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THE RETIREMENT SYSTEMS OF ALABAMA

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April 3, 2009

M. Wayne Davis
Vice President for Financial Affairs
University of South Alabama
AD 170
Mobile AL 36688-0002

Dear Mr. Davis:

This is in response to your letter of February 26, 2009.

First, please allow me to apologize for the lengthy delay in responding to your request. I wanted to make certain that the Legal Staff of the Retirement System had an opportunity to thoroughly review your inquiry and make a proper determination regarding your request. I regret to inform you that under the current law governing the Teachers' Retirement System the individuals identified in your letter would not be eligible to purchase credit for out-of-state service under TRS. The law which established the eligibility for the purchase of out-of-state service requires that the public retirement system of the other state certify to us in writing that the member had in fact established credit under its system. In states where participation in TIAA-CREF or some similar vehicle is either the only pension plan available or is available as an option to participating in the state pension plan that certification could not be made. Additionally, the law also specifies that a member of TRS shall not receive credit for out-of-state service where the individual has credit or is entitled to benefits based on the same service from that other public retirement or pension plan. TIAA-CREF is specifically mentioned as one of those plans. The statute also covers any other retirement or pension plan funded in part or in whole by public funds. I have enclosed a copy of the statute for your records.

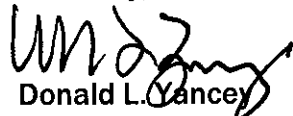
The only mechanism whereby individuals currently employed at USA who have worked in other states participating in TIAA-CREF or some similar retirement or pension plan could purchase credit for that service in Alabama would be for the Alabama Legislature to amend the existing law to eliminate those sections which prohibit the purchase and modify the language to allow purchases of service where the individuals participated in TIAA-CREF or a similar plan.

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It is my understanding that the original language was drafted to allow individuals to purchase credit for out-of-state service in Alabama where those individuals would not receive any pension or retirement benefit based on their service in other states. In situations where the individuals contributed to TIAA-CREF or similar plans, those individuals will receive benefits based on that service.

If you have further questions regarding this matter or if we may assist you in any way, please contact our office.

Sincerely,



Donald L. Yancey
Director of TRS Benefits
& Associate Counsel

DLY/fbh
Enc.

Section 36-27-15.2**Granting of credit for out-of-state service, service as support employee or teachers' aide, Teachers' Corps service, and Job Corps service.**

(a)(1) Any member of the Teachers' Retirement System of Alabama or any member of the Employees' Retirement System of Alabama shall be eligible to receive up to 10 years of creditable service for employment in public education in states other than Alabama, for prior service in public education in Alabama as a support employee or a teacher's aide, for regular full-time service with the Teachers' Corps in the State of Alabama, for regular full-time service with the Job Corps, or for up to 10 years of creditable service for public employment rendered in states other than Alabama, provided that the member of the retirement system claiming the credit shall have attained not less than 10 years of contributing membership service credit, exclusive of military service credit, under the retirement system of which he or she is a member; and, provided further, that the member performs and complies with the conditions prescribed in subdivision (2) of this subsection.

(2) A member of the Teachers' or Employees' Retirement System of Alabama, eligible under paragraph a. of this subdivision, may receive credit for public service rendered in states other than Alabama and for prior service in public education in Alabama as a support employee or a teacher's aide or for regular full-time service with the Teachers' Corps in the State of Alabama or the Job Corps as provided in subdivision (1) of this subsection, provided that as conditions precedent to the receipt of the credit:

a. The member shall contribute, prior to the date of his or her retirement, to his or her respective retirement system, for each year of service credit, the full actuarially determined cost for each year of claimed service as determined by the system's actuary.

b. The public retirement system of the other state, county, city or other political subdivision thereof shall certify in writing to the applicable retirement system that the member had credit under the retirement system for the service claimed.

c. The member shall claim, purchase, and receive credit for out-of-state service in increments of not less than one year, unless the member's total or balance of out-of-state service is less than one year, in which event, he or she shall claim and purchase credit for the entire period.

(b) Any person who is retired under the Teachers' or Employees' Retirement System of Alabama may receive credit for out-of-state service and prior service in public education in Alabama as a support employee or a teacher's aide or regular full-time service with the Teachers' Corps in the State of Alabama under the same conditions as are provided herein for active members, except that, in lieu of current compensation, the contribution shall be based on his or her average final salary at the time of retirement; and, provided, the person was retired on or before July 30, 1979; and, provided further, that the retired person makes his or her contribution in a lump sum prior to the expiration of a period being one year next following July 30, 1979. Any retiree so claiming and contributing the amount herein required shall have his or her retirement allowance redetermined on the basis of the additional creditable service, provided, that any increase in the retiree's retirement allowance shall be payable to him or her only throughout his or her life and shall not affect, alter, increase, decrease, or in any other way change the amount payable to the retiree's estate or designated beneficiary or surviving spouse, except under the provisions of Option 1, whereunder the contributions made pursuant to this section shall be treated as part of the retiree's accumulated contributions.

(c) Anything in this section to the contrary notwithstanding, a member shall not receive credit for the out-of-state service, teachers' aide service, Job Corps service, or support employee service, Teachers'

Corps service where at the time of retirement he or she has credit or is entitled to any benefits whatsoever for the same service under any retirement or pension plan, including but not limited to TIAA-CREF, and which is wholly or partly funded from public funds, or other moneys of public institutions of this or any other state or political subdivision thereof; provided, that nothing herein shall be construed to apply to participation in the federal Social Security program. In the event of disqualification of out-of-state service credit, contributions made under this section by the member shall be refunded to him or her.

(d) The retirement system may deduct in 12 equal installments, from the retirement allowance payable to a retired member, any additional contribution necessary to pay the administrative cost incurred in granting the credit hereunder in the event its Board of Control and consulting actuary thereto determine that the amounts contributed by the member under the provisions hereof are insufficient to pay the administrative cost.

(Acts 1979, No. 79-611, p. 1081, §§ 1-4; Acts 1991, 1st Ex. Sess., No. 91-789, &sect;1; Acts 1993, No. 93-768, p. 1536, &sect;1; Acts 1996, No. 96-658, p. 1055, &sect;1; Acts 1996, No. 96-790, p. 1469, &sect;1; Act 98-385, p. 732, &sect;8.)