



Reprinted  
March 17, 2015

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# ENGROSSED HOUSE BILL No. 1150

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DIGEST OF HB 1150 (Updated March 16, 2015 2:09 pm - DI 113)

**Citations Affected:** IC 10-12; IC 36-8.

**Synopsis:** Police and firefighter retirement matters. Makes changes to the 1977 police officers' and firefighters' pension and disability fund to include police officers in several sections of the statute that may logically apply to police officers as well as firefighters. Specifies that a state police officer who separates from service in good standing after 20 years of service is entitled to receive the state police officer's service weapon, a badge that indicates that the state police officer is retired, and an identification card that indicates that the state police officer is retired. (The introduced version of this bill was prepared by the interim study committee on pension management oversight.)

**Effective:** Upon passage; December 1, 2014 (retroactive).

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**Macer, Burton, Ober, Carbaugh**

(SENATE SPONSORS — BOOTS, WALKER)

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January 8, 2015, read first time and referred to Committee on Employment, Labor and Pensions.

January 22, 2015, reported — Do Pass.

January 26, 2015, read second time, ordered engrossed. Engrossed.

January 27, 2015, read third time, passed. Yeas 96, nays 0.

SENATE ACTION

February 24, 2015, read first time and referred to Committee on Pensions & Labor.

March 12, 2015, reported favorably — Do Pass.

March 16, 2015, read second time, amended, ordered engrossed.

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EH 1150—LS 6081/DI 113





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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.

## ENGROSSED HOUSE BILL No. 1150

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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 10-12-2-1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE DECEMBER 1, 2014 (RETROACTIVE)]:  
3 Sec. 1. (a) If an eligible employee **retires separates from service in**  
4 **good standing** after at least twenty (20) years of service, the employee  
5 may:  
6 (1) retain the employee's issued service weapon; and  
7 (2) receive a "Retired" badge in recognition of the employee's  
8 service to the department and the public.  
9 (b) **As used in this subsection, "retirement" means separation**  
10 **from service in good standing with at least twenty (20) years of**  
11 **service. "Retired" has a corresponding meaning.** Upon an eligible  
12 employee's retirement, the department shall issue to the employee an  
13 identification card that:  
14 (1) gives the employee's name and rank;  
15 (2) **gives the employee's years of service with the department;**

EH 1150—LS 6081/DI 113



1           (2) (3) signifies that the employee is retired; and  
 2           (3) (4) notes the employee's authority to retain the employee's  
 3           service weapon.

4           SECTION 2. IC 36-8-8-3, AS AMENDED BY P.L.35-2012,  
 5           SECTION 115, IS AMENDED TO READ AS FOLLOWS  
 6           [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) If a town establishes a  
 7           board of metropolitan police commissioners, or if a town becomes a  
 8           city, the municipality shall participate in the 1977 fund. However, if a  
 9           police officer or former marshal is a member of the public employees'  
 10          retirement fund, the police officer or former marshal may continue as  
 11          a member of that fund instead of the 1977 fund. Notwithstanding the  
 12          age requirements under section 7(a) of this chapter, a police officer or  
 13          former marshal employed by a municipality at the time the  
 14          municipality enters the 1977 fund under this section shall be a member  
 15          of the 1977 fund unless the police officer or former marshal elects to  
 16          continue as a member of the public employees' retirement fund. A  
 17          person may become a member of the 1977 fund under this subsection  
 18          without meeting the age limitation under section 7(a) of this chapter  
 19          only if the person satisfies:

- 20           (1) any aptitude, physical agility, or physical and mental standards  
 21           established by a local board under IC 36-8-3.2; and  
 22           (2) the minimum standards that are:  
 23           (A) adopted by the system board under section 19 of this  
 24           chapter; and  
 25           (B) in effect on the date the person becomes a member of the  
 26           1977 fund.

27          Credit for prior service of a person who becomes a member of the 1977  
 28          fund under this subsection shall be determined under section 18 or 18.1  
 29          of this chapter. No service credit beyond that allowed under section 18  
 30          or 18.1 of this chapter may be recognized under the 1977 fund.

31          (b) If a unit did not establish a 1937 fund for its firefighters, the unit  
 32          may participate in the public employees' retirement fund or it may  
 33          participate in the 1977 fund. If a unit established a 1937 fund for its  
 34          firefighters, the unit is and shall remain a participant in the 1977 fund.

35          (c) A unit that:

- 36           (1) has not established a pension fund for its firefighters; or  
 37           (2) is participating in the public employees' retirement fund under  
 38           subsection (b);

39          may participate in the 1977 fund upon approval by the fiscal body,  
 40          notwithstanding IC 5-10.3-6-8. A unit that participates in the 1977 fund  
 41          under this subsection must comply with section 21 of this chapter.  
 42          However, if a **police officer or** firefighter is a member of the public



1 employees' retirement fund, the **police officer or** firefighter may  
 2 continue as a member of that fund instead of the 1977 fund.

3 SECTION 3. IC 36-8-8-18, AS AMENDED BY P.L.35-2012,  
 4 SECTION 136, IS AMENDED TO READ AS FOLLOWS  
 5 [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) Except as provided in  
 6 subsection (b), if a unit becomes a participant in the 1977 fund, credit  
 7 for prior service by police officers (including prior service as a  
 8 full-time, fully paid town marshal or full-time, fully paid deputy town  
 9 marshal by a police officer employed by a metropolitan board of police  
 10 commissioners) or by firefighters before the date of participation may  
 11 be given by the system board only if:

12 (1) the unit contributes to the 1977 fund the amount necessary to  
 13 amortize prior service liability over a period of not more than  
 14 forty (40) years, the amount and period to be determined by the  
 15 system board; and

16 (2) the police officers or firefighters pay, either in a lump sum or  
 17 in a series of payments determined by the system board, the  
 18 amount that they would have contributed if they had been  
 19 members of the 1977 fund during their prior service.

20 If the requirements of subdivisions (1) and (2) are not met, a fund  
 21 member is entitled to credit only for years of service after the date of  
 22 participation.

23 (b) If a unit becomes a participant in the 1977 fund under section  
 24 3(c) of this chapter, or if a firefighter becomes a member of the 1977  
 25 fund under section 7(g) of this chapter, credit for prior service before  
 26 the date of participation or membership shall be given by the system  
 27 board as follows:

28 (1) For a member who will accrue twenty (20) years of service  
 29 credit in the 1977 fund by the time the member reaches the  
 30 earliest retirement age under the fund at the time of the member's  
 31 date of participation in the 1977 fund, the member will be given  
 32 credit in the 1977 fund for one-third (1/3) of the member's years  
 33 of participation in PERF as a police officer, a firefighter, or an  
 34 emergency medical technician.

35 (2) For a member who will not accrue twenty (20) years of service  
 36 credit in the 1977 fund by the time the member reaches the  
 37 earliest retirement age under the fund at the time of the member's  
 38 date of participation in the 1977 fund, **credit for** such prior  
 39 service shall be given only if:

40 (A) The unit contributes to the 1977 fund the amount  
 41 necessary to fund prior service liability amortized over a  
 42 period of not more than ten (10) years. The amount of



1 contributions must be based on the actual salary earned by a  
 2 **first class patrolman or** a first class firefighter at the time the  
 3 unit becomes a participant in the 1977 fund, or the **police**  
 4 **officer or** firefighter becomes a member of the 1977 fund, or  
 5 if no such salary designation exists, the actual salary earned by  
 6 the **police officer or** firefighter. The limit on credit for prior  
 7 service does not apply **to a firefighter** if the firefighter was a  
 8 member of the 1937 fund or 1977 fund whose participation  
 9 was terminated due to the creation of a new fire protection  
 10 district under IC 36-8-11-5 and who subsequently became a  
 11 member of the 1977 fund. A firefighter who was a member of  
 12 or reentered the 1937 fund or 1977 fund whose participation  
 13 was terminated due to the creation of a new fire protection  
 14 district under IC 36-8-11-5 is entitled to full credit for prior  
 15 service in an amount equal to the firefighter's years of service  
 16 before becoming a member of or reentering the 1977 fund.  
 17 Service may only be credited for time as a full-time, fully paid  
 18 **police officer,** firefighter, or ~~as an~~ emergency medical  
 19 technician under section 7(g) of this chapter.

20 (B) The amount the **police officer or** firefighter would have  
 21 contributed if the **police officer or** firefighter had been a  
 22 member of the 1977 fund during the **police officer's or**  
 23 firefighter's prior service must be fully paid and must be based  
 24 on the **police officer's or** firefighter's actual salary earned  
 25 during that period before service can be credited under this  
 26 section.

27 (C) Any amortization schedule for contributions paid under  
 28 clause (A) and contributions to be paid under clause (B) must  
 29 include interest at a rate determined by the system board.

30 (3) If, at the time a unit entered the 1977 fund, the unit  
 31 contributed the amount required by subdivision (2) so that a fund  
 32 member received the maximum prior service credit allowed by  
 33 subdivision (2) and, at a later date, the earliest retirement age was  
 34 lowered, the unit may contribute to the 1977 fund on the fund  
 35 member's behalf an additional amount that is determined in the  
 36 same manner as under subdivision (2) with respect to the  
 37 additional prior service, if any, available as a result of the lower  
 38 retirement age. If the unit pays the additional amount described in  
 39 this subdivision in accordance with the requirements of  
 40 subdivision (2), the fund member shall receive the additional  
 41 service credit necessary for the fund member to retire at the lower  
 42 earliest retirement age.



- 1 (c) This subsection applies to a unit that:  
 2 (1) becomes a participant in the 1977 fund under section 3(c) of  
 3 this chapter; and  
 4 (2) is a fire protection district created under IC 36-8-11 that  
 5 includes a township or a municipality that had a 1937 fund.  
 6 A firefighter who continues uninterrupted service with a unit covered  
 7 by this subsection and who participated in the township or municipality  
 8 1937 fund is entitled to receive service credit for such service in the  
 9 1977 fund. However, credit for such service is limited to the amount  
 10 accrued by the firefighter in the 1937 fund or the amount necessary to  
 11 allow the firefighter to accrue twenty (20) years of service credit in the  
 12 1977 fund by the time the firefighter becomes fifty-two (52) years of  
 13 age, whichever is less.
- 14 (d) The unit shall contribute into the 1977 fund the amount  
 15 necessary to fund the amount of past service determined in accordance  
 16 with subsection (c), amortized over a period not to exceed ten (10)  
 17 years with interest at a rate determined by the system board.
- 18 (e) If the township or municipality has accumulated money in its  
 19 1937 fund, any amount accumulated that exceeds the present value of  
 20 all projected future benefits from the 1937 plan shall be paid by the  
 21 township or municipality to the unit for the sole purpose of making the  
 22 contributions determined in subsection (d).
- 23 (f) To the extent permitted by the Internal Revenue Code and the  
 24 applicable regulations, the 1977 fund may accept, on behalf of a fund  
 25 member who is purchasing permissive service credit under this chapter,  
 26 a rollover of a distribution from any of the following:
- 27 (1) A qualified plan described in Section 401(a) or Section 403(a)  
 28 of the Internal Revenue Code.  
 29 (2) An annuity contract or account described in Section 403(b) of  
 30 the Internal Revenue Code.  
 31 (3) An eligible plan that is maintained by a state, a political  
 32 subdivision of a state, or an agency or instrumentality of a state or  
 33 political subdivision of a state under Section 457(b) of the  
 34 Internal Revenue Code.  
 35 (4) An individual retirement account or annuity described in  
 36 Section 408(a) or Section 408(b) of the Internal Revenue Code.
- 37 (g) To the extent permitted by the Internal Revenue Code and the  
 38 applicable regulations, the 1977 fund may accept, on behalf of a fund  
 39 member who is purchasing permissive service credit under this chapter,  
 40 a trustee to trustee transfer from any of the following:
- 41 (1) An annuity contract or account described in Section 403(b) of  
 42 the Internal Revenue Code.



1 (2) An eligible deferred compensation plan under Section 457(b)  
 2 of the Internal Revenue Code.

3 SECTION 4. IC 36-8-8-21, AS AMENDED BY P.L.35-2012,  
 4 SECTION 139, IS AMENDED TO READ AS FOLLOWS  
 5 [EFFECTIVE UPON PASSAGE]: Sec. 21. (a) This section applies to:  
 6 ~~firefighters who:~~

7 (1) **police officers and firefighters who** are employed by units  
 8 that become participants in the 1977 fund under section 3(c) of  
 9 this chapter; or

10 (2) **firefighters who** become members of the 1977 fund under  
 11 section 7(g) of this chapter.

12 (b) A **police officer or** firefighter may become a member of the  
 13 1977 fund without meeting the age limitation under section 7(a) of this  
 14 chapter if the **police officer or** firefighter satisfies:

15 (1) any aptitude, physical agility, or physical and mental standards  
 16 established by a local board under IC 36-8-3.2; and

17 (2) the minimum standards that are:

18 (A) adopted by the system board under section 19 of this  
 19 chapter; and

20 (B) in effect on the date the **police officer or** firefighter  
 21 becomes a member of the 1977 fund.

22 (c) Credit for prior service of a **police officer or** firefighter who  
 23 becomes a member of the 1977 fund under this section shall be  
 24 determined under section 18 or 18.1 of this chapter. No service credit  
 25 beyond that allowed under section 18 or 18.1 of this chapter may be  
 26 recognized under the 1977 fund.

27 SECTION 5. **An emergency is declared for this act.**





## COMMITTEE REPORT

Mr. Speaker: Your Committee on Employment, Labor and Pensions, to which was referred House Bill 1150, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to HB 1150 as introduced.)

GUTWEIN

Committee Vote: Yeas 10, Nays 0

## COMMITTEE REPORT

Madam President: The Senate Committee on Pensions & Labor, to which was referred House Bill No. 1150, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to HB 1150 as printed January 23, 2015.)

BOOTS, Chairperson

Committee Vote: Yeas 10, Nays 0

## SENATE MOTION

Madam President: I move that Engrossed House Bill 1150 be amended to read as follows:

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

"SECTION 1. IC 10-12-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 1, 2014 (RETROACTIVE)]:

Sec. 1. (a) If an eligible employee **retires separates from service in good standing** after at least twenty (20) years of service, the employee may:

- (1) retain the employee's issued service weapon; and
- (2) receive a "Retired" badge in recognition of the employee's service to the department and the public.

(b) **As used in this subsection, "retirement" means separation from service in good standing with at least twenty (20) years of service. "Retired" has a corresponding meaning.** Upon an eligible employee's retirement, the department shall issue to the employee an

**EH 1150—LS 6081/DI 113**



identification card that:

(1) gives the employee's name and rank;

**(2) gives the employee's years of service with the department;**

~~(2)~~ **(3)** signifies that the employee is retired; and

~~(3)~~ **(4)** notes the employee's authority to retain the employee's service weapon."

Renumber all SECTIONS consecutively.

(Reference is to EHB 1150 as printed March 13, 2015.)

SMITH J

