

SENATE BILL No. 229

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.2-5; IC 10-12-4-11; IC 10-12-5-3.

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 3, 2018, read first time and referred to Committee on Pensions and Labor.



Second Regular Session 120th General Assembly (2018)

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 *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2017 Regular Session of the General Assembly.

SENATE BILL No. 229

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, 2018, 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) who retired or was disabled before January 1,**
9 **2018, shall be increased by the amount determined under STEP**
10 **SIX of the following formula:**
11 **STEP ONE: Multiply:**
12 **(A) the lesser of:**
13 **(i) the number of years of the member's creditable**
14 **service; or**
15 **(ii) thirty (30) years; by**
16 **(B) ten dollars (\$10).**
17 **STEP TWO: Multiply:**



- 1 (A) the pension portion (plus postretirement increases to
 2 the pension portion) provided by employer contributions
 3 of the monthly benefit payable to the member as of
 4 January 1, 2018; by
 5 (B) twelve (12).
 6 **STEP THREE: Multiply:**
 7 (A) the lesser of:
 8 (i) the STEP TWO result; or
 9 (ii) thirty thousand dollars (\$30,000); by
 10 (B) a percentage, as applicable, equal to:
 11 (i) one percent (1%), if the member retired after
 12 December 31, 1998;
 13 (ii) two percent (2%), if the member retired after
 14 December 31, 1986, and before January 1, 1999; or
 15 (iii) three percent (3%), if the member retired before
 16 January 1, 1987.
 17 **STEP FOUR: Determine the lesser of:**
 18 (A) the STEP THREE result; or
 19 (B) three hundred dollars (\$300).
 20 **STEP FIVE: Add:**
 21 (A) the STEP ONE result; and
 22 (B) the STEP FOUR result.
 23 **STEP SIX: Divide:**
 24 (A) the STEP FIVE result; by
 25 (B) twelve (12).
 26 (b) The creditable service used to determine the amount of the
 27 increased monthly benefit payable to a member (or to a survivor
 28 or beneficiary of a member) under this section is the creditable
 29 service that was used to compute the member's retirement benefit
 30 under IC 5-10.2-4-4, except that partial years of creditable service
 31 may not be used to determine the amount of the increased monthly
 32 benefit payable under this section.
 33 (c) Subsection (a) does not apply to a member of the public
 34 employees' retirement fund (or to a survivor or beneficiary of a
 35 member of the public employees' retirement fund) whose
 36 creditable service was earned only as an elected official.
 37 (d) The increases specified in this section:
 38 (1) are based on the date of the member's latest retirement or
 39 disability;
 40 (2) do not apply to benefits payable in a lump sum; and
 41 (3) are in addition to any other increase provided by law.
 42 SECTION 2. IC 5-10.2-5-45 IS ADDED TO THE INDIANA CODE



1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 2 UPON PASSAGE]: **Sec. 45. (a) The pension portion (plus**
 3 **postretirement increases to the pension portion) provided by**
 4 **employer contributions of the monthly benefit payable after June**
 5 **30, 2018, to a member of the Indiana state teachers' retirement**
 6 **fund (or to a survivor or beneficiary of a member of the Indiana**
 7 **state teachers' retirement fund) who retired or was disabled before**
 8 **January 1, 2018, shall be increased by the amount determined**
 9 **under STEP SIX of the following formula:**

10 **STEP ONE: Multiply:**

11 **(A) the lesser of:**

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

14 **(ii) thirty (30) years; by**

15 **(B) ten dollars (\$10).**

16 **STEP TWO: Multiply:**

17 **(A) the pension portion (plus postretirement increases to**
 18 **the pension portion) provided by employer contributions**
 19 **of the monthly benefit payable to the member as of**
 20 **January 1, 2018; by**

21 **(B) twelve (12).**

22 **STEP THREE: Multiply:**

23 **(A) the lesser of:**

24 **(i) the STEP TWO result; or**

25 **(ii) thirty thousand dollars (\$30,000); by**

26 **(B) a percentage, as applicable, equal to:**

27 **(i) one percent (1%), if the member retired after**
 28 **December 31, 1998;**

29 **(ii) two percent (2%), if the member retired after**
 30 **December 31, 1986, and before January 1, 1999; or**

31 **(iii) three percent (3%), if the member retired before**
 32 **January 1, 1987.**

33 **STEP FOUR: Determine the lesser of:**

34 **(A) the STEP THREE result; or**

35 **(B) three hundred dollars (\$300).**

36 **STEP FIVE: Add:**

37 **(A) the STEP ONE result; and**

38 **(B) the STEP FOUR result.**

39 **STEP SIX: Divide:**

40 **(A) the STEP FIVE result; by**

41 **(B) twelve (12).**

42 **(b) The creditable service used to determine the amount of the**



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

7 (c) The increases specified in this section:

8 (1) are based upon the date of the member's latest retirement
 9 or disability;

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

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

12 SECTION 3. IC 10-12-4-11 IS ADDED TO THE INDIANA CODE
 13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 14 UPON PASSAGE]: Sec. 11. (a) The basic monthly pension amount
 15 (plus postretirement increases) payable after June 30, 2018, to an
 16 employee beneficiary of the state police 1987 benefit system who
 17 retired or was disabled after June 30, 1987, and before July 2,
 18 2017, shall be increased by one percent (1%) of the maximum basic
 19 monthly pension amount payable to a retired state police employee
 20 in the grade of a trooper who has completed twenty-five (25) years
 21 of service as of July 1, 2018, as calculated under section 7 of this
 22 chapter.

23 (b) The increases specified in this section:

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

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

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

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~~
 39 **subsections (c) or (d): through (g), as applicable.**

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 **before January 1,**
14 **2018,** but whose supplemental benefit is not computed under
15 subsection (c). The supplemental benefit referred to in subsection
16 (b)(2) **for retirees to whom this subsection applies** is equal to fifty
17 percent (50%) of the difference between:

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

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

28 (e) **This subsection applies to a retiree who is eligible under**
29 **section 2 of this chapter to receive a supplemental benefit in 2018**
30 **and who has previously received an initial supplemental benefit**
31 **under subsection (c). The supplemental benefit referred to in**
32 **subsection (b)(2) for retirees to whom this subsection applies is**
33 **equal to fifty percent (50%) of the difference between:**

34 (1) **the pension benefit that would be received by an employee**
35 **retiring from the department with twenty (20) years of active**
36 **service if it were assumed, solely for the sake of making the**
37 **calculation under this subsection, that:**

38 (A) **the monthly wage received by a police employee in the**
39 **grade of trooper at the beginning of the trooper's sixth**
40 **year of service had been increased by one percent (1%);**
41 **and**

42 (B) **the employee retiring with twenty (20) years of active**



- 1 service is retiring on the day after the increase in the
 2 monthly wage of a sixth year trooper described in clause
 3 (A); and
 4 (2) the pension benefit received by an employee retiring from
 5 the department with twenty (20) years of active service the
 6 day before the hypothetical increase described in subdivision
 7 (1) of the monthly wage received by a police employee in the
 8 grade of trooper at the beginning of the trooper's sixth year
 9 of service.
- 10 (f) This subsection applies to a retiree who is eligible under
 11 section 2 of this chapter to receive a supplemental benefit after
 12 December 31, 2018, who previously received an initial
 13 supplemental benefit under subsection (c), who received a
 14 supplemental benefit under subsection (e), and who has not yet
 15 received a supplemental benefit under this subsection. The
 16 supplemental benefit referred to in subsection (b)(2) for retirees to
 17 whom this subsection applies is equal to the amount determined
 18 under STEP FOUR of the following formula:
- 19 **STEP ONE: Determine the difference between:**
 20 (A) the pension benefits to be received by an employee
 21 retiring from the department with twenty (20) years of
 22 active service the day after a change in the monthly wage
 23 received by a police employee in the grade of trooper at the
 24 beginning of the trooper's sixth year of service; and
 25 (B) the pension benefit received by an employee retiring
 26 from the department with twenty (20) years of active
 27 service on December 31, 2018.
- 28 **STEP TWO: Multiply:**
 29 (A) the STEP ONE result; by
 30 (B) fifty percent (50%).
- 31 **STEP THREE: Determine the greater of:**
 32 (A) the STEP TWO result; or
 33 (B) the amount of the supplemental benefit received by the
 34 retiree under subsection (e).
- 35 **STEP FOUR: Determine the difference between:**
 36 (A) the STEP THREE result; and
 37 (B) the amount of the supplemental benefit received by the
 38 retiree under subsection (e).
- 39 **If, whenever the pension advisory board makes a calculation under**
 40 **this subsection, the STEP FOUR result of the foregoing formula is**
 41 **zero dollars (\$0), a retiree to whom this subsection applies is not**
 42 **considered to have yet received a supplemental benefit under this**



1 subsection.

2 (g) This subsection applies to a retiree who is eligible under
3 section 2 of this chapter to receive a supplemental benefit after
4 December 31, 2018, who previously received an initial
5 supplemental benefit under subsection (c), and who never received
6 a supplemental benefit under subsection (e) or who previously
7 received supplemental benefits under both subsections (e) and (f).
8 The supplemental benefit referred to in subsection (b)(2) for
9 retirees to whom this subsection applies is equal to fifty percent
10 (50%) of the difference between:

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

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

21 SECTION 5. An emergency is declared for this act.

