of the Internal Revenue Code.

15 Section 7. All of the assets of the system shall be  
16 credited, according to the purpose for which they are held,  
17 among three accounts, namely, the Members' Account, the  
18 Accumulation Account and the Expenses Account.

19 (1) Members' Account.

20 (a) The Members' Account shall be the account in  
21 which shall be held the accumulated contributions of members.  
22 The Member's Account shall include accumulated contributions  
23 under the applicable previous plan.

1           (b) The city shall cause to be deducted from the  
 2 compensation of each member on each and every payroll for each  
 3 and every payroll period the following:

4           (i) For each member in the Group I 20-Year Plan, 6%  
 5 of his or her earnable compensation.

6           (ii) For each member in the Group I 25-Year Plan, 6%  
 7 of his or her earnable compensation.

8           (iii) For each member in the Group II 20-Year Plan,  
 9 6% of his or her earnable compensation.

10          (iv) For each member in the Group II 25-Year Plan,  
 11 6% of his or her earnable compensation.

12          (v) For each member in the Group I Cash Balance  
 13 Plan, 6% of his or her earnable compensation.

14          (vi) For each member in the Group II Age 62 Plan, 7%  
 15 of his or her earnable compensation.

16           Notwithstanding the foregoing, the mayor, with the  
 17 approval of the board, may increase the member contribution  
 18 amount for any or all of the plans by up to one percent  
 19 annually not to exceed eight percent of the member's earnable  
 20 compensation. In determining the amount earnable by a member  
 21 in a payroll period, the board may consider the rate of  
 22 compensation payable to the member on the first day of a  
 23 payroll period as continuing throughout the payroll period,  
 24 and it may omit deduction from compensation of any period less  
 25 than a full payroll period.

1           (c) The deductions provided for herein shall be made  
2 notwithstanding that the minimum compensation provided by law  
3 for any member shall be reduced thereby. Every member shall be  
4 deemed to consent and agree to the deductions made and  
5 provided for herein and shall receipt for his or her full  
6 salary or compensation, and payment of salary or compensation  
7 less the deduction shall be a full and complete discharge and  
8 acquittance of all claims and demands whatsoever for the  
9 services rendered by the person during the period covered by  
10 the payment, except as to the benefits provided under this  
11 act.

12           (d) The proper authority or officer responsible for  
13 making up the payroll shall certify to the board the amounts  
14 deducted on each and every payroll, and each of the amounts  
15 shall be paid into the Members' Account and credited to the  
16 individual account of the member from whose compensation the  
17 deduction was made.

18           (e) The accumulated contributions of a member paid  
19 upon his or her death or withdrawn by him or her, as provided  
20 in this act, shall be paid from the Members' Account. Upon the  
21 retirement of a member or other commencement of benefits  
22 hereunder, his or her accumulated contributions shall be  
23 transferred from the Members' Account to the Accumulation  
24 Account.

25           (2) Accumulation Account.

1           (a) The Accumulation Account shall be the account in  
2 which shall be accumulated all contributions made by the city  
3 to provide benefits under the system and from which shall be  
4 paid all retirement allowances and other benefits under the  
5 system, other than those payable from the Members' Account.

6           Regular Contributions by the City

7           (b) On account of each member there shall be paid  
8 annually into the Accumulation Account a certain percentage of  
9 the compensation of each member to be known as the normal  
10 contribution, and an additional percentage of his or her  
11 compensation to be known as the accrued liability  
12 contribution. The rates per centum of the contribution shall  
13 be fixed on the basis of the liabilities of the system as  
14 shown by actuarial valuation.

15           (c) The normal contribution rate shall be determined  
16 after each actuarial valuation. The normal contribution rates  
17 shall be determined, on the basis of regular interest and the  
18 tables last adopted by the board, as the uniform and constant  
19 percentages of the compensation of Group I and Group I-A, or  
20 Group II members, as the case may be, which, if contributed on  
21 the basis of the prospective compensation of such members  
22 throughout their entire period of active service, would be  
23 sufficient to provide for the payment of the portion of any  
24 retirement allowance or other benefit payable on their account

1 not provided by his or her own contributions and accumulated  
2 in total past service liabilities.

3 (d) The accrued liability contribution rates shall  
4 be computed as the rate per centum of the total annual  
5 compensation of all Group I and Group I-A, or Group II  
6 members, as the case may be, which is an amortization, for a  
7 period to be established by the board and not to exceed thirty  
8 years, that is level percentage of the projected payroll (or a  
9 level dollar amount at the discretion of the board) of the  
10 total past service liabilities related to the payment of any  
11 retirement allowance or other benefit to be payable on their  
12 account in excess of the Accumulation Account, which is not  
13 dischargeable by the aforesaid normal contributions made on  
14 account of such members during the remainder of their active  
15 service.

16 (e) The total amount payable by the city in each  
17 year to the Accumulation Account shall be not less than the  
18 sum of the rates per centum known as the normal contribution  
19 rate and the accrued liability contribution rate, of the total  
20 compensation of all members in Group I, I-A, and in Group II,  
21 respectively, during the preceding year; provided, however,  
22 that the total amount payable by the city shall be at least  
23 the amount provided for in Statement No. 27 of Governmental  
24 Accounting Standards Board (or successor thereof), and that  
25 the aggregate payment shall be sufficient, when combined with

1 the amount in the account, to provide the retirement  
 2 allowances and other benefits payable to members and  
 3 beneficiaries during the year then current.

4 (f) All interest and dividends earned on the funds  
 5 of the system shall be credited to the Accumulation Account.

6 (g) All retirement allowances to beneficiaries, and  
 7 benefits in lieu thereof, shall be paid from the Accumulation  
 8 Account.

9 (3) Expense Account

10 The Expense Account shall be the account from which  
 11 shall be paid all the expenses necessary in connection with  
 12 the administration and operation of the system. Persons  
 13 assigned to and working for the system shall be employees of  
 14 the city, and their salaries and other accrued benefits for  
 15 such employees shall be paid proportionately by the city and  
 16 the City of Montgomery Airport Authority, based upon each  
 17 organization's relative percentage of covered member payroll.  
 18 All other expenses and costs incurred in connection with the  
 19 administration and operation of the retirement system,  
 20 including, but not limited to, the fees and costs paid to the  
 21 system's investment trustees and advisors, shall be the sole  
 22 responsibility of, and shall be paid by, the retirement system  
 23 itself from its investment income.

24 (4) Appropriations



1           On or before the first day of June of each year the  
2 board shall file with the council its certification of the  
3 amount of the appropriation necessary to pay the normal and  
4 accrued liability contributions to the retirement fund for the  
5 ensuing year, and the amount of appropriation required to  
6 cover the expenses necessary in connection with the  
7 administration and operation of the system, and the amounts  
8 shall be included in the budget, in accordance with legal  
9 budget procedure.

10           (5) Member Contributions

11           (a) Contributions which the city causes pursuant to  
12 subsection (1) of this section to be deducted from the  
13 compensation of each member employee and contributed to the  
14 member's account under the act shall be treated for purposes  
15 of Section 414(h) (2) of the Internal Revenue Code as being  
16 paid by the city in lieu of contributions by any member  
17 employee.

18           (b) The member employee contributions which are  
19 picked up will continue to be designated employee compensation  
20 for determining the amount of the contribution to be so picked  
21 up; the total amount of the contribution of each member  
22 employee to the system shall not be reduced by this section;  
23 the amount of the retirement allowance of each member shall  
24 not be affected by this section, no other changes in the  
25 method of computation and transmittal of these picked up

1 employee contributions shall be affected by this section; and  
2 the total amount paid to and on behalf of each member employee  
3 will not be increased or decreased by this section.

4 (c) The procedure whereby the member employees'  
5 contribution to the system is picked up shall apply equally to  
6 each and every employee who participates in the system; no  
7 employee shall be given any option concerning this pick up;  
8 and this procedure of pick up shall be mandatory on all member  
9 employees.

10 (d) Forfeitures, if any, arising from severance of  
11 employment, death, or for any other reason, may not be used to  
12 increase benefits for employee members or their beneficiaries  
13 who would otherwise receive under the system at any time prior  
14 to termination of the system or the complete discontinuance of  
15 city contributions. Forfeitures, if any, are to be used as  
16 soon as possible to reduce subsequent city contributions.

#### 17 Section 8. Management of Funds.

18 (1) Investments shall be managed by the investment  
19 trustee. The board shall otherwise manage the system.

20 (2) The board shall designate one of its members,  
21 with an appropriate bond, or a bank or trust company, to be  
22 the custodian of the funds of the system other than those in  
23 the possession of the investment trustee. All payments from  
24 the funds of the system shall be made only upon regular  
25 vouchers signed by two persons designated by the board, each

1 of whom shall be bonded. A duly attested copy of a resolution  
2 of the board designating the persons and bearing upon its face  
3 specimen signatures of the persons shall be filed with the  
4 custodian as his or her authority for making payments upon the  
5 vouchers. No voucher shall be drawn unless it shall have been  
6 previously authorized by resolution of the board. All persons  
7 authorized to sign the vouchers shall be bonded in an amount  
8 or amounts established by the board from time to time and  
9 commensurate with the applicable fiscal responsibilities and  
10 risks.

11 (3) For the purpose of meeting disbursements for  
12 retirement allowances and other payments there shall be kept  
13 on deposit available cash in an amount to be determined from  
14 time to time by the board. The board shall notify the  
15 investment trustee in writing of the amount determined by the  
16 board to be desirable. No voucher shall be drawn unless it  
17 shall have been previously authorized by resolution of the  
18 board.

19 (4) Except as otherwise herein provided, no member  
20 nor employee of the board, the City of Montgomery Airport  
21 Authority, or of the city, shall have any direct or indirect  
22 interest in the gains or profits of any investment made by the  
23 board or the investment trustee, nor as a member of the board  
24 receive any pay or emolument for his or her services. No  
25 member nor employee of the board shall, directly or

1 indirectly, for himself or herself or as an agent in any  
 2 manner use the same, except to make the current and necessary  
 3 payments as are authorized by the board.

4 (5) The board shall cause the accounts and  
 5 operations of the retirement system to be audited by an  
 6 independent outside auditor annually, and, an audit of its  
 7 management practices and procedures every three years, or more  
 8 often if necessary to maintain security and efficiency.

9 Section 9. Member To Elect Between Service  
 10 Retirement and Other City Payments.

11 Anything in this act to the contrary  
 12 notwithstanding, any person who is entitled to receive  
 13 benefits directly from the city or from the funds of the city  
 14 or from any board or commission connected with the city, for  
 15 any disability, shall elect on forms, and in accordance with  
 16 rules and regulations adopted by the board, between those  
 17 benefits and the service retirement benefits under this  
 18 system. In the event the person does not elect to receive a  
 19 service retirement benefit, then he or she shall receive no  
 20 service retirement benefits but shall be entitled to a return  
 21 of his or her accumulated contributions.

22 Section 10. Return of Contributions.

23 Wherever in this act provision is made for return of  
 24 contributions of a member, the return shall be made without  
 25 payment of interest for the period subsequent to December 31,

1 1968, or the return of interest paid by the member when  
 2 purchasing past service.

3 Section 11. Assignments Prohibited.

4 The property and funds of the system, the  
 5 contributions of members deducted from their compensation, the  
 6 right of a person to a retirement allowance or other benefit,  
 7 and any other right accrued or accruing to any person under  
 8 the provisions of this act and the moneys in the accounts  
 9 created by this act shall not be subject to taxation by the  
 10 city nor by the State of Alabama, nor be subject to execution,  
 11 garnishment, attachment, the operation of bankruptcy or  
 12 insolvency law or any other process of law whatsoever to  
 13 satisfy any debt or liability of any member, and shall be  
 14 unassignable except as in this act specifically provided.

15 Section 12. Protection Against Fraud

16 Whoever with intent to deceive shall make any  
 17 statements or reports required under this act which are  
 18 untrue, or shall falsify or permit to be falsified any record  
 19 or records of this system shall be fined not to exceed one  
 20 thousand dollars (\$1,000), or imprisoned not to exceed six  
 21 months, or both.

22 Section 13. Errors.

23 Should any change or error in the records result in  
 24 any member or beneficiary receiving from the system more or  
 25 less than he or she would have been entitled to receive had

1 the records been correct, the board shall have the power to  
2 correct the error, and as far as practicable, to adjust the  
3 payments in the manner that benefits of equivalent actuarial  
4 value to the benefit to which the member or beneficiary was  
5 correctly entitled shall be paid.

6 Section 14. General Conditions.

7 (1) The board shall have the continuing right and  
8 power to amend or supplement the retirement plans created by  
9 this act and the terms and conditions thereof at any time,  
10 which right and power is hereby expressly reserved, but no  
11 amendment shall be adopted which will reduce the then accrued  
12 benefits of employees or beneficiaries below the extent they  
13 are then covered by accumulated reserves, which reserves shall  
14 constitute a trust fund for the payment of the benefits,  
15 except that any amendment or supplement which would result in  
16 additional contributions by the city shall be approved by the  
17 board, the council, and the governing body of the  
18 participating employer. At least every two years, the board  
19 will review the retirement allowances being paid to  
20 beneficiaries and make a determination as to whether or not to  
21 recommend a cost-of-living adjustment to the mayor and the  
22 council.

23 (2) All provisions of any act inconsistent with the  
24 provisions of this act are hereby repealed to the extent of  
25 the inconsistency.

1           (3) If any section or part of any section of this  
 2 act is declared to be unconstitutional, the remainder of the  
 3 act shall not thereby be invalidated.

4           (4) No amendment or supplement to the plan shall be  
 5 effective if it authorizes or permits any part of the trust  
 6 fund, other than such part as is required to pay  
 7 administrative expenses and taxes if any, to be used for or  
 8 diverted to any purpose other than for the exclusive benefit  
 9 of member employees or their beneficiaries or estates, or  
 10 causes any reduction in the then accrued benefits of member  
 11 employees or their beneficiaries below the extent they are  
 12 then covered by accumulated reserves.

13           Section 15. Employee Retention Incentive Program  
 14 ("ERIP").

15           (1) Effective January 1, 2005, a member in the  
 16 20-Year Plan or the 25-Year Plan who is actively employed may  
 17 make an election to participate in the ERIP option. The  
 18 election shall be made during the period of 30 to 60 days  
 19 prior to the member's actual retirement date. A member  
 20 electing the ERIP option shall specify the ERIP election  
 21 period.

22           (2) A member who has elected the ERIP option shall  
 23 receive the following benefits:

24           (a) A retirement allowance as if the member had  
 25 actually retired on the ERIP calculation date, based on

1       creditable service and average final compensation on such  
 2       date; and

3               (b) A lump sum payment calculated based upon the  
 4       retirement allowance calculated in (a) above multiplied by the  
 5       number of months in the ERIP election period plus annual com-  
 6       pound interest at the rate of 5%. The following factors shall  
 7       be multiplied by the retirement allowance to determine the  
 8       lump sum payment:

9	ERIP Election Period	Factor
10	12 months	12.3226
11	24 months	25.2613
12	36 months	38.8469

13               (3) The lump sum benefit calculated pursuant to (2)  
 14       above shall be paid to the member as promptly as  
 15       administratively practicable following the member's actual  
 16       retirement date.

17               (4) A member who has previously elected the ERIP  
 18       option and received a lump sum payment hereunder and who is  
 19       rehired as an employee on or after January 1, 2008, shall be  
 20       subject to the following rules:

21               (a) In the event the member repays the lump sum plus  
 22       annual compound interest at the rate of seven percent (7%)



1 within 30 days of his or her rehire date, the prior election  
2 of the ERIP option shall be disregarded for all purposes. As  
3 of the member's subsequent retirement date, the member, if he  
4 or she is a member in the 20-Year Plan or the 25-Year Plan,  
5 may again elect the ERIP option, subject to the rules set  
6 forth above. In determining the member's retirement allowance  
7 at the subsequent retirement, all creditable service,  
8 including the prior ERIP election period shall be taken into  
9 account, but excluding service in any subsequent ERIP election  
10 period.

11 (b) In the event the member does not repay the lump  
12 sum plus annual compound interest at the rate of seven percent  
13 (7%) within 30 days of his or her rehire date and the period  
14 of creditable service following the member's rehire date is  
15 longer than the initial ERIP election period, the member's  
16 retirement allowance as of his or her subsequent retirement  
17 date shall be based upon all creditable service excluding the  
18 original ERIP election period.

19 (c) In the event the member does not repay the lump  
20 sum plus annual compound interest at the rate of seven percent  
21 (7%) within 30 days of his or her rehire date and the period  
22 of creditable service following the member's rehire date is  
23 less than the initial ERIP election period, the member's  
24 retirement allowance as of his or her subsequent retirement  
25 date shall be based upon all creditable service including the

1 original ERIP election period and reduced by the actuarial  
2 equivalent of the lump sum payment received as a result of  
3 electing the original ERIP option. For purposes of determining  
4 actuarial equivalence, the interest rate shall be seven  
5 percent (7%) and the member's life expectancy shall be based  
6 upon the Static 1994 Group Annuity Mortality Table.

7 (5) The board may suspend or eliminate the ERIP  
8 program at any time, other than with respect to a member who  
9 has made an ERIP election prior to the date of the suspension  
10 or elimination of the ERIP program. Notwithstanding the  
11 foregoing, the provisions of subsection (4) of this section  
12 shall continue in effect following the suspension or  
13 elimination.

14 (6) Members of the Group II Age 62 Plan and the  
15 Group I Cash Balance Plan are not eligible to elect to  
16 participate in the ERIP option.

17 Section 16. This act shall become effective on the  
18 first day of the third month following its passage and  
19 approval by the Governor, or its otherwise becoming law.

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Speaker of the House of Representatives

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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 24-APR-13.

Jeff Woodard  
Clerk

Senate

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20-MAY-13

Passed