

1 SB120
2 156115-1
3 By Senator Orr
4 RFD: Finance and Taxation General Fund
5 First Read: 14-JAN-14

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8 SYNOPSIS: Under existing law, retirees under the
9 Teachers' Retirement System and the Employees'
10 Retirement System may be compensated for limited
11 part-time state employment.

12 This bill would allow part-time service by a
13 retiree as an independent contractor.

14 This bill would require the employing
15 authority to pay the employer contribution for each
16 retiree.

17 This bill would also require the retiree to
18 provide written notice of the postretirement
19 employment to the appropriate retirement system.

20
21 A BILL

22 TO BE ENTITLED

23 AN ACT

24
25 To amend Sections 16-25-26 and 36-27-8.2, Code of
26 Alabama 1975, relating to retirees under the Teachers'
27 Retirement System and the Employees' Retirement System; to

1 allow part-time service by a retiree as an independent
2 contractor; to require the employing authority to pay the
3 employer contribution for each retiree; and to require the
4 retiree to provide written notice of the postretirement
5 employment to the appropriate retirement system.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. Sections 16-25-26 and 36-27-8.2 of the
8 Code of Alabama 1975, are amended to read as follows:

9 "§16-25-26.

10 "(a) Any person who is retired under the Teachers'
11 Retirement System may perform duties in any capacity,
12 including as an independent contractor, with any employer
13 participating in the Employees' Retirement System or the
14 Teachers' Retirement System without suspension of his or her
15 retirement allowance provided that (1) the person is not
16 employed in a permanent full-time capacity and (2) the
17 person's compensation from the employer in calendar year 2000
18 does not exceed ~~\$17,000~~ seventeen thousand dollars (\$17,000).
19 Beginning in calendar year 2001, and each calendar year
20 thereafter, the annual earning limit shall be increased by the
21 same percentage increase as the increase in the Consumer Price
22 Index for all urban consumers as published by the U.S.
23 Department of Labor, Bureau of Labor Statistics. Any increase
24 in the annual earning limit shall be rounded to the next
25 lowest multiple of ~~\$1,000~~ one thousand dollars (\$1,000) with
26 any amount in excess of the ~~\$1,000~~ one thousand dollar
27 (\$1,000) multiple considered in determining the increase for

1 the following year. Each adjustment shall be based on the
2 increase in the index for the preceding 12-month period ending
3 on September 30 and the increase shall be effective for the
4 following calendar year. The employing authority shall pay the
5 employer contribution as provided in Section 16-25-21 for each
6 retiree who performs duties under this section.

7 "(b) Any person serving as an elected official who
8 has retired from the Teachers' Retirement System may serve for
9 compensation in an elected public office with the state, a
10 county, or an incorporated municipality without suspension of
11 retirement benefits; provided that under no circumstances
12 shall such a person participate in or accrue additional
13 benefits under the Teachers' Retirement System or the
14 Employees' Retirement System, and provided that under no
15 circumstances shall a person whose retirement is based upon
16 service as an elected official continue in or return to such
17 office and receive both pension benefits and salary; provided
18 further, that this subsection shall apply to elected officials
19 whose participation in the Teachers' Retirement System or the
20 Employees' Retirement System is constitutionally required to
21 be upon the same terms and conditions as specified by law for
22 other employees in the retirement system if such elected
23 official's compensation does not exceed the annual earning
24 limits provided in subsection (a).

25 "(c) The responsibility for compliance with this
26 section is placed upon the employing authority, and each
27 ~~person employed~~ retiree performing duties under this section

1 shall certify to the employer any information required in
2 order to carry out this section. The retiree shall provide
3 written notice of the postretirement employment under this
4 section to the Teachers' Retirement System within 30 days
5 after the date the retiree knows or should know that he or she
6 will be performing duties on a full-time or permanent basis or
7 will earn an amount in excess of the annual earning limit
8 under this section.

9 "§36-27-8.2.

10 "(a) Any person who is retired under the Employees'
11 Retirement System may perform duties in any capacity,
12 including as an independent contractor, with any employer
13 participating in the Employees' Retirement System or the
14 Teachers' Retirement System without suspension of his or her
15 retirement allowance provided that (1) the person is not
16 employed in a permanent full-time capacity and (2) the
17 person's compensation from the employer in calendar year 2000
18 does not exceed ~~\$17,000~~ seventeen thousand dollars (\$17,000).
19 Beginning in calendar year 2001, and each calendar year
20 thereafter, the annual earning limit shall be increased by the
21 same percentage increase as the increase in the Consumer Price
22 Index for all urban consumers as published by the U.S.
23 Department of Labor, Bureau of Labor Statistics. Any increase
24 in the annual earning limit shall be rounded to the next
25 lowest multiple of ~~\$1,000~~ one thousand dollars (\$1,000) with
26 any amount in excess of the ~~\$1,000~~ one thousand dollar
27 (\$1,000) multiple considered in determining the increase for

1 the following year. Each adjustment shall be based on the
2 increase in the index for the preceding 12-month period ending
3 on September 30 and the increase shall be effective for the
4 following calendar year. The participating employer shall pay
5 the employer contribution as provided in Section 36-27-4 for
6 each retiree who performs duties under this section.

7 "(b) Any person serving as an elected official who
8 has retired from the Employees' Retirement System may serve
9 for compensation in an elected public office with the state, a
10 county, or an incorporated municipality without suspension of
11 retirement benefits; provided that under no circumstances
12 shall such a person participate in or accrue additional
13 benefits under the Teachers' Retirement System or the
14 Employees' Retirement System, and provided that under no
15 circumstances shall a person whose retirement is based upon
16 service as an elected official continue in or return to such
17 office and receive both pension benefits and salary; provided
18 further, that this subsection shall apply to elected officials
19 whose participation in the Teachers' Retirement System or the
20 Employees' Retirement System is constitutionally required to
21 be upon the same terms and conditions as specified by law for
22 other employees in the retirement system if such elected
23 official's compensation does not exceed the annual earning
24 limits provided in subsection (a).

25 "(c) The responsibility for compliance with the
26 provision of this section is placed upon the employing
27 authority, and each ~~employee employed~~ retiree performing

1 duties under this section shall certify to the employer any
2 information required in order to carry out this section. The
3 retiree shall provide written notice of the postretirement
4 employment under this section to the Employees' Retirement
5 System within 30 days after the date the retiree knows or
6 should know that he or she will be performing duties on a
7 full-time or permanent basis or will earn an amount in excess
8 of the annual earning limit under this section."

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