

Local Retirement Benefits

HB344 by Rep. Nathaniel Ledbetter

Local government and agency employees who are members of the Employee Retirement System (ERS) are classified as Tier I or Tier II members based on their hire date. Currently, the retirement benefits offered to Tier I employees are significantly better than those offered to Tier II employees. Naturally, with the continued economic development and industry growth in Alabama, it is critically important that local governments possess the means to remain competitive in the job market and retain and attract talented employees.

HB344 would improve local governments' ability to offer a top-notch benefits package to aid in the recruitment and retention of quality employees by allowing local units to provide its Tier II employees the same retirement benefits as its Tier I employees. However, the legislation does not mandate local units make this change and includes "opt-in" language that would give them up to 24 months to pass a resolution electing to provide all eligible employees with Tier I benefits.

Under this bill:

- Local units' decision to opt-in would become effective the next October 1 and would be a permanent decision, unless a future act were passed.
- Tier II employees and all future employees would contribute a mandatory 7.5% of their salary to the ERS account.
- Tier II law enforcement employees and future law enforcement employees would pay a mandatory 8.5% of their salary to the ERS account.

This bill is supported by the Association of County Commissions of Alabama, Alabama League of Municipalities, Alabama Retired State Employees' Association, and Professional Firefighters Association, among other organizations. The Retirement Systems of Alabama staff has also reviewed and approved the language in the bill.

***The bill does not cover any state employees, so there are no additional costs for the State.**

Questions? Call the Association of County Commissions at 334-263-7594

Sonny Brasfield: (c) 334-850-7483

Terri Reynolds: (c) 205-500-6484

Chase Cobb: (c) 334-268-1835

Abby Luker Fitzpatrick: (c) 256-496-0191