



January 12, 2016

HOUSE BILL No. 1032

DIGEST OF HB 1032 (Updated January 12, 2016 1:26 pm - DI 113)

Citations Affected: IC 5-10; IC 5-10.2; IC 5-10.3; IC 5-10.4.

Synopsis: Various pension matters. Provides that the assets of the state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement plan may be commingled for investment purposes with the assets of other funds administered by the board of trustees of the Indiana public retirement system. Provides that an employer who elects to purchase special death benefit coverage for an eligible emergency medical services provider must pay for the coverage annually as prescribed by the Indiana public retirement system board. Eliminates the guaranteed fund investment option after December 31, 2016, for members of the public employees' retirement fund (PERF) and the teachers' retirement fund (TRF) and replaces the guaranteed fund with an unguaranteed stable value fund investment option. Provides for the disbursement or investment of annuity savings account money if an unvested member or PERF or TRF is suspended, and discontinues the practice of moving that annuity savings account money to a reserve account. Provides that a retired or disabled member of PERF or TRF who has begun to receive benefits may change the member's designated beneficiary or the form of the member's benefit any number of times. (The introduced version of this bill was prepared by the interim study committee on pension management oversight.)

Effective: July 1, 2016.

Carbaugh, Niezgodski

January 5, 2016, read first time and referred to Committee on Employment, Labor and Pensions.

January 12, 2016, amended, reported — Do Pass.

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January 12, 2016

Second Regular Session of the 119th General Assembly (2016)

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 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1032

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 5-10-5.5-2, AS AMENDED BY P.L.227-2007,
2 SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2016]: Sec. 2. (a) There is hereby created a state excise police,
4 gaming agent, gaming control officer, and conservation enforcement
5 officers' retirement plan to establish a means of providing special
6 retirement, disability and survivor benefits to employees of the
7 department, the Indiana gaming commission, and the commission who
8 are engaged exclusively in the performance of law enforcement duties.

9 (b) **The assets of the retirement plan created by this section may**
10 **be commingled for investment purposes with the assets of other**
11 **funds administered by the board.**

12 SECTION 2. IC 5-10-10-4.8, AS ADDED BY P.L.62-2015,
13 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JULY 1, 2016]: Sec. 4.8. (a) As used in this section, "eligible
15 emergency medical services provider" means an emergency medical
16 services provider who is employed by a person that has contracted with
17 a political subdivision to provide emergency medical services for the

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1 political subdivision.

2 (b) As used in this section, "emergency medical services" has the
3 meaning set forth in IC 16-49-1-5.

4 (c) As used in this section, "emergency medical services provider"
5 has the meaning set forth in IC 16-41-10-1.

6 (d) As used in this section, "political subdivision" has the meaning
7 set forth in IC 36-1-2-13.

8 (e) If an employer purchases coverage for an eligible emergency
9 medical services provider, the eligible emergency medical services
10 provider who dies as a direct result of personal injury or illness
11 resulting from the eligible emergency medical services provider's
12 performance of duties under a contract entered into by the emergency
13 medical services provider's employer to provide emergency medical
14 services for a political subdivision is eligible for a special death benefit
15 from the fund in the same manner as any other public safety officer is
16 eligible for a benefit from the fund. The cost of the coverage must be
17 one hundred dollars (\$100) annually for each eligible emergency
18 medical services provider paid by the emergency medical services
19 provider's employer. The cost of the coverage shall be paid to the board
20 for deposit into the fund.

21 (f) If an employer elects to provide coverage under this section, the
22 employer must purchase coverage for all eligible emergency medical
23 services providers of the employer. ~~The board shall allow an~~ An
24 employer to **who elects to purchase coverage under this section**
25 **must** purchase coverage by making ~~quarterly~~ **annual** payments ~~on~~
26 ~~dates as~~ prescribed by the board.

27 SECTION 3. IC 5-10.2-2-3, AS AMENDED BY P.L.35-2012,
28 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2016]: Sec. 3. (a) The annuity savings account consists of:

- 30 (1) the members' contributions; and
31 (2) the interest credits on these contributions in the guaranteed
32 fund **(before January 1, 2017), the gain or loss in the balance**
33 **of the member's account in the stable value fund (after**
34 **December 31, 2016),** or the gain or loss in market value on these
35 contributions in the alternative investment program, as specified
36 in section 4 of this chapter.

37 Each member shall be credited individually with the amount of the
38 member's contributions and interest credits.

39 (b) The board shall maintain the annuity savings account program
40 in effect on December 31, 1995 (referred to in this chapter as the
41 guaranteed program) **until January 1, 2017**. In addition, the board
42 shall establish and maintain a guaranteed program within the 1996



1 account **until January 1, 2017. The board shall establish an**
 2 **investment fund (referred to in this chapter as the stable value**
 3 **fund) that has preservation of capital as the primary investment**
 4 **objective.** The board may establish investment guidelines and limits on
 5 all types of investments (including, but not limited to, stocks and
 6 bonds) and take other actions necessary to fulfill its duty as a fiduciary
 7 of the annuity savings account, subject to the limitations and
 8 restrictions set forth in IC 5-10.3-5-3, IC 5-10.4-3-10, and IC 5-10.5-5.

9 (c) The board shall establish alternative investment programs within
 10 the annuity savings account of the public employees' retirement fund,
 11 the pre-1996 account, and the 1996 account, based on the following
 12 requirements:

13 (1) The board shall maintain at least one (1) alternative
 14 investment program that is an indexed stock fund and one (1)
 15 alternative investment program that is a bond fund. The board
 16 may maintain one (1) or more alternative investment programs
 17 that:

18 (A) invest in one (1) or more commingled or pooled funds that
 19 consist in part or entirely of mortgages that qualify as five star
 20 mortgages under the program established by IC 24-5-23.6; or

21 (B) otherwise invest in mortgages that qualify as five star
 22 mortgages under the program established by IC 24-5-23.6.

23 (2) The programs should represent a variety of investment
 24 objectives under IC 5-10.3-5-3.

25 (3) No program may permit a member to withdraw money from
 26 the member's account except as provided in IC 5-10.2-3 and
 27 IC 5-10.2-4.

28 (4) All administrative costs of each alternative program shall be
 29 paid from the earnings on that program or as may be determined
 30 by the rules of the board.

31 (5) Except as provided in section 4(e) of this chapter, a valuation
 32 of each member's account must be completed as of:

33 (A) the last day of each quarter; or

34 (B) another time as the board may specify by rule.

35 (d) The board must prepare, at least annually, an analysis of the
 36 guaranteed program **(before January 1, 2017), the stable value fund**
 37 **(after December 31, 2016),** and each alternative investment program.

38 This analysis must:

39 (1) include a description of the procedure for selecting an
 40 alternative investment program;

41 (2) be understandable by the majority of members; and

42 (3) include a description of prior investment performance.



1 (e) A member may direct the allocation of the amount credited to
 2 the member among the guaranteed fund **(before January 1, 2017), the**
 3 **stable value fund (after December 31, 2016)**, and any available
 4 alternative investment funds, subject to the following conditions:

5 (1) A member may make a selection or change an existing
 6 selection under rules established by the board. The board shall
 7 allow a member to make a selection or change any existing
 8 selection at least once each quarter.

9 (2) The board shall implement the member's selection beginning
 10 on the first day of the next calendar quarter that begins at least
 11 thirty (30) days after the selection is received by the board or on
 12 an alternate date established by the rules of the board. This date
 13 is the effective date of the member's selection.

14 (3) A member may select any combination of the guaranteed fund
 15 **(before January 1, 2017), the stable value fund (after**
 16 **December 31, 2016)**, or any available alternative investment
 17 funds, in ten percent (10%) increments or smaller increments that
 18 may be established by the rules of the board.

19 (4) A member's selection remains in effect until a new selection
 20 is made.

21 (5) On the effective date of a member's selection, the board shall
 22 reallocate the member's existing balance or balances in
 23 accordance with the member's direction, based on:

24 (A) for an alternative investment program balance, the market
 25 value on the effective date; ~~and~~

26 (B) for any guaranteed program balance, the account balance
 27 on the effective date; ~~and~~

28 **(C) for any stable value fund program balance, the balance**
 29 **of the member's account on the effective date.**

30 All contributions to the member's account shall be allocated as of
 31 the last day of that quarter or at an alternate time established by
 32 the rules of the board in accordance with the member's most
 33 recent effective direction. The board shall not reallocate the
 34 member's account at any other time.

35 **(6) The provisions concerning the transition from the**
 36 **guaranteed program to the stable value fund program are**
 37 **met, as set forth in section 24 of this chapter.**

38 (f) When a member who participates in an alternative investment
 39 program transfers the amount credited to the member from one (1)
 40 alternative investment program to another alternative investment
 41 program, ~~or~~ to the guaranteed program **(before January 1, 2017), or**
 42 **to the stable value fund program (after December 31, 2016), the**



1 amount credited to the member shall be valued at the market value of
2 the member's investment, as of the day before the effective date of the
3 member's selection or at an alternate time established by the rules of
4 the board. When a member who participates in an alternative
5 investment program retires, becomes disabled, dies, or suspends
6 membership and withdraws from the fund, the amount credited to the
7 member shall be the market value of the member's investment as of the
8 last day of the quarter preceding the member's distribution or
9 annuitization at retirement, disability, death, or suspension and
10 withdrawal, plus contributions received after that date or at an alternate
11 time established by the rules of the board.

12 (g) **This subsection applies before January 1, 2017.** When a
13 member who participates in the guaranteed program transfers the
14 amount credited to the member to an alternative investment program,
15 the amount credited to the member in the guaranteed program is
16 computed without regard to market value and is based on the balance
17 of the member's account in the guaranteed program as of the last day
18 of the quarter preceding the effective date of the transfer. However, the
19 board may by rule provide for an alternate valuation date. When a
20 member who participates in the guaranteed program retires, becomes
21 disabled, dies, or suspends membership and withdraws from the fund,
22 the amount credited to the member shall be computed without regard
23 to market value and is based on the balance of the member's account in
24 the guaranteed program as of the last day of the quarter preceding the
25 member's distribution or annuitization at retirement, disability, death,
26 or suspension and withdrawal, plus any contributions received since
27 that date plus interest since that date. However, the board may by rule
28 provide for an alternate valuation date.

29 (h) **This subsection applies after December 31, 2016.** When a
30 member who participates in the stable value fund program
31 transfers the amount credited to the member from the stable value
32 fund program to an alternative investment program, the amount
33 credited to the member shall be the balance of the member's
34 account, as of the day before the effective date of the member's
35 selection or at an alternate time established by the rules of the
36 board. When a member who participates in the stable value fund
37 program retires, becomes disabled, dies, or suspends membership
38 and withdraws from the fund, the amount credited to the member
39 shall be the balance of the member's account as of the last day of
40 the quarter preceding the member's distribution or annuitization
41 at retirement, disability, death, or suspension and withdrawal, plus
42 contributions received after that date or at an alternate time



1 **established by the rules of the board.**

2 SECTION 4. IC 5-10.2-2-3.3, AS ADDED BY P.L.220-2011,
3 SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2016]: Sec. 3.3. Interest credited prior to July 1, 2005, in the
5 annuity savings account of the public employees' retirement fund to
6 suspended members participating in the guaranteed fund (**before its**
7 **elimination on January 1, 2017**) under section 3 of this chapter shall
8 be treated as properly credited.

9 SECTION 5. IC 5-10.2-2-4, AS AMENDED BY P.L.35-2012,
10 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2016]: Sec. 4. (a) Except as provided in subsection (e),
12 interest shall be credited and compounded at least annually on all
13 amounts credited to the member in the guaranteed program. For the
14 guaranteed program, the board shall annually establish an interest
15 credit rate equal to or less than the investment income earned.

16 (b) Except as provided in subsection (e), the market value of each
17 alternative investment program shall be allocated at least annually to
18 the members participating in that program.

19 (c) Contributions to the guaranteed program and the alternative
20 investment programs shall be invested as of the last day of the quarter
21 in which the contributions are received or at an alternate time
22 established by the rules of the board. Contributions to the guaranteed
23 program shall begin to accumulate interest at the beginning of the
24 quarter after the quarter in which the contributions are received or at an
25 alternate time established by the rules of the board.

26 (d) When a member retires or withdraws with a balance in the
27 guaranteed program, a proportional interest credit determined by the
28 board shall be granted for the period elapsed since the last interest date
29 on that balance.

30 (e) This subsection applies whenever the board is required to
31 establish an interest or earnings rate in order to credit interest or
32 earnings to an omitted contribution to a member's annuity savings
33 account. As used in this subsection, "omitted contribution" means a
34 contribution contributed by or on behalf of a member under
35 IC 5-10.3-7-9 or IC 5-10.4-4-11 that is received by the board after the
36 time required by IC 5-10.3-7-12.5 or IC 5-10.4-7-6(b)(1).
37 Notwithstanding any law to the contrary, the board may by rule specify:

38 (1) a single composite interest rate and the period to which the
39 rate applies for the purpose of computing the interest credits on
40 a member's contributions (including omitted contributions) in the
41 guaranteed fund; and

42 (2) a single composite earnings rate for the gain or loss in market



1 value for each alternative investment program and the period to
 2 which the rate applies for the purpose of computing the gain or
 3 loss in market value on a member's contributions (including
 4 omitted contributions) in the alternate investment program.

5 **(f) This section expires January 1, 2017.**

6 SECTION 6. IC 5-10.2-2-4.1 IS ADDED TO THE INDIANA
 7 CODE AS A NEW SECTION TO READ AS FOLLOWS
 8 [EFFECTIVE JULY 1, 2016]: **Sec. 4.1. (a) This section applies only**
 9 **after December 31, 2016.**

10 **(b) Except as provided in subsection (e), the market value of the**
 11 **stable value fund program shall be allocated at least annually to**
 12 **the members participating in that program.**

13 **(c) Except as provided in subsection (e), the market value of**
 14 **each alternative investment program shall be allocated at least**
 15 **annually to the members participating in that program.**

16 **(d) Contributions to the stable value fund program and the**
 17 **alternative investment programs shall be invested as of the last day**
 18 **of the quarter in which the contributions are received or at an**
 19 **alternate time established by the rules of the board.**

20 **(e) This subsection applies whenever the board is required to**
 21 **establish an earnings rate in order to credit earnings to an omitted**
 22 **contribution to a member's annuity savings account. As used in**
 23 **this subsection, "omitted contribution" means a contribution**
 24 **contributed by or on behalf of a member under IC 5-10.3-7-9 or**
 25 **IC 5-10.4-4-11 that is received by the board after the time required**
 26 **by IC 5-10.3-7-12.5 or IC 5-10.4-7-6(b)(1). Notwithstanding any**
 27 **law to the contrary, the board may by rule specify:**

28 **(1) a single composite earnings rate for the gain or loss in**
 29 **market value for the stable value fund program for the**
 30 **purpose of computing the gain or loss in market value on a**
 31 **member's contributions (including omitted contributions) in**
 32 **the stable value fund program; and**

33 **(2) a single composite earnings rate for the gain or loss in**
 34 **market value for each alternative investment program and**
 35 **the period to which the rate applies for the purpose of**
 36 **computing the gain or loss in market value on a member's**
 37 **contributions (including omitted contributions) in the**
 38 **alternate investment program.**

39 SECTION 7. IC 5-10.2-2-24 IS ADDED TO THE INDIANA CODE
 40 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 41 1, 2016]: **Sec. 24. (a) After December 31, 2016, a member may not**
 42 **make contributions to the guaranteed program.**



1 (b) For those members who as of December 31, 2016, have
 2 designated the guaranteed program as the investment program to
 3 receive all or part of the contributions to the member's annuity
 4 savings account, the board shall designate as a substitute one (1) or
 5 more alternative investment programs that are to receive those
 6 contributions after December 31, 2016. The designation by the
 7 board of an alternative investment program to receive a member's
 8 contributions under this subsection remains in effect until the
 9 member makes another allowable designation.

10 (c) After December 31, 2016, if a member has allocated all or
 11 part of the amount credited to the member to the guaranteed
 12 program, the board shall exchange the amount allocated to the
 13 guaranteed program by the member for an equivalent market
 14 value allocation to the stable value fund.

15 (d) The board shall eliminate the guaranteed program on
 16 January 1, 2017.

17 (e) After December 31, 2016, a member may allocate
 18 contributions and money invested in the alternative investment
 19 program to the stable value fund.

20 SECTION 8. IC 5-10.2-3-5, AS AMENDED BY P.L.165-2009,
 21 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2016]: Sec. 5. (a) A member who is not eligible for retirement
 23 or disability retirement may suspend the member's membership if the
 24 member terminates employment.

25 (b) After five (5) continuous years in which the member performs
 26 no service, the member's membership shall be automatically suspended
 27 by the board unless the member has vested status.

28 (c) The board may suspend a member's membership in the fund if:

29 (1) the member has not performed any service in a covered
 30 position during the past two (2) years;

31 (2) the member has not attained vested status in the fund; and

32 (3) the value of the member's annuity savings account is not more
 33 than one thousand dollars (\$1,000).

34 (d) (c) On resuming service the member may claim as creditable
 35 service the period of employment before the suspension of
 36 membership, but only to the extent that the same period of employment
 37 is not being used by another governmental plan for purposes of the
 38 member's benefit in the other governmental plan.

39 SECTION 9. IC 5-10.2-3-6 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 6. (a) After a member
 41 suspends his membership, he is suspended under section 5 of this
 42 chapter, the member is entitled to withdraw in a lump sum the



1 amount of ~~his~~ **the member's** contributions plus interest credited to ~~him~~:
 2 **the member.**

3 (b) Except as provided in subsection (c); if the member does not
 4 claim his moneys within five (5) years after the suspension; the moneys
 5 shall be credited to the retirement fund. Any reasonable costs of
 6 locating the member or the member's beneficiary may be charged
 7 against the member's or the beneficiary's money. The fund shall retain
 8 **(d), the suspended member's moneys until the member claims them;**
 9 with no further interest credits to the member after the moneys are
 10 credited to the fund: **money is to remain in the stable value fund or**
 11 **the alternative investment program as the money was allocated on**
 12 **the day the member was suspended until:**

13 **(1) the suspended member changes the allocation of the**
 14 **money among the stable value fund and the alternative**
 15 **investment program;**

16 **(2) the suspended member withdraws the money from the**
 17 **fund; or**

18 **(3) the fund is otherwise required to distribute the money.**

19 Any earnings or losses on the money shall be credited to the
 20 member in the same manner as if the member's membership was
 21 not suspended.

22 (c) If a member suspends membership in the fund because the
 23 member is no longer in a covered position but does not separate from
 24 employment with the member's employer; money shall be credited to
 25 the retirement fund only if the member does not claim the member's
 26 money within forty-five (45) years after the suspension. **The board**
 27 **may charge a reasonable annual administrative fee against the**
 28 **money held in the annuity savings account of a suspended member.**

29 (d) If:

30 **(1) a member is suspended under section ~~(5)~~(c) 5 of this chapter;**

31 **(2) the member has not attained vested status in the fund; and**

32 **(3) the value of the member's annuity savings account is not**
 33 **more than one thousand dollars (\$1,000);**

34 the board shall pay the member's annuity savings account in a lump
 35 sum.

36 SECTION 10. IC 5-10.2-3-10 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 10. (a) To the extent
 38 permitted by the Internal Revenue Code and the applicable regulations,
 39 the fund may accept, on behalf of any active member, a rollover
 40 distribution from any of the following:

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



- 1 (2) An annuity contract or account described in Section 403(b) of
 2 the Internal Revenue Code.
- 3 (3) An eligible plan maintained by a state, a political subdivision
 4 of a state, or an agency or instrumentality of a state or political
 5 subdivision of a state under Section 457(b) of the Internal
 6 Revenue Code.
- 7 (4) An individual retirement account or annuity described in
 8 Section 408(a) or Section 408(b) of the Internal Revenue Code.
- 9 (b) Any amounts rolled over under subsection (a) must be accounted
 10 for in a "rollover account" that is separate from the member's annuity
 11 savings account.
- 12 (c) A member may direct the investment of the member's rollover
 13 account into **the stable value fund or** any alternative investment
 14 option that the board may make available to the member's rollover
 15 account under IC 5-10.2-2-3. ~~However, the member may not invest the~~
 16 ~~member's rollover account in the guaranteed fund.~~
- 17 (d) A member may withdraw the member's rollover account from
 18 the fund in a lump sum at any time before retirement. At retirement, the
 19 member may withdraw the member's rollover account in accordance
 20 with the retirement options that are available for the member's annuity
 21 savings account, including the deferral of a withdrawal.
- 22 SECTION 11. IC 5-10.2-4-7.2, AS AMENDED BY P.L.241-2015,
 23 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2016]: Sec. 7.2. (a) This section applies to the following:
- 25 (1) A member of the Indiana state teachers' retirement fund after
 26 June 30, 2007.
- 27 (2) A member of the public employees' retirement fund after June
 28 30, 2008.
- 29 (b) ~~Subject to subsection (g), Except as otherwise provided in this~~
 30 ~~section, if a member is receiving a benefit from the fund, and:~~
- 31 ~~(1) the member's designated beneficiary dies;~~
 32 ~~(2) the member and the member's designated beneficiary have~~
 33 ~~been parties in an action for dissolution of marriage in which a~~
 34 ~~final order has been issued after the member's first benefit~~
 35 ~~payment is made. It is immaterial whether the final order was~~
 36 ~~issued before, on, or after the date in subsection (a)(1) or (a)(2);~~
 37 ~~(3) the member marries after the member's first benefit payment~~
 38 ~~is made, and:~~
- 39 ~~(A) the member's designated beneficiary is not the member's~~
 40 ~~current spouse; or~~
 41 ~~(B) the member has not designated a beneficiary; or~~
 42 ~~(4) after June 30, 2016, the member and the member's designated~~



1 beneficiary are no longer in a relationship that caused the member
2 to make the original beneficiary designation;

3 the member may make the election described in subsection (c) **any**
4 **number of times.**

5 (c) **Except as otherwise provided in this section,** a member
6 ~~described in subsection (b)~~ may elect to:

7 (1) change the member's designated beneficiary or form of benefit
8 under section 7(b) of this chapter; and

9 (2) receive an actuarially adjusted and recalculated benefit for the
10 remainder of:

11 (A) the member's life; or

12 (B) the member's life and the life of the newly designated
13 beneficiary.

14 (d) A member making the election under subsection (c) may not
15 elect to change to a five (5) year guaranteed form of benefit under
16 section 7(b) of this chapter.

17 (e) If a member elects a benefit under subsection (c)(2)(B), the
18 member must indicate whether the newly designated beneficiary's
19 benefit will equal:

20 (1) the member's full recalculated benefit;

21 (2) two-thirds (2/3) of the member's recalculated benefit; or

22 (3) one-half (1/2) of the member's recalculated benefit.

23 (f) The member bears the cost of recalculating a benefit under
24 subsection (c)(2), and **the member shall pay the cost shall be included**
25 ~~in the actuarial adjustment.~~ **manner prescribed by the board by rule.**
26 **However, the board shall waive the cost associated with the first**
27 **time after June 30, 2016, the member changes the member's**
28 **designated beneficiary or form of benefit under this section.**

29 (g) A member may not make the election under subsection (c) if a
30 final order or property settlement in an action for dissolution of
31 marriage:

32 (1) prohibits a change in the member's designated beneficiary; or

33 (2) provides a right to a survivor benefit to a person who would be
34 removed as the designated beneficiary.

35 (h) Benefits may be recalculated under this section only to the extent
36 permitted by the Internal Revenue Code and applicable regulations.

37 (i) Before implementing this section, the board may obtain any
38 approvals that the board considers necessary or appropriate from the
39 Internal Revenue Service.

40 (j) ~~This subsection applies after June 30, 2016. A member who~~
41 ~~qualifies under subsection (b)(4) to make an election under subsection~~
42 ~~(c) shall provide documentation the board considers sufficient to~~



1 establish that the relationship between the member and the member's
2 designated beneficiary no longer exists.

3 **(j) Subject to subsection (g), if a member is receiving a benefit**
4 **from the fund and the member's spouse is the member's designated**
5 **beneficiary, the member may not change the member's designated**
6 **beneficiary or elect to receive an actuarially adjusted and**
7 **recalculated benefit under subsection (c) unless:**

8 **(1) the member's designated beneficiary dies;**

9 **(2) the member and the member's designated beneficiary have**
10 **been parties in an action for dissolution of marriage in which**
11 **a final order has been issued after the member's first benefit**
12 **payment is made; or**

13 **(3) the member's designated beneficiary, or the guardian of**
14 **the member's designated beneficiary, authorizes the change**
15 **in writing in the manner prescribed by the board.**

16 **With respect to a final order for dissolution of marriage described**
17 **in subdivision (2), it is immaterial whether the final order was**
18 **issued before, on, or after the date in subsection (a)(1) or (a)(2).**

19 SECTION 12. IC 5-10.3-2-3 IS AMENDED TO READ AS
20 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 3. The general
21 assembly intends that, to the extent specified in this article, the
22 payments to the fund by the state or the participating political
23 subdivisions, the payment of all benefits, the payment of interest
24 credits, and the payment of administration expenses are obligations of
25 the state and the participating political subdivisions. However, this
26 obligation is not a guarantee that the amount credited to a member in
27 the annuity savings account will not vary in value as a result of the
28 performance of the investment program selected by the member under
29 IC 5-10.2-2, unless the member selected the guaranteed program
30 **(before its elimination on January 1, 2017)**, in which case the
31 obligation is such a guarantee.

32 SECTION 13. IC 5-10.3-12-22, AS AMENDED BY P.L.6-2012,
33 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2016]: Sec. 22. (a) Subject to the board obtaining the approval
35 of the Internal Revenue Service as described in section 18(b) of this
36 chapter, the board shall establish:

37 **(1) a stable value fund as the initial regular investment**
38 **program for the plan; and**

39 **(2) the alternative investment programs (as described by**
40 **IC 5-10.2-2-3 and IC 5-10.2-2-4) within the annuity savings**
41 **account as the initial alternative investment programs for the plan.**
42 **except that the board shall maintain at least one (1) alternative**



1 investment program that is a stable value fund.
 2 If the board considers it necessary or appropriate, the board may
 3 establish different or additional alternative investment programs for the
 4 plan. However, the guaranteed program (as defined in IC 5-10.2-2-3)
 5 shall not be offered as an investment option under the plan.

6 (b) The requirements and rules that apply to the alternative
 7 investment programs within the annuity savings account are the initial
 8 requirements and rules that apply to the alternative investment
 9 programs within the plan, including the following:

10 (1) The board's investment guidelines and limits for the
 11 alternative investment programs.

12 (2) A member's selection of and changes to the member's
 13 investment options.

14 (3) The valuation of a member's account.

15 (4) The allocation and payment of administrative expenses for the
 16 alternative investment programs.

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

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

22 SECTION 14. IC 5-10.4-2-6, AS AMENDED BY P.L.99-2010,
 23 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2016]: Sec. 6. The board shall do the following:

25 (1) Credit interest to the members' annuity savings accounts in the
 26 guaranteed fund (**before January 1, 2017**), **actual earnings to**
 27 **the stable value fund (after December 31, 2016)**, and actual
 28 earnings to the alternative investment programs.

29 (2) After complying with subdivision (1), distribute any remaining
 30 undistributed income reserve as of the end of each accounting
 31 period as determined by the rules of the board.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Employment, Labor and Pensions, to which was referred House Bill 1032, 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 5-10-5.5-2, AS AMENDED BY P.L.227-2007, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 2. (a) There is hereby created a state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement plan to establish a means of providing special retirement, disability and survivor benefits to employees of the department, the Indiana gaming commission, and the commission who are engaged exclusively in the performance of law enforcement duties.

(b) The assets of the retirement plan created by this section may be commingled for investment purposes with the assets of other funds administered by the board."

Page 2, line 21, delete "market value".

Page 2, lines 22, delete "on these contributions" and insert "**the balance of the member's account**".

Page 4, line 17, delete "market".

Page 4, line 18, delete "value" and insert "**balance of the member's account**".

Page 4, line 30, delete "July 1, 2016)," and insert "**January 1, 2017)**".

Page 5, line 22, delete "valued at the market value of the" and insert "**the balance of the**".

Page 5, line 23, delete "investment," and insert "**account**".

Page 5, line 28, delete "market value of the member's investment" and insert "**balance of the member's account**".

Page 7, line 30, delete "June 30," and insert "**December 31**".

Page 7, line 32, delete "June 30," and insert "**December 31**".

Page 7, line 37, delete "June 30," and insert "**December 31**".

Page 7, delete lines 41 through 42.

Page 8, delete lines 1 through 2.

Page 8, line 3, delete "(d)" and insert "**(c)**".

Page 8, line 3, delete "November 30," and insert "**December 31**".

Page 8, line 3, delete "and before January 1, 2017,".

Page 8, line 8, delete "(e)" and insert "**(d)**".

Page 8, line 10, delete "(f)" and insert "**(e)**".



Page 10, between lines 14 and 15, begin a new paragraph and insert:
 "SECTION 11. IC 5-10.2-4-7.2, AS AMENDED BY P.L.241-2015,
 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 JULY 1, 2016]: Sec. 7.2. (a) This section applies to the following:

(1) A member of the Indiana state teachers' retirement fund after
 June 30, 2007.

(2) A member of the public employees' retirement fund after June
 30, 2008.

(b) **Subject to subsection (g); Except as otherwise provided in this
 section,** if a member is receiving a benefit from the fund, **and:**

(1) ~~the member's designated beneficiary dies;~~

(2) ~~the member and the member's designated beneficiary have
 been parties in an action for dissolution of marriage in which a
 final order has been issued after the member's first benefit
 payment is made. It is immaterial whether the final order was
 issued before, on, or after the date in subsection (a)(1) or (a)(2);~~

(3) ~~the member marries after the member's first benefit payment
 is made, and:~~

(A) ~~the member's designated beneficiary is not the member's
 current spouse; or~~

(B) ~~the member has not designated a beneficiary; or~~

(4) ~~after June 30, 2016, the member and the member's designated
 beneficiary are no longer in a relationship that caused the member
 to make the original beneficiary designation;~~

the member may make the election described in subsection (c) **any
 number of times.**

(c) **Except as otherwise provided in this section,** a member
 described in subsection (b) may elect to:

(1) change the member's designated beneficiary or form of benefit
 under section 7(b) of this chapter; and

(2) receive an actuarially adjusted and recalculated benefit for the
 remainder of:

(A) the member's life; or

(B) the member's life and the life of the newly designated
 beneficiary.

(d) A member making the election under subsection (c) may not
 elect to change to a five (5) year guaranteed form of benefit under
 section 7(b) of this chapter.

(e) If a member elects a benefit under subsection (c)(2)(B), the
 member must indicate whether the newly designated beneficiary's
 benefit will equal:

(1) the member's full recalculated benefit;



(2) two-thirds (2/3) of the member's recalculated benefit; or

(3) one-half (1/2) of the member's recalculated benefit.

(f) The member bears the cost of recalculating a benefit under subsection (c)(2), and **the member shall pay the cost shall be included in the actuarial adjustment: manner prescribed by the board by rule. However, the board shall waive the cost associated with the first time after June 30, 2016, the member changes the member's designated beneficiary or form of benefit under this section.**

(g) A member may not make the election under subsection (c) if a final order or property settlement in an action for dissolution of marriage:

(1) prohibits a change in the member's designated beneficiary; or

(2) provides a right to a survivor benefit to a person who would be removed as the designated beneficiary.

(h) Benefits may be recalculated under this section only to the extent permitted by the Internal Revenue Code and applicable regulations.

(i) Before implementing this section, the board may obtain any approvals that the board considers necessary or appropriate from the Internal Revenue Service.

(j) ~~This subsection applies after June 30, 2016. A member who qualifies under subsection (b)(4) to make an election under subsection (c) shall provide documentation the board considers sufficient to establish that the relationship between the member and the member's designated beneficiary no longer exists.~~

(j) Subject to subsection (g), if a member is receiving a benefit from the fund and the member's spouse is the member's designated beneficiary, the member may not change the member's designated beneficiary or elect to receive an actuarially adjusted and recalculated benefit under subsection (c) unless:

(1) the member's designated beneficiary dies;

(2) the member and the member's designated beneficiary have been parties in an action for dissolution of marriage in which a final order has been issued after the member's first benefit payment is made; or

(3) the member's designated beneficiary, or the guardian of the member's designated beneficiary, authorizes the change in writing in the manner prescribed by the board.



With respect to a final order for dissolution of marriage described in subdivision (2), it is immaterial whether the final order was issued before, on, or after the date in subsection (a)(1) or (a)(2)."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1032 as introduced.)

GUTWEIN

Committee Vote: yeas 10, nays 0.

