HB78

197190-1

By Representative Reynolds

RFD: Ways and Means General Fund

First Read: 05-MAR-19

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SYNOPSIS: Under existing law, a retiree receiving an Employees' Retirement System or Teachers' Retirement System allowance may receive compensation for performing duties with an employer participating in the system without suspension of the retirement allowance, provided the person is not employed in a permanent, full-time capacity, and the annual compensation does not exceed $30,000, plus Consumer Price Index adjustments after 2017.

This bill would increase the maximum annual compensation that a retiree receiving an Employees' Retirement System or Teachers' Retirement System allowance may earn for performing duties with an employer participating in the system to $42,000, beginning in the 2020 calendar year, plus Consumer Price Index adjustments after 2025.

A BILL

TO BE ENTITLED

AN ACT

Relating to retirement; to amend Sections 16-25-26 and 36-27-8.2, Code of Alabama 1975, relating to the Teachers' Retirement System and the Employees' Retirement System; to increase the maximum annual compensation that a retiree receiving an Employees' Retirement System or Teachers' Retirement System allowance may earn for performing duties with an employer participating in the system.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§16-25-26.

"(a) Any person who is retired under the Teachers' Retirement System may perform duties in any capacity, including as an independent contractor, with any employer participating in the Employees' Retirement System or the Teachers' Retirement System without suspension of his or her retirement allowance provided that (1) the person is not employed in a permanent full-time capacity and (2) the person's compensation from the employer in calendar year ~~2016~~ 2020 does not exceed ~~thirty~~ forty-two thousand dollars ~~($30,000)~~ ($42,000). Beginning in calendar year ~~2017~~ 2025, and each calendar year thereafter, the annual earning limit shall be increased by the same percentage increase as the increase in the Consumer Price Index for all urban consumers as published by the U.S. Department of Labor, Bureau of Labor

Statistics. Any increase in the annual earning limit shall be rounded to the next lowest multiple of one thousand dollars ($1,000) with any amount in excess of the one thousand dollar ($1,000) multiple considered in determining the increase for the following year. Each adjustment shall be based on the increase in the index for the preceding 12-month period ending on September 30 and the increase shall be effective for the following calendar year.

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

"(c) The responsibility for compliance with this section is placed upon the employing authority, and each retiree performing duties under this section shall certify to the employer any information required in order to carry out this section. The retiree shall provide written notice of the postretirement employment under this section to the Teachers' Retirement System and employing authority within 30 days after the date the retiree knows or should know that he or she will be performing duties on a full-time or permanent basis or will earn an amount in excess of the annual earning limit under this section.

"§36-27-8.2.

"(a) Any person who is retired under the Employees' Retirement System may perform duties in any capacity, including as an independent contractor, with any employer participating in the Employees' Retirement System or the Teachers' Retirement System without suspension of his or her retirement allowance provided that (1) the person is not employed in a permanent full-time capacity and (2) the person's compensation from the employer in calendar year ~~2016~~ 2020 does not exceed ~~thirty~~ forty-two thousand dollars ~~($30,000)~~ ($42,000). Beginning in calendar year ~~2017~~ 2025, and each calendar year thereafter, the annual earning limit shall be increased by the same percentage increase as the increase in the Consumer Price Index for all urban consumers as published by the U.S. Department of Labor, Bureau of Labor Statistics. Any increase in the annual earning limit shall be rounded to the next lowest multiple of one thousand dollars ($1,000) with any amount in excess of the one thousand dollar ($1,000) multiple considered in determining the increase for the following year. Each adjustment shall be based on the increase in the index for the preceding 12-month period ending on September 30 and the increase shall be effective for the following calendar year.

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

"(c) The responsibility for compliance with the provision of this section is placed upon the employing authority, and each retiree performing duties under this section shall certify to the employer any information required in order to carry out this section. The retiree shall provide written notice of the postretirement employment under this section to the Employees' Retirement System and employing authority within 30 days after the date the retiree knows or should know that he or she will be performing duties on a full-time or permanent basis or will earn an amount in excess of the annual earning limit under this section."

Section 2. This act shall become effective January 1, 2020, following its passage and approval by the Governor, or its otherwise becoming law.