SENATE BILL No. 514

DIGEST OF INTRODUCED BILL

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

Synopsis: Pension cost of living adjustments. Provides for cost of living adjustments 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.

Effective: Upon passage.

Niezgodski

January 14, 2019, read first time and referred to Committee on Pensions and Labor.
SENATE BILL No. 514

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

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

SECTION 1. IC 5-10.2-5-44 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 44. (a) Notwithstanding IC 5-10.2-12-4(b)(2), the pension portion (plus postretirement increases to the pension portion) provided by employer contributions of the monthly benefit payable after June 30, 2019, to a member of the public employees’ retirement fund (or to a survivor or beneficiary of a member of the public employees' retirement fund) who retired or was disabled before January 1, 2019, shall be increased by the amount determined under STEP SIX of the following formula:

STEP ONE: Multiply:

(A) the lesser of:

(i) the number of years of the member's creditable service; or

(ii) thirty (30) years; by

(B) ten dollars ($10).
STEP TWO: Multiply:
   (A) the pension portion (plus postretirement increases to
       the pension portion) provided by employer contributions
       of the monthly benefit payable to the member as of
       January 1, 2019; by
   (B) twelve (12).

STEP THREE: Multiply:
   (A) the lesser of:
       (i) the STEP TWO result; or
       (ii) thirty thousand dollars ($30,000); by
   (B) a percentage, as applicable, equal to:
       (i) one percent (1%), if the member retired after
           December 31, 1999;
       (ii) two percent (2%), if the member retired after
           December 31, 1987, and before January 1, 2000; or
       (iii) three percent (3%), if the member retired before

STEP FOUR: Determine the lesser of:
   (A) the STEP THREE result; or
   (B) three hundred dollars ($300).

STEP FIVE: Add:
   (A) the STEP ONE result; and
   (B) the STEP FOUR result.

STEP SIX: Divide:
   (A) the STEP FIVE result; by
   (B) twelve (12).

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

c) Subsection (a) does not apply to a member of the public
employees' retirement fund (or to a survivor or beneficiary of a
member of the public employees' retirement fund) whose
creditable service was earned only as an elected official.

(d) The increases specified in this section:
   (1) are based on the date of the member's latest retirement or
disability;
   (2) do not apply to benefits payable in a lump sum; and
   (3) are in addition to any other increase provided by law.
SECTION 2. IC 5-10.2-5-45 IS ADDED TO THE INDIANA CODE
AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
UPON PASSAGE]: Sec. 45. (a) Notwithstanding
IC 5-10.2-12-4(b)(2), the pension portion (plus postretirement
increases to the pension portion) provided by employer
contributions of the monthly benefit payable after June 30, 2019,
to a member of the Indiana state teachers' retirement fund (or to
a survivor or beneficiary of a member of the Indiana state
teachers' retirement fund) who retired or was disabled before
January 1, 2019, shall be increased by the amount determined
under STEP SIX of the following formula:

STEP ONE: Multiply:
(A) the lesser of:
   (i) the number of years of the member's creditable
       service; or
   (ii) thirty (30) years; by
   (B) ten dollars ($10).

STEP TWO: Multiply:
(A) the pension portion (plus postretirement increases to
the pension portion) provided by employer contributions
of the monthly benefit payable to the member as of
January 1, 2019; by
   (B) twelve (12).

STEP THREE: Multiply:
(A) the lesser of:
   (i) the STEP TWO result; or
   (ii) thirty thousand dollars ($30,000); by
   (B) a percentage, as applicable, equal to:
      (i) one percent (1%), if the member retired after
      December 31, 1999;
      (ii) two percent (2%), if the member retired after
      December 31, 1987, and before January 1, 2000; or
      (iii) three percent (3%), if the member retired before

STEP FOUR: Determine the lesser of:
(A) the STEP THREE result; or
(B) three hundred dollars ($300).

STEP FIVE: Add:
(A) the STEP ONE result; and
(B) the STEP FOUR result.

STEP SIX: Divide:
(A) the STEP FIVE result; by
(B) twelve (12).

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

(c) The increases specified in this section:
(1) are based upon the date of the member's latest retirement or disability;
(2) do not apply to benefits payable in a lump sum; and
(3) are in addition to any other increase provided by law.

SECTION 3. IC 10-12-4-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Sec. 11. (a) The basic monthly pension amount (plus postretirement increases) payable after June 30, 2019, to an employee beneficiary of the state police 1987 benefit system who retired or was disabled after June 30, 1987, and before July 2, 2018, shall be increased by one percent (1%) of the maximum basic monthly pension amount payable to a retired state police employee in the grade of a trooper who has completed twenty-five (25) years of service as of July 1, 2019, as calculated under section 7 of this chapter.

(b) The increases specified in this section:
(1) must be based on the date of the employee beneficiary's latest retirement or disability;
(2) do not apply to the benefits payable in a lump sum; and
(3) are in addition to any other increase provided by law.

SECTION 4. IC 10-12-5-3, AS AMENDED BY P.L.5-2008, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Sec. 3. (a) The pension advisory board that administers the pension under IC 10-12-3 shall direct and supervise the supplemental benefits provided in this chapter.

(b) The pension advisory board shall:
(1) annually provide a schedule showing the number of retirees receiving pension benefits under IC 10-12-3; and
(2) meet at least once (1) time each year to add to the regular pension benefit or annuity and any previously granted supplemental benefit the amount described in subsection subsections (c) or (d): through (g), as applicable.

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

1. (1) the difference between:
   (A) the retiree's pension benefit; and
   (B) the pension benefit:
      (i) received by an employee retiring in that year from the department with twenty (20) years of active service; and
      (ii) computed on the day the pension advisory board meets as required under subsection (b)(2); plus
   (2) any amount computed under subsection (d) after the date the retiree reaches fifty-five (55) years of age.

(d) This subsection applies to a retiree who is eligible under section 2 of this chapter to receive a supplemental benefit before January 1, 2019, but whose supplemental benefit is not computed under subsection (c). The supplemental benefit referred to in subsection (b)(2) for retirees to whom this subsection applies is equal to fifty percent (50%) of the difference between:

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

(e) This subsection applies to a retiree who is eligible under section 2 of this chapter to receive a supplemental benefit in 2019 and who has previously received an initial supplemental benefit under subsection (c). The supplemental benefit referred to in subsection (b)(2) for retirees to whom this subsection applies is equal to fifty percent (50%) of the difference between:

1. (1) the pension benefit that would be received by an employee retiring from the department with twenty (20) years of active service if it were assumed, solely for the sake of making the calculation under this subsection, that:
   (A) the monthly wage received by a police employee in the grade of trooper at the beginning of the trooper's sixth year of service had been increased by one percent (1%);
and
(B) the employee retiring with twenty (20) years of active service is retiring on the day after the increase in the monthly wage of a sixth year trooper described in clause (A); and

(2) the pension benefit received by an employee retiring from the department with twenty (20) years of active service the day before the hypothetical increase described in subdivision (1) of the monthly wage received by a police employee in the grade of trooper at the beginning of the trooper's sixth year of service.

(f) This subsection applies to a retiree who is eligible under section 2 of this chapter to receive a supplemental benefit after December 31, 2019, who previously received an initial supplemental benefit under subsection (e), who received a supplemental benefit under subsection (e), and who has not yet received a supplemental benefit under this subsection. The supplemental benefit referred to in subsection (b)(2) for retirees to whom this subsection applies is equal to the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the difference between:
(A) the pension benefits to be received by an employee retiring from the department with twenty (20) years of active service the day after a change in the monthly wage received by a police employee in the grade of trooper at the beginning of the trooper's sixth year of service; and
(B) the pension benefit received by an employee retiring from the department with twenty (20) years of active service on December 31, 2019.

STEP TWO: Multiply:
(A) the STEP ONE result; by
(B) fifty percent (50%).

STEP THREE: Determine the greater of:
(A) the STEP TWO result; or
(B) the amount of the supplemental benefit received by the retiree under subsection (e).

STEP FOUR: Determine the difference between:
(A) the STEP THREE result; and
(B) the amount of the supplemental benefit received by the retiree under subsection (e).

If, whenever the pension advisory board makes a calculation under this subsection, the STEP FOUR result of the foregoing formula is
zero dollars ($0), a retiree to whom this subsection applies is not
considered to have yet received a supplemental benefit under this
subsection.

(g) This subsection applies to a retiree who is eligible under
section 2 of this chapter to receive a supplemental benefit after
December 31, 2019, who previously received an initial
supplemental benefit under subsection (e), and who never received
a supplemental benefit under subsection (e) or who previously
received supplemental benefits under both subsections (e) and (f).
The supplemental benefit referred to in subsection (b)(2) for
retirees to whom this subsection applies is equal to fifty percent
(50%) of the difference between:

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

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

SECTION 5. An emergency is declared for this act.