

Information on Tier I Retirement Benefits for Tier II Employees

During the January 7, 2020, Baldwin County Commission Regular Meeting, the Commission approved offering Tier I Retirement Benefits to Tier II employees beginning October 1, 2020. With this approval, the retirement benefits policy was amended to offer all employees the same benefits, including sick leave rollover for service credit and retiree health insurance benefits. This is a great added benefit for our Tier II employees!

Tier II employees in the Retirement Systems of Alabama are defined as employees hired into the system after January 1, 2013. Any employee hired into RSA before that date is considered a Tier I employee.

Some information on this benefit:

- Please note that this does not convert the employee from Tier II to Tier I. Instead, the Tier II employee will receive Tier I benefits for their service with Baldwin County Commission.
- The Tier II employee WILL NOT have to backpay any money to begin Tier I benefits.
- If a Tier II member is subsequently employed by another employer that did not make an election under Ala. Code 36-27-6.5, the Tier II member will receive Tier II benefits for his or her service with that employer.
- A member whose creditable service includes period of service to different Tier plans, the benefit rates of each Tier plan will be applicable to the creditable service earned while in each Tier plan. In all other respects the pension under this shall be determined on the basis of the member's Tier plan at the time of his or her withdrawal from service.
- A newly hired employee (into the RSA system) after October 1, 2020, will still be considered a Tier II employee, but will receive Tier I benefits from the Baldwin County Commission.

Beginning on the October 2, 2020 paycheck, Tier II employees will begin to contribute 7.5% of his or her pre-tax earnings versus the current 6% contribution. In exchange, the employee is eligible for the following at retirement (as long as they retire with BCC or an entity offering Tier I benefits to Tier II employees):

Tier II Retirement Benefits	Tier I Retirement Benefits
6% pre-tax deduction	7.5% pre-tax deduction
Eligible to retire at age 62 with at least 10 years of service. (Cannot retire with 25 years unless you are at least 62 years old)	Eligible to retire with 25 years of service or at age 60 with 10 years of service
Retirement benefits pay based on the highest 5 years of the last 10 years of employment.	Retirement benefits pay based on the highest 3 years of the last 10 years of employment.
Benefit Cap of 80% of final salary	No Benefit Cap
No Sick Leave conversion for service credit	Able to convert Sick Leave into service credit
Lower Benefit Factor (.0165) means lower retirement payments	Higher Benefit Factor (.020125) means higher retirement payment