SYNOPSIS: Under existing law, the State of Alabama Personnel Board is authorized to adopt a plan recommended by the employees of the State of Alabama through the Alabama State Employees Association providing for tax deferred annuity and deferred compensation programs for the salaried employees of the State of Alabama and arrange for efficient administrative services through the Alabama State Employees Association or its designated agent.

This bill would authorize the State of Alabama Personnel Board to adopt a plan providing for such tax deferred annuity and deferred compensation programs for employees of counties, cities, towns, or any subdivision that may participate, and arrange for efficient administrative investments and professional services.

This bill would allow retired program participants to have their monthly insurance
1 premiums deducted from their deferred compensation
2 distribution in accordance with the Internal
3 Revenue Service guidelines.

A BILL

TO BE ENTITLED

AN ACT

To amend Section 36-26-14, Code of Alabama 1975,
relating to the tax deferred annuity and deferred compensation
programs for the salaried employees of the State of Alabama to
authorize the State of Alabama Personnel Board to adopt a plan
providing for tax deferred annuity and deferred compensation
programs for state, city, and county employees or public
organizations of the state or any political subdivision
thereof; to arrange for efficient administrative investments
and professional services; and to allow participants to have
their monthly insurance premiums deducted from their deferred
compensation distribution.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 36-26-14, Code of Alabama 1975,
is amended to read as follows:

"§36-26-14.

"(a) The personnel board is hereby authorized and
directed to adopt a plan or plans as recommended by the
employees of the State of Alabama through the Alabama State
Employees Association providing for tax deferred annuity and,
establish, and maintain a deferred compensation programs plan
or plans for the salaried employees of the State of Alabama or
any county, city, town, or public organization of the state or
any political subdivision thereof. The personnel board may
include in any such plan any provision that does not cause the
plan to fail to qualify for its tax-favored treatment under
the United States Internal Revenue Code, including, but not
limited to, participant loans, unforeseeable emergency or
hardship distributions, Roth deferrals, rollovers, transfers
to purchase service credit, and distributions to purchase a
retired public safety officer's health insurance.

"(b) The State of Alabama Personnel Board is hereby
authorized to adopt and arrange for consolidated billing and
efficient investment, trustee, administrative, and
professional services through the Alabama State Employees
Association or its designated agent in order that any such
plans adopted shall operate without cost to or contribution
from the State of Alabama except for the incidental expense of
expenses associated with administering any such plan, the
payroll salary-reductions and the remittance thereof to the
trustee or custodian of the plan or plans.

"(b) (c) Alabama state employees, or the employees of
any county, city, town, or public organization of the state or
any political subdivision thereof may participate in these
plans on a voluntary basis by authorizing in writing to their
employer a reduction in their cash remuneration to be placed
in annuity contracts the plan or plans.
"(d) The Finance Director, Comptroller or other appropriate state official is hereby authorized and directed to initiate payroll deductions for the plans as directed by each employee.

"(e) Participants who are receiving monthly benefits from the Employees' Retirement System of Alabama, the Judicial Retirement Fund of Alabama, the Teachers' Retirement System of Alabama, or any other public retirement plan may opt to have the cost of their retiree health insurance deducted from their deferred compensation distribution in accordance with the guidelines of the United States Internal Revenue Service.

"(f) It is expressly provided that any benefits under the provisions of this section shall be in addition to any other benefits provided by law for any employees of the State of Alabama, and this section is specifically made supplemental to and shall be construed in pari materia with the provisions of the employees' retirement law of Alabama.

"(g) Except as otherwise required under the Internal Revenue Code, each such deferred compensation plan and its trust shall be established and maintained for the exclusive benefit, as defined by law of the plan's participants and their beneficiaries, and all assets of any such plan shall be held for the exclusive benefit of the plan's participants and their beneficiaries. For the purposes and within the meaning of Section 19-3B-102, each such plan is declared to be a trust created by statute and is therefore required to be administered in the manner of an express trust."
Section 2. This act shall become effective immediately following its passage and approval by the Governor, or its otherwise becoming law.