



January 23, 2015

HOUSE BILL No. 1493

DIGEST OF HB 1493 (Updated January 21, 2015 3:17 pm - DI 96)

Citations Affected: IC 5-10.2; IC 10-12; noncode.

Synopsis: Cost of living adjustments and thirteenth checks. Provides for cost of living adjustments in 2015 and 2016 for certain members of the: (1) public employees' retirement fund; (2) Indiana state teachers' retirement fund; (3) state police pre-1987 benefit system; and (4) state police 1987 benefit system. Provides that employer contributions may not be used to pay for the cost of living adjustments unless, and only to the extent that, the appropriations in the state budget are insufficient to pay the cost of living adjustments. Provides for a thirteenth check in 2015 and 2016 for certain members of the: (1) Indiana state teachers' retirement fund; (2) public employees' retirement fund; (3) state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement plan; (4) state police 1987 benefit system; and (5) state police pre-1987 benefit system. Provides that employer contributions may not be used to pay for the thirteenth checks unless, and only to the extent that, the appropriations in the state budget are insufficient to pay thirteenth checks.

Effective: Upon passage.

**Cherry, Carbaugh, Burton,
Niezgodski**

January 14, 2015, read first time and referred to Committee on Employment, Labor and Pensions.

January 22, 2015, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.

HB 1493—LS 7297/DI 113



January 23, 2015

First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1493

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10.2-5-44 IS ADDED TO THE INDIANA CODE
2 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 44. (a) The pension portion (plus**
4 **postretirement increases to the pension portion) provided by**
5 **employer contributions of the monthly benefit payable after June**
6 **30, 2015, to a member of the public employees' retirement fund (or**
7 **to a survivor or beneficiary of a member of the public employees'**
8 **retirement fund) or the Indiana state teachers' retirement fund (or**
9 **to a survivor or beneficiary of a member of the Indiana state**
10 **teachers' retirement fund) who retired or was disabled before**
11 **January 1, 2015, shall be increased by the amount determined**
12 **under subsection (c).**
13 (b) The pension portion (plus postretirement increases to the
14 pension portion) provided by employer contributions of the
15 monthly benefit payable after June 30, 2016, to a member of the

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1 public employees' retirement fund (or to a survivor or beneficiary
 2 of a member of the public employees' retirement fund) or the
 3 Indiana state teachers' retirement fund (or to a survivor or
 4 beneficiary of a member of the Indiana state teachers' retirement
 5 fund) who retired or was disabled before January 1, 2016, shall be
 6 increased by the amount determined under subsection (c).

7 (c) The amount paid under this section to a member of the fund
 8 (or to a survivor or beneficiary of a member) who meets the
 9 requirements of subsection (b) or (c) is equal to:

10 (1) seven dollars and fifty cents (\$7.50) per year; multiplied by

11 (2) the lesser of:

12 (A) the number of years of the member's creditable
 13 service; or

14 (B) thirty (30) years.

15 (d) The creditable service used to determine the amount of the
 16 increased monthly benefit payable to a member (or to a survivor
 17 or beneficiary of a member) under this section is the creditable
 18 service that was used to compute the member's retirement benefit
 19 under IC 5-10.2-4-4, except that partial years of creditable service
 20 may not be used to determine the amount of the increased monthly
 21 benefit payable under this section.

22 (e) Subsections (a) and (b) do not apply to a member of the
 23 public employees' retirement fund (or to a survivor or beneficiary
 24 of a member of the public employees' retirement fund) whose
 25 creditable service was earned only as an elected official.

26 (f) The increases specified in this section:

27 (1) are based on the date of the member's latest retirement or
 28 disability;

29 (2) do not apply to benefits payable in a lump sum; and

30 (3) are in addition to any other increase provided by law.

31 (g) The board may not use employer contributions to pay the
 32 increases required under subsections (a) and (b) unless, and only
 33 to the extent that, the present value of the amounts necessary to
 34 pay the increases required under subsections (a) and (b) exceed the
 35 amounts appropriated in the state budget for the biennium
 36 beginning July 1, 2015, for the purposes described in subsections
 37 (a) and (b).

38 SECTION 2. IC 10-12-3-8 IS ADDED TO THE INDIANA CODE
 39 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 40 UPON PASSAGE]: Sec. 8. (a) Subject to subsection (d), the increase
 41 to the basic monthly pension amount (plus postretirement
 42 increases) payable after June 30, 2015, to an employee beneficiary



1 of the state police pre-1987 benefit system who retired or was
 2 disabled before July 2, 2014, and who had at least twenty (20) years
 3 of service, is equal to one percent (1%) of the total of:

- 4 (1) the employee beneficiary's monthly pension amount, as
 5 calculated under section 7 of this chapter; and
 6 (2) any supplemental benefit amount that the employee
 7 beneficiary receives under IC 10-12-5.

8 (b) Subject to subsection (d), the increase to the basic monthly
 9 pension amount (plus postretirement increases) payable after June
 10 30, 2016, to an employee beneficiary of the state police pre-1987
 11 benefit system who retired or was disabled before July 2, 2015, and
 12 who had at least twenty (20) years of service, is equal to one
 13 percent (1%) of the total of:

- 14 (1) the employee beneficiary's monthly pension amount, as
 15 calculated under section 7 of this chapter; and
 16 (2) any supplemental benefit amount that the employee
 17 beneficiary receives under IC 10-12-5.

18 (c) The increases specified in this section:

- 19 (1) must be based on the date of the employee beneficiary's
 20 latest retirement or disability;
 21 (2) do not apply to the benefits payable in a lump sum; and
 22 (3) are in addition to any other increase provided by law,
 23 subject to subsection (d).

24 (d) If a supplemental benefit under IC 10-12-5 is payable based
 25 on an increase in the sixth year trooper salary in the grant year, an
 26 employee beneficiary shall receive the greater of:

- 27 (1) the increase in the supplemental benefit to which the
 28 employee beneficiary would be entitled without regard to this
 29 section as a result of an increase in the sixth year trooper
 30 salary in the grant year; or
 31 (2) the increase calculated in accordance with this section.

32 (e) The trustee may not use employer contributions to make the
 33 payments required under subsections (a) and (b) unless, and only
 34 to the extent that, the present value of the amounts required to
 35 make the payments under subsections (a) and (b) exceeds the
 36 respective appropriations in the state budget for the biennium
 37 beginning July 1, 2015, for the purposes described in subsections
 38 (a) and (b).

39 SECTION 3. IC 10-12-4-11 IS ADDED TO THE INDIANA CODE
 40 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 41 UPON PASSAGE]: Sec. 11. (a) The basic monthly pension amount
 42 (plus postretirement increases) payable after June 30, 2015, to an



1 employee beneficiary of the state police 1987 benefit system who
 2 retired or was disabled after June 30, 1987, and before July 2,
 3 2014, shall be increased by one percent (1%) of the maximum basic
 4 monthly pension amount payable to a retired state police employee
 5 in the grade of a trooper who has completed twenty-five (25) years
 6 of service as of July 1, 2015, as calculated under section 7 of this
 7 chapter.

8 (b) The basic monthly pension amount (plus postretirement
 9 increases) payable after June 30, 2016, to an employee beneficiary
 10 of the state police 1987 benefit system who retired or was disabled
 11 after June 30, 1987, and before July 2, 2015, shall be increased by
 12 one percent (1%) of the maximum basic monthly pension amount
 13 payable to a retired state police employee in the grade of a trooper
 14 who has completed twenty-five (25) years of service as of July 1,
 15 2016, as calculated under section 7 of this chapter.

16 (c) The increases specified in this section:

17 (1) must be based on the date of the employee beneficiary's
 18 latest retirement or disability;

19 (2) do not apply to the benefits payable in a lump sum; and

20 (3) are in addition to any other increase provided by law.

21 (d) The trustee may not use employer contributions to make the
 22 payments required under subsections (a) and (b) unless, and only
 23 to the extent that, the present value of the amounts required to
 24 make the payments under subsections (a) and (b) exceeds the
 25 respective appropriations in the state budget for the biennium
 26 beginning July 1, 2015, for the purposes described in subsections
 27 (a) and (b).

28 SECTION 4. IC 10-12-5-3, AS AMENDED BY P.L.5-2008,
 29 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 UPON PASSAGE]: Sec. 3. (a) The pension advisory board that
 31 administers the pension under IC 10-12-3 shall direct and supervise the
 32 supplemental benefits provided in this chapter.

33 (b) The pension advisory board shall:

34 (1) annually provide a schedule showing the number of retirees
 35 receiving pension benefits under IC 10-12-3; and

36 (2) meet at least one (1) time each year to add to the regular
 37 pension benefit or annuity and any previously granted
 38 supplemental benefit the amount described in subsection (c) or

39 (d).

40 (c) This subsection applies only to a retiree who is eligible for the
 41 first time under section 2 of this chapter to receive a supplemental
 42 benefit. The supplemental benefit referred to in subsection (b)(2) for



1 a retiree in the first year the retiree is eligible for a supplemental
2 benefit is the sum of:

3 (1) the difference between:

4 (A) the retiree's pension benefit; and

5 (B) the pension benefit:

6 (i) received by an employee retiring in that year from the
7 department with twenty (20) years of active service; and

8 (ii) computed on the day the pension advisory board meets
9 as required under subsection (b)(2); plus

10 (2) any amount computed under subsection (d) after the date the
11 retiree reaches fifty-five (55) years of age.

12 (d) This subsection applies to a retiree who is eligible under section
13 2 of this chapter to receive a supplemental benefit, but whose
14 supplemental benefit is not computed under subsection (c). The
15 supplemental benefit referred to in subsection (b)(2) is equal to fifty
16 percent (50%) of the difference between:

17 (1) the pension benefits to be received by an employee retiring
18 from the department with twenty (20) years of active service the
19 day after a change in the monthly wage received by a police
20 employee in the grade of trooper at the beginning of the trooper's
21 sixth year of service; and

22 (2) the pension benefit received by an employee retiring from the
23 department with twenty (20) years of active service the day before
24 a change in the monthly wage received by a police employee in
25 the grade of trooper at the beginning of the trooper's sixth year of
26 service.

27 **(e) For any year, if a supplemental benefit is paid under this**
28 **section based on an increase of the monthly wage of a police**
29 **employee in the grade of trooper at the beginning of the trooper's**
30 **sixth year of service that is conferred during the year, an employee**
31 **beneficiary shall receive the greater of:**

32 **(1) the increase in the supplemental benefit to which the**
33 **employee beneficiary would be entitled under this section as**
34 **a result of an increase in the monthly wage of a police**
35 **employee in the grade of trooper at the beginning of the**
36 **trooper's sixth year of service; or**

37 **(2) the increase payable under another statute.**

38 SECTION 5. [EFFECTIVE UPON PASSAGE] (a) As used in this
39 SECTION, "fund" refers to the Indiana state teachers' retirement
40 fund established by IC 5-10.4-2-1.

41 (b) Not later than October 1, 2015, the fund shall pay the
42 amount determined under subsection (d) to a member of the fund



1 (or to a survivor or beneficiary of a member) who retired or was
 2 disabled on or before December 1, 2014, and who is entitled to
 3 receive a monthly benefit on July 1, 2015. The amount is not an
 4 increase in the pension portion of the monthly benefit.

5 (c) Not later than October 1, 2016, the fund shall pay the
 6 amount determined under subsection (d) to a member of the fund
 7 (or to a survivor or beneficiary of a member) who retired or was
 8 disabled on or before December 1, 2015, and who is entitled to
 9 receive a monthly benefit on July 1, 2016. The amount is not an
 10 increase in the pension portion of the monthly benefit.

11 (d) The amount paid under this SECTION to a member of the
 12 fund (or to a survivor or beneficiary of a member) who meets the
 13 requirements of subsection (b) or (c) is equal to:

14 (1) seven dollars and fifty cents (\$7.50) per year; multiplied by

15 (2) the lesser of:

16 (A) the number of years of the member's creditable
 17 service; or

18 (B) thirty (30) years.

19 (e) The creditable service used to determine the amount paid to
 20 a member (or to a survivor or beneficiary of a member) under this
 21 SECTION is the creditable service that was used to compute the
 22 member's retirement benefit under IC 5-10.2-4-4, except that
 23 partial years of creditable service may not be used to determine the
 24 amount paid under this SECTION.

25 (f) If two (2) or more survivors or beneficiaries of a member are
 26 entitled to an amount paid under this SECTION, the amount shall
 27 be allocated to the survivors or beneficiaries in shares using the
 28 same percentages as the percentages determined under
 29 IC 5-10.2-3-7.5 or IC 5-10.4-4-10 to pay the monthly benefit to the
 30 survivors or beneficiaries.

31 (g) The fund may not use employer contributions to make the
 32 payments required under subsections (b) and (c) unless, and only
 33 to the extent that, the amounts necessary to make the payments
 34 required under subsections (b) and (c) exceed the amounts
 35 appropriated in the state budget for the biennium beginning July
 36 1, 2015, for the purposes described in subsections (b) and (c).

37 (h) This SECTION expires January 1, 2017.

38 SECTION 6. [EFFECTIVE UPON PASSAGE] (a) As used in this
 39 SECTION, "fund" refers to the public employees' retirement fund
 40 established by IC 5-10.3-2-1.

41 (b) Not later than October 1, 2015, the fund shall pay the
 42 amount determined under subsection (d) to a member of the fund



1 (or to a survivor or beneficiary of a member) who retired or was
 2 disabled on or before December 1, 2014, and who is entitled to
 3 receive a monthly benefit on July 1, 2015. The amount is not an
 4 increase in the pension portion of the monthly benefit.

5 (c) Not later than October 1, 2016, the fund shall pay the
 6 amount determined under subsection (d) to a member of the fund
 7 (or to a survivor or beneficiary of a member) who retired or was
 8 disabled on or before December 1, 2015, and who is entitled to
 9 receive a monthly benefit on July 1, 2016. The amount is not an
 10 increase in the pension portion of the monthly benefit.

11 (d) The amount paid under this SECTION to a member of the
 12 fund (or to a survivor or beneficiary of a member) who meets the
 13 requirements of subsection (b) or (c) is equal to:

14 (1) seven dollars and fifty cents (\$7.50) per year; multiplied by

15 (2) the lesser of:

16 (A) the number of years of the member's creditable
 17 service; or

18 (B) thirty (30) years.

19 (e) The creditable service used to determine the amount paid to
 20 a member (or to a survivor or beneficiary of a member) under this
 21 SECTION is the creditable service that was used to compute the
 22 member's retirement benefit under IC 5-10.2-4-4, except that
 23 partial years of creditable service may not be used to determine the
 24 amount paid under this SECTION.

25 (f) If two (2) or more survivors or beneficiaries of a member are
 26 entitled to an amount paid under this SECTION, the amount shall
 27 be allocated to the survivors or beneficiaries in shares using the
 28 same percentages as the percentages determined under
 29 IC 5-10.2-3-7.5 or IC 5-10.3-8-15 to pay the monthly benefit to the
 30 survivors or beneficiaries.

31 (g) The fund may not use employer contributions to make the
 32 payments required under subsections (b) and (c) unless, and only
 33 to the extent that, the amounts necessary to make the payments
 34 required under subsections (b) and (c) exceed the amounts
 35 appropriated in the state budget for the biennium beginning July
 36 1, 2015, for the purposes described in subsections (b) and (c).

37 (h) This SECTION expires January 1, 2017.

38 SECTION 7. [EFFECTIVE UPON PASSAGE] (a) As used in this
 39 SECTION, "participant" has the meaning set forth in
 40 IC 5-10-5.5-1.

41 (b) As used in this SECTION, "plan" refers to the state excise
 42 police, gaming agent, gaming control officer, and conservation



1 enforcement officers' retirement plan established by IC 5-10-5.5-2.

2 (c) Not later than October 1, 2015, the board of trustees of the
3 Indiana public retirement system established by IC 5-10.5-3-1 shall
4 pay the amount determined under subsection (e) to a plan
5 participant (or to a survivor or beneficiary of a plan participant)
6 who retired or was disabled on or before December 1, 2014, and
7 who is entitled to receive a monthly benefit on July 1, 2015. The
8 amount is not an increase in the annual retirement allowance.

9 (d) Not later than October 1, 2016, the board of trustees of the
10 Indiana public retirement system established by IC 5-10.5-3-1 shall
11 pay the amount determined under subsection (e) to a plan
12 participant (or to a survivor or beneficiary of a plan participant)
13 who retired or was disabled on or before December 1, 2015, and
14 who is entitled to receive a monthly benefit on July 1, 2016. The
15 amount is not an increase in the annual retirement allowance.

16 (e) The amount paid under this SECTION to a plan participant
17 of the fund (or to a survivor or beneficiary of a plan participant)
18 who meets the requirements of subsection (c) or (d) is equal to:

19 (1) seven dollars and fifty cents (\$7.50) per year; multiplied by

20 (2) the lesser of:

21 (A) the number of years of the plan participant's creditable
22 service; or

23 (B) thirty (30) years.

24 (f) The creditable service used to determine the amount paid to
25 a plan participant (or to a survivor or beneficiary of a plan
26 participant) under this SECTION is the creditable service that was
27 used to compute the plan participant's retirement allowance under
28 IC 5-10-5.5-10 and IC 5-10-5.5-12, except that partial years of
29 creditable service may not be used to determine the amount paid
30 under this SECTION.

31 (g) If two (2) or more survivors or beneficiaries of a plan
32 participant are entitled to an amount paid under this SECTION,
33 the amount shall be allocated to the survivors or beneficiaries in
34 shares using the same percentages as the percentages determined
35 under IC 5-10-5.5-16 to pay the monthly benefit to the survivors or
36 beneficiaries.

37 (h) The board of trustees of the Indiana public retirement
38 system established by IC 5-10.5-3-1 may not use employer
39 contributions to make the payments required under subsections (c)
40 and (d) unless, and only to the extent that, the amounts required to
41 make the payments under subsections (c) and (d) exceed the
42 appropriations in the state budget for the biennium beginning July



1, 2015, for the purposes described in subsections (c) and (d).

(i) This SECTION expires January 1, 2017.

SECTION 8. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "trustee" has the meaning set forth in IC 10-12-1-10.

(b) As used in this SECTION, "trust fund" has the meaning set forth in IC 10-12-1-11.

(c) Not later than October 1, 2015, the trustee shall pay from the trust fund to each employee beneficiary of the state police pre-1987 benefit system covered by IC 10-12-3 who:

(1) retired or was disabled before July 2, 2014; and

(2) is entitled to receive a monthly benefit as of September 1, 2015;

an amount equal to one percent (1%) of the maximum basic annual pension amount payable to a retired state police employee in the grade of trooper who has completed twenty (20) years of service as of July 1, 2015, as calculated under IC 10-12-3-7.

(d) Not later than October 1, 2016, the trustee shall pay from the trust fund to each employee beneficiary of the state police pre-1987 benefit system covered by IC 10-12-3 who:

(1) retired or was disabled before July 2, 2015; and

(2) is entitled to receive a monthly benefit as of September 1, 2016;

an amount equal to one percent (1%) of the maximum basic annual pension amount payable to a retired state police employee in the grade of trooper who has completed twenty (20) years of service as of July 1, 2016, as calculated under IC 10-12-3-7.

(e) The amounts paid under this SECTION are not an increase in the monthly pension amount of an employee beneficiary.

(f) The trustee may not use employer contributions to make the payments required under subsections (c) and (d) unless, and only to the extent that, the amounts required to make the payments under subsections (c) and (d) exceed the appropriations in the state budget for the biennium beginning July 1, 2015, for the purposes described in subsections (c) and (d).

(g) This SECTION expires January 1, 2017.

SECTION 9. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "trustee" has the meaning set forth in IC 10-12-1-10.

(b) As used in this SECTION, "trust fund" has the meaning set forth in IC 10-12-1-11.

(c) Not later than October 1, 2015, the trustee shall pay from the trust fund to each employee beneficiary of the state police 1987 benefit system covered by IC 10-12-4 who:



- 1 **(1) retired or was disabled after June 30, 1987, and before**
2 **July 2, 2014; and**
3 **(2) is entitled to receive a monthly benefit as of September 1,**
4 **2015;**
5 **an amount equal to one percent (1%) of the maximum basic annual**
6 **pension amount payable to a retired state police employee in the**
7 **grade of trooper who has completed twenty-five (25) years of**
8 **service as of July 1, 2015, as calculated under IC 10-12-4-7.**
9 **(d) Not later than October 1, 2016, the trustee shall pay from the**
10 **trust fund to each employee beneficiary of the state police 1987**
11 **benefit system covered by IC 10-12-4 who:**
12 **(1) retired or was disabled after June 30, 1987, and before**
13 **July 2, 2015; and**
14 **(2) is entitled to receive a monthly benefit as of September 1,**
15 **2016;**
16 **an amount equal to one percent (1%) of the maximum basic annual**
17 **pension amount payable to a retired state police employee in the**
18 **grade of trooper who has completed twenty-five (25) years of**
19 **service as of July 1, 2016, as calculated under IC 10-12-4-7.**
20 **(e) The amount paid under this SECTION is not an increase in**
21 **the monthly pension amount of an employee beneficiary.**
22 **(f) The trustee may not use employer contributions to make the**
23 **payments required under subsections (c) and (d) unless, and only**
24 **to the extent that, the amounts required to make the payments**
25 **under subsections (c) and (d) exceed the appropriations in the state**
26 **budget for the biennium beginning July 1, 2015, for the purposes**
27 **described in subsections (c) and (d).**
28 **(g) This SECTION expires January 1, 2017.**
29 **SECTION 10. An emergency is declared for this act.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Employment, Labor and Pensions, to which was referred House Bill 1493, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10.2-2-6, AS AMENDED BY P.L.35-2012, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. (a) The retirement allowance account of the public employees' retirement fund consists of the retirement fund, exclusive of the annuity savings account. The retirement allowance account also includes any amounts received under ~~IC 5-10.3-12-24(b)~~. **IC 5-10.3-12-24(c) and IC 5-10.3-12-24.5(c)**. For the public employees' retirement fund, separate accounts within the retirement allowance account shall be maintained for contributions made by each contribution rate group.

(b) The retirement allowance account of the pre-1996 account consists of the pre-1996 account, exclusive of the annuity savings account.

(c) The retirement allowance account of the 1996 account consists of the 1996 account, exclusive of the annuity savings account."

Page 2, between lines 37 and 38, begin a new paragraph and insert:

"SECTION 2. IC 5-10.3-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. The general assembly intends that, to the extent specified in this article, the payments to the fund by the state or the ~~participating~~ political subdivisions **that participate in the fund**, the payment of all benefits, the payment of interest credits, and the payment of administration expenses are obligations of the state and the ~~participating~~ political subdivisions **that participate in the fund**. However, this obligation is not a guarantee that the amount credited to a member in the annuity savings account will not vary in value as a result of the performance of the investment program selected by the member under IC 5-10.2-2, unless the member selected the guaranteed program, in which case the obligation is such a guarantee.

SECTION 3. IC 5-10.3-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 2. Employer Contributions; Federal Moneys. (a) The state shall make contributions to the retirement allowance account as specified in IC 5-10.2-2. ~~Participating~~ Political subdivisions **that participate in the fund** shall



make contributions as specified in chapter 6 of this article.

(b) If members receive compensation from federal funds, the board shall at the end of each fiscal year determine the employer's contribution, excluding administration expenses, to be paid from federal funds. The amount shall be determined by such method adopted by the board as results in an equitable sharing of the employer contribution by the federal government on account of members receiving compensation from federal funds.

SECTION 5. IC 5-10.3-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. (a) ~~By ordinance or resolution of If:~~

- (1) the governing body of a political subdivision adopts an ordinance or resolution before January 1, 2016, specifying by departmental, occupational, or other definable classification the employees who will become members of the fund; and
- (2) the ordinance or resolution is filed with and approved by the board;

~~a the political subdivision may become a participant in the fund. if the ordinance or resolution is filed with and approved by the board:~~

(b) A governing body may include in its ordinance or resolution adopted under subsection (a) a determination of the date from which prior service for its employees will be computed. Creditable service for these employees is determined under IC 5-10.3-7-7.5.

(c) The effective date of participation is the earlier of January 1 or July 1 after the date of approval. However, no retirement benefit may be paid until six (6) months after the effective date of participation.

SECTION 6. IC 5-10.3-6-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. Appropriations and Payments by School Corporations. A school corporation **that participates in the fund** shall make the appropriations and payments required of participating political subdivisions under this article and IC 5-10.2 from its general fund.

SECTION 7. IC 5-10.3-6.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

Chapter 6.5. Participation by Political Subdivisions in the Defined Contribution Plan

Sec. 1. The following definitions apply throughout this chapter:

- (1) "Account" has the meaning set forth in IC 5-10.3-12-2.
- (2) "Member" has the meaning set forth in IC 5-10.3-12-12.
- (3) "Plan" has the meaning set forth in IC 5-10.3-12-15.
- (4) "Years of participation" has the meaning set forth in



IC 5-10.3-12-16.**Sec. 2. (a) If:**

- (1) the governing body of a political subdivision adopts an ordinance or resolution specifying by departmental, occupational, or other definable classification the employees who will become members of the plan; and
- (2) the ordinance or resolution is filed with and approved by the board;

the political subdivision may become a participant in the plan.

(b) A governing body may include in its ordinance or resolution adopted under subsection (a) a determination of the date from which prior service for its employees will be computed. If a governing body does include in its ordinance or resolution a date from which prior service for its employees will be computed, an employee's years of participation in the plan are increased by the employee's years of service with the political subdivision during the period beginning on the prior service credit date and ending on the effective date of participation.

(c) The effective date of participation is the earlier of January 1 or July 1 after the date of approval.

Sec. 3. (a) This section applies to a third class city or a town.

(b) The clerk-treasurer of a city or town is that city's or town's authorized agent for all matters concerning the plan.

Sec. 4. The governing body may request a preliminary survey, at its expense as determined by the board, to determine the estimated cost of participation. The board and its actuary shall give an estimate of the costs, the benefits, and other appropriate information.

Sec. 5. After a political subdivision becomes a participant, its governing body may make appropriations, make payments, and do all things required by IC 5-10.3-12.

Sec. 6. The board shall maintain separate accounts for each contribution rate group. Credits and charges to these accounts shall be made as prescribed in IC 5-10.3-12.

Sec. 7. If a school corporation participates in the plan, the school corporation shall make the appropriations and payments required under this article and IC 5-10.2 from its general fund.

Sec. 8. (a) If the employer or political subdivision fails to make payments required by this chapter, the amount payable may be:

- (1) withheld by the auditor of state from money payable to the employer or subdivision and transferred to the plan; or
- (2) recovered in a suit in the circuit or superior court of the



county in which the political subdivision is located. The suit shall be an action by the state on the relation of the board, prosecuted by the attorney general.

(b) If:

- (1) service credit is verified for a member who has filed an application for retirement benefits; and
- (2) the member's employer at the time the service credit was earned has not made contributions for or on behalf of the member for the service credit;

liability for the unfunded service credit shall be charged against the employer's account and collected by the fund as provided in subsection (a). Processing of a member's application for retirement benefits may not be delayed by an employer's failure to make contributions for the service credit earned by the member while the member was employed by the employer.

(c) If the employer or political subdivision fails to file the reports or records required by this chapter or by IC 5-10.3-7-12.5, the auditor of state shall:

- (1) withhold the penalty described in IC 5-10.3-7-12.5 from money payable to the employer or the political subdivision; and
- (2) transfer the penalty to the fund.

Sec. 9. (a) As used in this section, "withdrawing political subdivision" means a political subdivision that takes an action described in subsection (b).

(b) Subject to the provisions of this section, a political subdivision may do the following:

- (1) Stop its participation in the plan and withdraw all of the political subdivision's employees from participation in the plan.
- (2) Withdraw a departmental, an occupational, or other definable classification of employees from participation in the plan.
- (3) Stop the political subdivision's participation in the plan by:
 - (A) selling all the political subdivision's assets; or
 - (B) ceasing to exist as a political subdivision.

(c) The withdrawal of a political subdivision's participation in the plan is effective on a termination date established by the board. The termination date may not occur before all the following have occurred:

- (1) The withdrawing political subdivision has provided



written notice of the following to the board:

- (A) The withdrawing political subdivision's intent to cease participation.
 - (B) The names of the withdrawing political subdivision's current employees and former employees as of the date on which the notice is provided.
- (2) The expiration of:
- (A) a ninety (90) day period following the filing of the notice with the board, for a withdrawing political subdivision that sells all of the withdrawing political subdivision's assets or that ceases to exist as a political subdivision; or
 - (B) a two (2) year period following the filing of the notice with the board, for all other withdrawing political subdivisions.
- (d) A member who is an employee of the political subdivision as of the date of the notice under subsection (c) is fully vested in all amounts in the member's account.

SECTION 8. IC 5-10.3-7-1, AS AMENDED BY P.L.195-2013, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) This section does not apply to:

- (1) members of the general assembly; or
- (2) employees covered by section 3 of this chapter.

(b) As used in this section, "employees of the state" includes:

- (1) employees of the judicial circuits whose compensation is paid from state funds;
- (2) elected and appointed state officers;
- (3) prosecuting attorneys and deputy prosecuting attorneys of the judicial circuits, whose compensation is paid in whole or in part from state funds, including participants in the prosecuting attorneys retirement fund established under IC 33-39-7;
- (4) employees in the classified service;
- (5) employees of any state department, institution, board, commission, office, agency, court, or division of state government receiving state appropriations and having the authority to certify payrolls from appropriations or from a trust fund held by the treasurer of state or by any department;
- (6) employees of any state agency that is a body politic and corporate;
- (7) except as provided under IC 5-10.5-7-4, employees of the



board of trustees of the Indiana public retirement system;

(8) persons who:

(A) are employed by the state;

(B) have been classified as federal employees by the Secretary of Agriculture of the United States; and

(C) are excluded from coverage as federal employees by the federal Social Security program under 42 U.S.C. 410;

(9) the directors and employees of county offices of family and children;

(10) employees of the center for agricultural science and heritage (the barn); and

(11) members and employees of the state lottery commission.

~~(b)~~ **(c)** An employee of the state or of a ~~participating~~ political subdivision **participating in the fund** who:

(1) became a full-time employee of the state or of a ~~participating~~ political subdivision **participating in the fund** in a covered position; and

(2) had not become a member of the fund;

before April 1, 1988, shall on April 1, 1988, become a member of the fund unless the employee is excluded from membership under section 2 of this chapter.

~~(e)~~ **(d)** Any individual who becomes a full-time employee of the state or of a ~~participating~~ political subdivision **participating in the fund** in a covered position after March 31, 1988, **and before January 1, 2016**, becomes a member of the fund on the date the individual's employment begins unless the individual is excluded from membership under section 2 of this chapter.

~~(d)~~ For the purposes of this section, "employees of the state" includes:

(1) employees of the judicial circuits whose compensation is paid from state funds;

(2) elected and appointed state officers;

(3) prosecuting attorneys and deputy prosecuting attorneys of the judicial circuits, whose compensation is paid in whole or in part from state funds, including participants in the prosecuting attorneys retirement fund established under IC 33-39-7;

(4) employees in the classified service;

(5) employees of any state department, institution, board, commission, office, agency, court, or division of state government receiving state appropriations and having the authority to certify payrolls from appropriations or from a trust fund held by the treasurer of state or by any department;



- (6) employees of any state agency which is a body politic and corporate;
- (7) except as provided under IC 5-10.5-7-4, employees of the board of trustees of the Indiana public retirement system;
- (8) persons who:
 - (A) are employed by the state;
 - (B) have been classified as federal employees by the Secretary of Agriculture of the United States; and
 - (C) are excluded from coverage as federal employees by the federal Social Security program under 42 U.S.C. 410;
- (9) the directors and employees of county offices of family and children;
- (10) employees of the center for agricultural science and heritage (the barn); and
- (11) members and employees of the state lottery commission.

SECTION 9. IC 5-10.3-7-2, AS AMENDED BY P.L.195-2013, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 2. The following employees may not be members of the fund:

- (1) Officials of a political subdivision elected by vote of the people, unless the governing body specifically provides for the participation of locally elected officials.
- (2) Employees occupying positions normally requiring performance of service of less than six hundred (600) hours during a year who:
 - (A) were hired before July 1, 1982; or
 - (B) are employed by a **participating** school corporation **participating in the fund.**
- (3) Independent contractors or officers or employees paid wholly on a fee basis.
- (4) Employees who occupy positions that are covered by other pension or retirement funds or plans, maintained in whole or in part by appropriations by the state or a political subdivision, except:
 - (A) the federal Social Security program; and
 - (B) the prosecuting attorneys retirement fund established by IC 33-39-7-9.
- (5) Managers or employees of a license branch of the bureau of motor vehicles commission, except those persons who may be included as members under IC 9-16-4.
- (6) Employees, except employees of a **participating** school corporation **participating in the fund**, hired after June 30, 1982,



occupying positions normally requiring performance of service of less than one thousand (1,000) hours during a year.

(7) Persons who:

- (A) are employed by the state;
- (B) have been classified as federal employees by the Secretary of Agriculture of the United States; and
- (C) are covered by the federal Social Security program as federal employees under 42 U.S.C. 410.

SECTION 10. IC 5-10.3-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) Members of the general assembly, including members who:

- (1) completed their service before July 1, 1987; and
- (2) were not members of the fund during their service in the general assembly;

are entitled to become, at their option, members of the fund. A member of the general assembly who completed ~~his~~ **the member's** service before July 1, 1987, in order to become a member of the fund must apply to the board for membership and must present evidence satisfactory to the board of ~~his~~ **the member's** prior service. Such a member of the general assembly may become a member without any service after June 30, 1987.

(b) Notwithstanding the exclusion specified in section 2(4) of this chapter, a member of the general assembly who is a member of the Indiana state teachers' retirement fund and who retires after June 30, 1980, may choose at ~~his~~ **the member's** retirement date to become a member of the public employees' retirement fund and to receive ~~his~~ **the member's** retirement benefit from the fund.

(c) An employee who:

- (1) was hired before July 1, 1982; or
- (2) is employed by a ~~participating~~ **participating in the fund;**

and who is occupying a position normally requiring performance of services of less than one thousand (1,000) hours a year may at ~~his~~ **the employee's** option be a member of the fund.

SECTION 11. IC 5-10.3-8-14, AS AMENDED BY P.L.91-2014, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) Except as provided in subsection ~~(e)~~; **(d)**, this section applies to employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~ who are:

- (1) members of the fund; and
- (2) paid by the auditor of state by salary warrants.

(b) Except as provided in subsection ~~(e)~~; **(d)**, this section does not



apply to the employees of the state (~~as defined in IC 5-10.3-7-1(d)~~) employed by:

- (1) a body corporate and politic of the state created by state statute; or
- (2) a state educational institution (as defined in IC 21-7-13-32).

(c) As used in this section, "employees of the state" has the meaning set forth in IC 5-10.3-7-1.

~~(e)~~ **(d)** The chief executive officer of a body or institution described in subsection (b) may elect to have this section apply to the employees of the state (~~as defined in IC 5-10.3-7-1(d)~~) employed by the body or institution by submitting a written notice of the election to the director. An election under this subsection is effective on the later of:

- (1) the date the notice of the election is received by the director; or
- (2) July 1, 2013.

~~(d)~~ **(e)** The board shall adopt provisions to establish a retirement medical benefits account within the fund under Section 401(h) or as a separate fund under another applicable section of the Internal Revenue Code for the purpose of converting unused excess accrued leave to a monetary contribution for an employee of the state to fund on a pretax basis benefits for sickness, accident, hospitalization, and medical expenses for the employee and the spouse and dependents of the employee after the employee's retirement. The state may match all or a portion of an employee's contributions to the retirement medical benefits account established under this section.

~~(e)~~ **(f)** The board is the trustee of the account described in subsection ~~(d)~~ **(e)**. The account must be qualified, as determined by the Internal Revenue Service, as a separate account within the fund whose benefits are subordinate to the retirement benefits provided by the fund.

~~(f)~~ **(g)** The board may adopt rules under IC 5-10.5-4-2 that it considers appropriate or necessary to implement this section after consulting with the state personnel department. The rules adopted by the board under this section must:

- (1) be consistent with the federal and state law that applies to:
 - (A) the account described in subsection ~~(d)~~ **(e)**; and
 - (B) the fund; and
- (2) include provisions concerning:
 - (A) the type and amount of leave that may be converted to a monetary contribution;
 - (B) the conversion formula for valuing any leave that is converted;
 - (C) the manner of employee selection of leave conversion; and



(D) the vesting schedule for any leave that is converted.

~~(g)~~ (h) The board may adopt the following:

(1) Account provisions governing:

(A) the investment of amounts in the account; and

(B) the accounting for converted leave.

(2) Any other provisions that are necessary or appropriate for operation of the account.

~~(h)~~ (i) The account described in subsection ~~(d)~~ (e) may be implemented only if the board has received from the Internal Revenue Service any rulings or determination letters that the board considers necessary or appropriate.

~~(i)~~ (j) To the extent allowed by:

(1) the Internal Revenue Code; and

(2) rules adopted by:

(A) the board under this section; and

(B) the state personnel department under IC 5-10-1.1-7.5;

employees of the state may convert unused excess accrued leave to a monetary contribution under this section and under IC 5-10-1.1-7.5.

SECTION 12. IC 5-10.3-12-1, AS AMENDED BY P.L.54-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. (a) Except as provided in subsection (c), this chapter applies to **the following**:

(1) An individual who:

(A) on or after the effective date of the plan ~~(f)~~ **and before the transition date**, becomes for the first time a full-time employee of the state: ~~(as defined in IC 5-10.3-7-1(d))~~:

~~(A)~~ (i) in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

~~(B)~~ (ii) who is paid by the auditor of state by salary warrants; and

~~(2)~~ (B) makes the election described in section 20 of this chapter to become a member of the plan.

(2) **An individual who becomes a full-time employee of the state (as defined in IC 5-10.3-7-1(d)) on or after the transition date:**

(A) **in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and**

(B) **who is paid by the auditor of state by salary warrants.**

(3) **An individual who is employed by a political subdivision that participates in the plan in a covered position that would otherwise be eligible for membership in the fund under IC 5-10.3-7.**



(b) Except as provided in subsection (c), this chapter does not apply to an individual who, on or after the effective date of the plan:

(1) becomes for the first time a full-time employee of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

(2) is employed by:

(A) a body corporate and politic of the state created by state statute; or

(B) a state educational institution (as defined in IC 21-7-13-32).

(c) The chief executive officer of a body or institution described in subsection (b) may elect, by submitting a written notice of the election to the director, to have this chapter apply to individuals who, as employees of the body or institution, become for the first time full-time employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in positions that would otherwise be eligible for membership in the fund under IC 5-10.3-7. An election under this subsection is effective on ~~the later of:~~

~~(1) the date the notice of the election is received by the director.~~

~~or~~

~~(2) March 1, 2013.~~

(d) This chapter does not apply to ~~an individual who:~~ **the following:**

(1) ~~An individual who before the effective date of the plan,~~ is or was a member (as defined in IC 5-10.3-1-5) of the fund. ~~or~~

(2) **An individual who,** on or after the effective date of the plan **and before the transition date:**

(A) except as provided in subsection (c), becomes for the first time a full-time employee of the state: ~~(as defined in IC 5-10.3-7-1(d)):~~

(i) in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

(ii) who is not paid by the auditor of state by salary warrants;

or

(B) does not elect to participate in the plan.

SECTION 13. IC 5-10.3-12-7.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2015]: **Sec. 7.5. As used in this chapter, "employees of the state" has the meaning set forth in IC 5-10.3-7-1.**

SECTION 14. IC 5-10.3-12-8, AS ADDED BY P.L.22-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 8. As used in this chapter, "employer" means the state or a political subdivision participating in the plan.**



SECTION 15. IC 5-10.3-12-12, AS ADDED BY P.L.22-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 12. As used in this chapter, "member" means an individual **described in section 1(a) of this chapter** who ~~has elected to participate in the plan~~ **is not otherwise excluded from membership in the plan.**

SECTION 16. IC 5-10.3-12-15.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 15.5. As used in this chapter, "transition date" means January 1, 2016.**

SECTION 17. IC 5-10.3-12-20, AS ADDED BY P.L.22-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 20. **(a) This section applies to an individual described in section 1(a)(1) of this chapter who is otherwise eligible to become a member of the plan.**

~~(a)~~ **(b)** An individual who, on or after the effective date of the plan **and before the transition date**, becomes for the first time a full-time employee of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7 may elect to become a member of the plan. An election under this section:

- (1) must be made in writing;
- (2) must be filed with the board, on a form prescribed by the board; and
- (3) is irrevocable.

~~(b)~~ **(c)** An individual who does not elect to become a member of the plan becomes a member (as defined in IC 5-10.3-1-5) of the fund.

SECTION 18. IC 5-10.3-12-20.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 20.5. (a) This section applies to an individual described in section 1(a)(2) or 1(a)(3) of this chapter who is otherwise eligible to become a member of the plan.**

(b) An individual described in section 1(a)(2) of this chapter becomes a member of the plan on the date the individual's employment begins.

(c) An individual described in section 1(a)(3) of this chapter becomes a member of the plan on the later of:

- (1) the date the individual begins the individual's employment in a covered position with a political subdivision that participates in the plan; or**
- (2) the date the individual's position with the political subdivision that participates in the plan becomes covered by**



the plan, as specified in the ordinance or resolution adopted by the political subdivision under IC 5-10.3-6.5.

SECTION 19. IC 5-10.3-12-23, AS AMENDED BY P.L.5-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 23. (a) Each member's contribution to the plan is equal to three percent (3%) of the member's compensation. ~~The state~~ **An employer** shall pay the member's contribution on behalf of each member of the plan each year.

(b) To the extent permitted by the Internal Revenue Code and applicable regulations, a member of the plan may make contributions to the plan in addition to the contribution required under subsection (a). IC 5-10.2-3-2(c) and IC 5-10.2-3-2(d) govern additional contributions made under this subsection.

(c) Member contributions will be credited to the member's account as specified in IC 5-10.2-3.

(d) Although designated as employee contributions, the contributions made under subsection (a) are picked up and paid by ~~the state as the~~ **an employer** in lieu of the contributions being paid by the employee in accordance with section 414(h)(2) of the Internal Revenue Code. A member may not receive any amounts paid by ~~the state~~ **an employer** under this section directly instead of having the amounts paid to the plan.

SECTION 20. IC 5-10.3-12-24, AS ADDED BY P.L.22-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 24. **(a) This section applies to employer contributions to the plan that are first due before the transition date.**

~~(a) The state~~ **(b) An employer** shall make employer contributions to the plan based on the rate determined under this section.

~~(b) (c)~~ The employer's contribution rate for the plan shall be equal to the employer's contribution rate for the fund as determined by the board under IC 5-10.2-2-11(b). The amount credited from the employer's contribution rate to the member's account shall not be greater than the normal cost of the fund. Any amount not credited to the member's account shall be applied to the unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

~~(c) The state's~~ **(d) An employer's** minimum contribution under this section is equal to three percent (3%) of the compensation of all members of the plan.

~~(d) The state~~ **(e) An employer** shall submit the employer contributions determined under this section as provided in



IC 5-10.2-2-12.5.

SECTION 21. IC 5-10.3-12-24.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 24.5. (a) This section applies to employer contributions to the plan that are first due on or after the transition date.**

(b) An employer shall make employer contributions to the plan based on the amount determined under this section.

(c) The employer's contribution amount for the plan for any period equals the sum of:

- (1) the sum of the amounts determined under subsection (d) for members of the plan that were employed during the period by the employer; and**
- (2) the employer's share for the period of the amount necessary to amortize the unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).**

(d) For each member of the plan, the amount to be credited to the member's account from the employer's contribution determined under subsection (c) is the lesser of:

- (1) the product of:**
 - (A) the sum of the amounts contributed by the member under section 23(a) and 23(b) of this chapter; multiplied by**
 - (B) two (2); or**
- (2) seven and five-tenths percent (7.5%) of the member's compensation.**

(e) Any amount not credited to the member's account shall be applied to the unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(f) An employer shall submit the employer contributions determined under this section as provided in IC 5-10.2-2-12.5.

SECTION 22. IC 5-10.3-12-25, AS AMENDED BY P.L.6-2012, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 25. (a) Member contributions and net earnings on the member contributions in the member contribution subaccount belong to the member at all times and do not belong to the ~~state~~ employer.**

(b) A member is vested in the employer contribution subaccount in accordance with the following schedule:

Years of participation in the plan	Vested percentage of employer contributions and earnings
------------------------------------	--



1	20%
2	40%
3	60%
4	80%
5	100%

For purposes of vesting in the employer contribution subaccount, only a member's full years of participation in the plan may be counted.

(c) The amount that a member may withdraw from the member's account is limited to the vested portion of the account.

(d) A member who attains normal retirement age is fully vested in all amounts in the member's account.

(e) If a member separates from service with the **state employer** before the member is fully vested in the employer contribution subaccount, the amount in the employer contribution subaccount that is not vested is forfeited as of the date the member separates from service.

(f) Amounts forfeited under subsection (e) must be used to reduce the **state's employer's** unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(g) A member may not earn creditable service (as defined in IC 5-10.2-3-1(a)) under the plan.

SECTION 23. IC 5-10.3-12-31, AS ADDED BY P.L.22-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 31. (a) If a member of the plan separates from employment with the **state the member's employer** and later returns to **state** employment in a position covered by the plan:

(1) the individual resumes membership in the plan; and

(2) the member is entitled to receive credit for the member's years of participation in the plan before the member's separation. However, any amounts forfeited by the member under section 25(e) of this chapter may not be restored to the member's account.

(b) An individual who elected under section 20 of this chapter to become a member of the plan resumes membership in the plan upon the individual's return to state employment.

(c) (b) An individual who, before the transition date, did not elect to become a member of the plan resumes membership in the fund.

(d) An individual who returns to state employment having had an opportunity to make an election under section 20 of this chapter during an earlier period of state employment is not entitled to a second opportunity to make an election under section 20 of this chapter.

SECTION 24. IC 5-10.4-4-1, AS AMENDED BY P.L.119-2012, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JULY 1, 2015]: Sec. 1. (a) The members of the fund include:

- (1) legally qualified and regularly employed teachers in the public schools;
- (2) persons employed by a governing body, who were qualified before their election or appointment;
- (3) legally qualified and regularly employed teachers at Ball State University, Indiana State University, University of Southern Indiana, and Vincennes University;
- (4) legally qualified and regularly employed teachers in a state educational institution whose teachers devote their entire time to teaching;
- (5) legally qualified and regularly employed teachers in state benevolent, charitable, or correctional institutions;
- (6) legally qualified and regularly employed teachers in an experimental school in a state university who teach elementary or high school students;
- (7) as determined by the board, certain instructors serving in a state educational institution extension division not covered by a state retirement law;
- (8) employees and officers of the department of education and of the fund who were qualified before their election or appointment;
- (9) a person who:
 - (A) is employed as a nurse appointed under IC 20-34-3-6 by a school corporation located in a city having a population of more than eighty thousand (80,000) but less than eighty thousand four hundred (80,400); and
 - (B) participated in the fund before December 31, 1991, in the position described in clause (A); and
- (10) persons who are employed by the fund.

(b) Teachers in any state institution who accept the benefits of a state supported retirement benefit system comparable to the fund's benefits may not come under the fund unless permitted by law or the rules of the board.

(c) The members of the fund do not include substitute teachers who have not obtained an associate degree or a baccalaureate degree.

(d) The members of the fund do not include individuals who participate in the teachers' defined contribution plan under IC 5-10.4-8.

SECTION 25. IC 5-10.4-8 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

Chapter 8. Teachers' Defined Contribution Plan

HB 1493—LS 7297/DI 113



Sec. 1. (a) Except as provided in subsection (b), this chapter applies to an individual who, on or after the effective date of the plan:

- (1) is employed in a covered position by a school corporation that participates in the plan; and
- (2) would otherwise qualify for membership in the fund under IC 5-10.4-4.

(b) This chapter does not apply to an individual who, before the effective date of the plan, is or was a member (as defined in IC 5-10.4-1-9) of the fund.

Sec. 2. The following definitions apply throughout this chapter:

- (1) "Account" means the plan account established for a member under section 7(b) of this chapter.
- (2) "Annuity savings account" means the annuity savings account of the 1996 account maintained under IC 5-10.2-2-2(c)(1) and IC 5-10.2-2-2(b)(2).
- (3) "Compensation" has the meaning set forth in IC 5-10.2-3-2(a).
- (4) "Dies in the line of duty" has the meaning set forth in IC 5-10-11-2.
- (5) "Effective date" means the first day of the month that is six (6) months after the month in which the Internal Revenue Service issues an approval of the plan.
- (6) "Employer" means a school corporation.
- (7) "Employer contribution subaccount" means the subaccount in a member's plan account established under section 7(b)(2) of this chapter.
- (8) "Internal Revenue Code" has the meaning set forth in IC 5-10.2-1-3.5.
- (9) "Member" means an individual described in section 1(a) of this chapter who is not otherwise excluded from membership in the plan.
- (10) "Member contribution subaccount" means the subaccount in a member's plan account established under section 7(b)(1) of this chapter.
- (11) "Normal retirement age" for a member means the member is at least sixty-two (62) years of age with at least five (5) years of participation in the plan.
- (12) "Plan" refers to the teachers' defined contribution plan established by section 4 of this chapter.
- (13) "Years of participation" means all periods of participation in the plan in a covered position, plus any



additional service for which this chapter provides years of participation credit.

Sec. 3. Except as otherwise provided in this chapter or by federal law, and subject to the board obtaining the approval of the Internal Revenue Service as described in section 4(b) of this chapter, the provisions of IC 5-10.4 that apply to the annuity savings account apply to an account established under this chapter.

Sec. 4. (a) The teachers' defined contribution plan is established for the purpose of providing amounts funded by an employer and a member for the use of the member or the member's beneficiaries or survivors after the member's retirement.

(b) The board shall adopt provisions to implement the plan established under subsection (a) as follows:

(1) The board shall initially offer the plan using the annuity savings account, subject to obtaining the approval of the Internal Revenue Service in a manner satisfactory to the board to preserve the qualified status of the plan and the fund. The plan as provided under this subdivision is a component within the fund.

(2) If the approval of the Internal Revenue Service to offer the plan using the annuity savings account cannot be obtained in a manner satisfactory to the board, the board shall offer the plan as a separate fund under Section 401(a) or another applicable section of the Internal Revenue Code.

(c) The board shall administer the plan.

(d) The board may adopt a plan document that it considers appropriate or necessary to administer the plan.

Sec. 5. The board may request from the Internal Revenue Service any rulings or determination letters that the board considers necessary or appropriate in order to implement or administer the plan.

Sec. 6. An individual described in section 1(a) of this chapter who is not otherwise excluded from membership in the plan becomes a member of the plan on the later of:

(1) the date the individual begins the individual's employment in a covered position with an employer that participates in the plan; or

(2) the date the individual's position with the employer that participates in the plan becomes covered by the plan, as specified in the resolution adopted by the employer under IC 5-10.4-9.

Sec. 7. (a) The plan consists of the following:



- (1) Each member's contributions to the plan under section 9 of this chapter.
- (2) Contributions made by an employer to the plan on behalf of each member under section 10 of this chapter.
- (3) Rollovers to the plan by a member under section 15 of this chapter.
- (4) All earnings on investments or deposits of the plan.
- (5) All contributions or payments to the plan made in the manner provided by the general assembly.

(b) The plan shall establish an account for each member. A member's account consists of two (2) subaccounts credited individually as follows:

- (1) The member contribution subaccount consists of:
 - (A) the member's contributions to the plan under section 9 of this chapter; and
 - (B) the net earnings on the contributions described in clause (A) as determined under section 8 of this chapter.
- (2) The employer contribution subaccount consists of:
 - (A) the employer's contributions made on behalf of the member to the plan under section 10 of this chapter; and
 - (B) the earnings on the contributions described in clause (A) as determined under section 8 of this chapter.

The board may combine the two (2) subaccounts established under this subsection into a single account, if the board determines that a single account is administratively appropriate and permissible under applicable law.

(c) If a member makes rollover contributions under section 15 of this chapter, the plan shall establish a rollover account as a separate subaccount within the member's account.

Sec. 8. (a) Subject to the board obtaining the approval of the Internal Revenue Service as described in section 4(b) of this chapter, the board shall establish the alternative investment programs (as described by IC 5-10.2-2-3 and IC 5-10.2-2-4) within the annuity savings account as the initial alternative investment programs for the plan, except that the board shall maintain at least one (1) alternative investment program that is a stable value fund. If the board considers it necessary or appropriate, the board may establish different or additional alternative investment programs for the plan. However, the guaranteed program (as defined in IC 5-10.2-2-3) shall not be offered as an investment option under the plan.

(b) The requirements and rules that apply to the alternative



investment programs within the annuity savings account are the initial requirements and rules that apply to the alternative investment programs within the plan, including the following:

- (1) The board's investment guidelines and limits for the alternative investment programs.
- (2) A member's selection of and changes to the member's investment options.
- (3) The valuation of a member's account.
- (4) The allocation and payment of administrative expenses for the alternative investment programs.

(c) If the board considers it necessary or appropriate, the board may establish different or additional requirements and rules that apply to the alternative investment programs within the plan.

(d) The board shall determine the appropriate administrative fees to be charged to the member accounts.

Sec. 9. (a) Each member's contribution to the plan is equal to three percent (3%) of the member's compensation. The state shall pay the member's contribution on behalf of each member of the plan each year.

(b) To the extent permitted by the Internal Revenue Code and applicable regulations, a member of the plan may make contributions to the plan in addition to the contribution required under subsection (a). IC 5-10.2-3-2(c) and IC 5-10.2-3-2(d) govern additional contributions made under this subsection.

(c) Member contributions must be credited to the member's account as specified in IC 5-10.2-3.

(d) Although designated as employee contributions, the contributions made under subsection (a) are picked up and paid by an employer instead of the contributions being paid by the employee in accordance with Section 414(h)(2) of the Internal Revenue Code. A member may not receive any amounts paid by the state under this section directly instead of having the amounts paid to the plan.

Sec. 10. (a) An employer shall make employer contributions to the plan based on the amount determined under this section.

(b) The employer's contribution amount for the plan for any period equals the sum of:

- (1) the sum of the amounts determined under subsection (c) for members of the plan that were employed during the period by the employer; and
- (2) the employer's share for the period of the amount necessary to amortize the unfunded accrued liability of the



fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(c) For each member of the plan, the amount to be credited to the member's account from the employer's contribution determined under subsection (b) is the lesser of:

(1) the product of:

- (A) the sum of the amounts contributed by the member under section 9(a) and 9(b) of this chapter; multiplied by
- (B) two (2); or

(2) seven and five-tenths percent (7.5%) of the member's compensation.

(d) Any amount not credited to the member's account shall be applied to the unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(e) An employer shall submit the employer contributions determined under this section as provided in IC 5-10.2-2-12.5.

Sec. 11. (a) Member contributions and net earnings on the member contributions in the member contribution subaccount belong to the member at all times and do not belong to the state.

(b) A member is vested in the employer contribution subaccount in accordance with the following schedule:

Years of participation in the plan	Vested percentage of employer contributions and earnings
1	20%
2	40%
3	60%
4	80%
5	100%

For purposes of vesting in the employer contribution subaccount, only a member's full years of participation in the plan may be counted.

(c) The amount that a member may withdraw from the member's account is limited to the vested portion of the account.

(d) A member who attains normal retirement age is fully vested in all amounts in the member's account.

(e) If a member separates from service with an employer before the member is fully vested in the employer contribution subaccount, the amount in the employer contribution subaccount that is not vested is forfeited as of the date the member separates from service.

(f) Amounts forfeited under subsection (e) must be used to



reduce the employer's unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(g) A member may not earn creditable service (as defined in IC 5-10.2-3-1(a)) under the plan.

Sec. 12. (a) Subject to the provisions of the Internal Revenue Code applicable to qualified plan distributions, a member who:

- (1) terminates service in a covered position; and
- (2) does not perform any service in a position covered by the fund for at least thirty (30) days after the date on which the member terminates service;

is entitled to withdraw amounts in the member's account to the extent the member is vested in the account. A member must make a required withdrawal from the member's account not later than the required beginning date under the Internal Revenue Code.

(b) The member may elect to have withdrawals paid as:

- (1) a lump sum;
- (2) a direct rollover to another eligible retirement plan; or
- (3) if the member has attained normal retirement age, a monthly annuity in accordance with the rules of the board.

(c) The board may establish a minimum account balance or a minimum monthly payment amount in order for a member to select the monthly annuity option. The board shall establish the forms of annuity by rule, in consultation with the board's actuary. The board shall give members information about these forms of payment and any information required by federal law to accompany such distributions.

(d) Unless otherwise required by federal or state law, the requirements and rules that apply to the distribution of the annuity savings account apply to distributions from a member's account.

Sec. 13. (a) If a member dies:

- (1) while in service in a position covered by the plan but not in the line of duty; or
- (2) after terminating service in a position covered by the plan but before withdrawing the member's account;

to the extent that the member is vested, the member's account shall be paid to the beneficiary or beneficiaries designated by the member on a form prescribed by the board. The amount paid shall be valued as provided in IC 5-10.2-2-3 and IC 5-10.2-2-4. The board shall invest the total amount in the member's account in the stable value fund not later than thirty (30) days after receiving notification of a member's death.

(b) If there is no properly designated beneficiary, or if no



beneficiary survives the member, the member's account shall be paid to:

- (1) the surviving spouse of the member;
- (2) if there is not a surviving spouse, the surviving dependent or dependents of the member in equal shares; or
- (3) if there is not a surviving spouse or dependent, the member's estate.

(c) The beneficiary or beneficiaries designated under subsection (a) or a survivor determined under subsection (b) may elect to have the member's account paid as:

- (1) a lump sum;
- (2) a direct rollover to another eligible retirement plan; or
- (3) a monthly annuity in accordance with rules of the board.

A monthly annuity is an option only on or after the beneficiary or survivor becomes sixty-two (62) years of age. The board shall establish the forms of annuity by rule, in consultation with the board's actuary. Further, the board may establish a minimum account balance or a minimum monthly payment amount that is required in order for a beneficiary or survivor to select the monthly annuity option.

(d) If a member dies in the line of duty while in service in a covered position, the designated beneficiary or beneficiaries or the surviving spouse or dependents, as applicable, are entitled to payment of the member's account as provided in this section. In addition, if the member was not fully vested in the employer contribution subaccount, the account is considered to be fully vested for purposes of withdrawal under this section.

Sec. 14. (a) All assets in the plan are exempt from levy, sale, garnishment, attachment, or other legal process.

(b) A member, beneficiary, or survivor may not assign any payment under this chapter except for the following:

- (1) Premiums on a life, hospitalization, surgical, or medical group insurance plan maintained in part by a state agency.
- (2) Dues to an association that proves to the board's satisfaction that the association has as members at least twenty percent (20%) of the retired members in the plan.

Sec. 15. (a) To the extent permitted by the Internal Revenue Code and the applicable regulations and guidance, the plan may accept, on behalf of any member who is employed in a covered position, a rollover distribution from any of the following:

- (1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.



(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(b) Any amounts rolled over under subsection (a) must be accounted for in a rollover account that is separate from the member's account in the plan. The member shall be fully vested in the member's rollover account.

(c) A member may direct the investment of the member's rollover account into any alternative investment option that the board may make available to the member's rollover account under section 8 of this chapter.

(d) A member may withdraw the member's rollover account from the plan in a lump sum or direct a rollover to an eligible retirement plan at any time. Upon attainment of normal retirement age, in addition to these payment options, the member may withdraw the member's rollover account as a monthly annuity as established by the board in accordance with the annuity options that are available for the member's account in the plan. A member must make a required withdrawal from the member's account in the plan not later than the required beginning date under the Internal Revenue Code.

Sec. 16. (a) If a member becomes disabled while in a covered position, subject to any federal law limitations concerning qualified plan distributions and the member furnishing proof of the member's qualification for Social Security disability benefits to the board, to the extent that the member is vested, the member may make a withdrawal from the member's account.

(b) The member may elect to have the withdrawal paid as:

(1) a lump sum;

(2) a direct rollover to another eligible retirement plan; or

(3) a monthly annuity in accordance with the rules of the board.

(c) The board may establish a minimum account balance or a minimum monthly payment amount in order for a member to select the monthly annuity option.

Sec. 17. If a member of the plan separates from employment with the member's employer and later returns to employment in a



position covered by the plan:

- (1) the individual resumes membership in the plan; and
- (2) the member is entitled to receive credit for the member's years of participation in the plan before the member's separation. However, any amounts forfeited by the member under section 11(e) of this chapter may not be restored to the member's account.

SECTION 26. IC 5-10.4-9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

Chapter 9. Participation by School Corporations in the Defined Contribution Plan

Sec. 1. The following definitions apply throughout this chapter:

- (1) "Account" has the meaning set forth in IC 5-10.4-8-2.
- (2) "Eligible employee" is an individual that would qualify for membership in the fund under IC 5-10.4-4 if the individual were not employed in a position covered by a resolution adopted under this chapter.
- (3) "Member" has the meaning set forth in IC 5-10.4-8-2.
- (4) "Plan" has the meaning set forth in IC 5-10.4-8-2.

Sec. 2. (a) If:

- (1) the governing body of a school corporation adopts a resolution specifying a definable classification of eligible employees who will become members of the plan; and
- (2) the resolution is filed with and approved by the board;

the school corporation may become a participant in the plan.

(b) The effective date of participation is the earlier of January 1 or July 1 after the date of approval.

Sec. 3. The governing body may request a preliminary survey, at its expense as determined by the board, to determine the estimated cost of participation. The board and its actuary shall give an estimate of the costs, the benefits, and other appropriate information.

Sec. 4. After a school corporation becomes a participant, its governing body may make appropriations, make payments, and do all things required by IC 5-10.4-8.

Sec. 5. The board shall maintain separate accounts for each contribution rate group. Credits and charges to these accounts shall be made as prescribed in IC 5-10.4-8.

Sec. 6. A school corporation shall make the appropriations and payments required under this article and IC 5-10.2 from its general fund.



Sec. 7. (a) If a school corporation fails to make payments required by this chapter, the amount payable may be:

- (1) withheld by the auditor of state from money payable to the school corporation and transferred to the plan; or**
- (2) recovered in a suit in the circuit or superior court of the county in which the school corporation is located. The suit must be an action by the state on the relation of the board, prosecuted by the attorney general.**

(b) If:

- (1) service credit is verified for a member who has filed an application for retirement benefits; and**
- (2) the member's employer at the time the service credit was earned has not made contributions for or on behalf of the member for the service credit;**

liability for the unfunded service credit shall be charged against the employer's account and collected by the fund as provided in subsection (a). Processing of a member's application for retirement benefits may not be delayed by an employer's failure to make contributions for the service credit earned by the member while the member was employed by the employer.

Sec. 8. (a) As used in this section, "withdrawing school corporation" means a school corporation that takes an action described in subsection (b).

(b) Subject to the provisions of this section, a school corporation may do the following:

- (1) Stop its participation in the plan and withdraw all of the school corporation's employees from participation in the plan.**
- (2) Withdraw a departmental, an occupational, or other definable classification of employees from participation in the plan.**
- (3) Stop the school corporation's participation in the plan by:**
 - (A) selling all the school corporation's assets; or**
 - (B) ceasing to exist as a school corporation.**

(c) The withdrawal of a school corporation's participation in the plan is effective on a termination date established by the board. The termination date may not occur before all the following have occurred:

- (1) The withdrawing school corporation has provided written notice of the following to the board:**
 - (A) The withdrawing school corporation's intent to cease participation.**
 - (B) The names of the withdrawing school corporation's**



current employees and former employees as of the date on which the notice is provided.

(2) The expiration of:

(A) a ninety (90) day period following the filing of the notice with the board, for a withdrawing school corporation that sells all of the withdrawing school corporation's assets or that ceases to exist as a school corporation; or

(B) a two (2) year period following the filing of the notice with the board, for all other withdrawing school corporations.

(d) A member who is an employee of the school corporation as of the date of the notice under subsection (c) is fully vested in all amounts in the member's account."

Page 5, between lines 37 and 38, begin a new paragraph and insert:
 "SECTION 30. IC 33-39-7-16, AS AMENDED BY P.L.160-2013, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 16. (a) This section does not apply to a participant who becomes permanently disabled, as described in section 17 of this chapter.

(b) A participant who:

(1) applies for a retirement benefit; and

(2) is at least:

(A) sixty-five (65) years of age; or

(B) fifty-five (55) years of age and the participant's age in years plus the participant's years of service is at least eighty-five (85);

is entitled to an annual retirement benefit as calculated in subsection (c).

(c) Except as provided in subsections (d), (e), and (f), the amount of the annual retirement benefit to which a participant described in subsection (b) is entitled equals the product of:

(1) the highest annual salary that was paid to the participant before separation from service; multiplied by

(2) the percentage prescribed in the following table:

Participant's Years of Service	Percentage
Less than 8	0
8	24%
9	27%
10	30%
11	33%



12	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

If a participant has a partial year of service in addition to at least eight (8) full years of service, an additional percentage is calculated under this subsection by prorating between the applicable percentages, based on the number of months in the partial year of service.

(d) Except as provided in subsections (e) and (f), and section 19(c)(2)(B) of this chapter, a participant who:

- (1) applies for a retirement benefit; and
- (2) is not described in subsection (b);

is entitled to receive a reduced annual retirement benefit that equals the benefit that would be payable if the participant were sixty-five (65) years of age reduced by one-fourth percent (0.25%) for each month that the participant's age at retirement precedes the participant's sixty-fifth birthday.

(e) Except as provided in subsection (f), benefits payable to a participant under this section are reduced by the pension, if any, that would be payable to the participant from the public employees' retirement fund if the participant had retired from the public employees' retirement fund on the date of the participant's retirement from the prosecuting attorneys retirement fund. Benefits payable to a participant under this section are not reduced by annuity payments made to the participant from the public employees' retirement fund.

(f) This subsection applies to a participant who is a member of the public employees' defined contribution (annuity savings account only) plan established by IC 5-10.3-12-18. Benefits payable to a participant under this section are reduced by the pension portion of the retirement benefit, if any, that would be payable to the participant from the public employees' retirement fund if the participant:

- (1) **had not made an election under IC 5-10.3-12-20 to become** a member of **the public employees' retirement fund** **instead of** the public employees' defined contribution (annuity savings account only) plan; and



(2) had retired from the public employees' retirement fund on the date of the participant's retirement from the prosecuting attorneys retirement fund.

(g) If benefits payable from the public employees' retirement fund exceed the benefits payable from the prosecuting attorneys retirement fund, the participant is entitled at retirement to withdraw from the prosecuting attorneys retirement fund the total sum contributed plus interest at a rate specified by rule by the board.

SECTION 31. IC 33-39-7-18, AS AMENDED BY P.L.160-2013, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 18. (a) Except as provided in subsections (b) and (c), a participant who becomes permanently disabled, as described in section 17 of this chapter, is entitled to an annual benefit equal to the product of:

(1) the annual salary that was paid to the participant at the time of separation from service; multiplied by

(2) the percentage prescribed in the following table:

Participant's Years of Service	Percentage
0-12	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

If a participant has a partial year of service in addition to at least ten (10) years of service, an additional percentage is calculated under this subsection by prorating between the applicable percentages, based on the number of months in the partial year of service.

(b) Except as provided in subsection (c), benefits payable to a participant under this section are reduced by the amounts, if any, that are payable to the participant from the public employees' retirement fund.

(c) This subsection applies to a participant who is a member of the public employees' defined contribution (annuity savings account only) plan established by IC 5-10.3-12-18. Benefits payable to a participant under this section are reduced by the pension portion of the retirement



benefit, if any, that would be payable to the participant from the public employees' retirement fund if the participant ~~had not made an election under IC 5-10.3-12-20 to become~~ **were** a member of **the public employees' retirement fund instead of** the public employees' defined contribution (annuity savings account only) plan.

SECTION 32. IC 33-39-7-19, AS AMENDED BY P.L.160-2013, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 19. (a) A participant may designate the participant's surviving spouse or one (1) or more of the participant's surviving dependent children to receive the benefit provided by this section upon the death of the participant. A participant may designate a trust or a custodian account under IC 30-2-8.5 that is established for one (1) or more of the participant's surviving dependent children to receive the benefit provided by this section instead of designating one (1) or more of the participant's surviving dependent children to receive the benefit directly.

(b) If a participant:

(1) dies; and

(2) on the date of death:

(A) was receiving benefits under this chapter;

(B) was in service in a position described in section 8 of this chapter and had completed at least eight (8) years of service in a position described in section 8 of this chapter;

(C) had a permanent disability as described in section 17 of this chapter; or

(D) was not in service in a position described in section 8 of this chapter, had completed at least eight (8) years of service in a position described in section 8 of this chapter, and was entitled to a future benefit;

the participant's beneficiary designated under subsection (a) is entitled, regardless of the participant's age, to the benefit prescribed by subsection (c), (e), or (f).

(c) The amount of the annual benefit payable to a beneficiary to whom subsection (b) applies is equal to the greater of:

(1) twelve thousand dollars (\$12,000); or

(2) fifty percent (50%) of the amount of retirement benefit:

(A) the participant was drawing at the time of death; or

(B) to which the participant would have been entitled had the participant retired and begun receiving retirement benefits on the date of death. However, the reduction described in section 16(d) of this chapter does not apply to the calculation of a survivor benefit under this clause.



- (d) A benefit payable under this section is subject to the following:
- (1) A surviving spouse designated as the beneficiary under subsection (a) is entitled to receive the benefit for life.
 - (2) The total monthly benefit payable to a surviving child or children is equal to the same monthly benefit that was to have been payable to the surviving spouse.
 - (3) If there is more than one (1) child designated by the participant, the children are entitled to share the benefit in equal monthly amounts.
 - (4) A child entitled to a benefit shall receive that child's share until the child becomes eighteen (18) years of age or during the entire period of the child's physical or mental disability, whichever period is longer.
 - (5) Upon the cessation of benefits to one (1) designated child, if there are one (1) or more other children then surviving and still entitled to benefits, the remaining children shall share the benefit equally. If the surviving spouse of the participant is surviving upon the cessation of benefits to all designated children, the surviving spouse shall then receive the benefit for the remainder of the spouse's life.
 - (6) The benefit is payable to the participant's surviving spouse if any of the following occur:
 - (A) No child or children named as a beneficiary by the participant survives or survive the participant.
 - (B) No child or children designated by the participant is or are entitled to a benefit due to the age of the child or children at the time of death of the participant.
 - (C) A designation is not made.
- (e) Except as provided in subsection (f), benefits payable to a designated beneficiary under this section are reduced by the amount, if any, that is payable to the surviving spouse or the surviving dependent children from the public employees' retirement fund as a result of the participant's death after subtracting the participant's contributions and earnings attributable to the participant's contributions in the participant's annuity savings account.
- (f) This subsection applies to a surviving spouse of a participant who is a member of the public employees' defined contribution (annuity savings account only) plan established by IC 5-10.3-12-18. Benefits payable to a surviving spouse of a participant under this section are reduced by the pension portion of the retirement benefit, if any, that would be payable to the spouse from the public employees' retirement fund under the joint and survivor option under



IC 5-10.2-4-7, computed at fifty percent (50%) of the participant's decreased retirement benefit, if the participant ~~had not made an election under IC 5-10.3-12-20 to become~~ **were** a member of **the public employees' retirement fund instead of** the public employees' defined contribution (annuity savings account only) plan.

SECTION 33. IC 33-39-7-20, AS AMENDED BY P.L.160-2013, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 20. (a) If:

- (1) a participant's spouse does not survive the participant; and
- (2) the participant did not designate one (1) or more of the participant's surviving dependent children to receive the benefit provided by section 19 of this chapter;

the participant's surviving dependent children are, upon the death of the participant, entitled to a benefit equal to the benefit the participant's spouse would have received under section 19 of this chapter.

(b) If a surviving spouse of a decedent participant dies and a dependent child of the surviving spouse and the decedent participant survives them, that dependent child is entitled to receive a benefit equal to the benefit the spouse was receiving or would have received under section 19 of this chapter.

(c) If there is more than one (1) dependent child, the dependent children are entitled to share the benefit equally.

(d) Each dependent child is entitled to receive that child's share until the child becomes eighteen (18) years of age or during the entire period of the child's physical or mental disability, whichever period is longer.

(e) Except as provided in subsection (f), benefits payable to a dependent child are reduced by the amount, if any, that is payable to the dependent child from the public employees' retirement fund after subtracting the participant's contributions and earnings attributable to the participant's contributions in the participant's annuity savings account.

(f) This subsection applies to a dependent child of a participant who is a member of the public employees' defined contribution (annuity savings account only) plan established by IC 5-10.3-12-18. Benefits payable to a dependent child of a participant under this section are reduced by the actuarial equivalent of the pension portion of the retirement benefit, if any, that would be payable to the spouse (assuming the spouse would have had the same birth date as the participant) from the public employees' retirement fund under the joint and survivor option under IC 5-10.2-4-7, computed at fifty percent (50%) of the participant's decreased retirement benefit, if the participant ~~had not made an election under IC 5-10.3-12-20 to become~~



were a member of **the public employees' retirement fund instead of** the public employees' defined contribution (annuity savings account only) plan."

Delete the amendments contained on page 1, line 1, through page 36, line 35, of this Committee Report.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1493 as introduced.)

GUTWEIN

Committee Vote: yeas 11, nays 0.

