
FISCAL NOTE

House Bill 404 as introduced provides a one-time lump-sum bonus of \$2 per month for each year of service to Employees' Retirement System (ERS) retirees whose effective date of retirement is prior to March 1, 2022, or their beneficiaries. This bonus will be paid in April 2022.

According to the actuary for the Retirement Systems of Alabama (RSA), this bonus will cost an estimated total of \$15 million, of which the State General Fund portion is estimated at \$4.2 million. For fiscal year 2024 only, the ERS employer rate paid by state agencies will increase by 0.98% of payroll for state employees, and the ERS employer rate paid by state agencies will increase by 1.18% for state police.

In addition, this bill provides that retirees of cities, towns, counties, or public or quasi-public organizations of the state that are members of ERS, and that are receiving, or are entitled to receive, a monthly allowance on August 31, 2022, shall receive the bonus in October 2022, if the employer elects to bear the cost of the bonus.

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Steve Clouse, Chair
Ways and Means General Fund