

HOUSE BILL No. 1348

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-30-16-3; IC 10-12-2.

Synopsis: Supplemental allowance reserve account. Authorizes the Indiana state police to establish a supplemental allowance reserve account (account) in the police benefit fund to accumulate money for the purpose of paying postretirement benefit adjustments, including postretirement benefit increases, thirteenth checks, and other benefit changes or adjustments granted by the general assembly after June 30, 2019, to employee beneficiaries of the state police 1987 benefit system. Requires the state lottery commission to transfer \$40,000 of surplus revenue each calendar quarter from the administrative trust fund to the account.

Effective: July 1, 2019.

Burton

January 14, 2019, read first time and referred to Committee on Ways and Means.



First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

HOUSE BILL No. 1348

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 4-30-16-3, AS AMENDED BY P.L.127-2018,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2019]: Sec. 3. (a) The commission shall transfer the surplus
4 revenue in the administrative trust fund as follows:
5 (1) Before the last business day of January, April, July, and
6 October, the commission shall transfer seven million ~~five hundred~~
7 **four hundred sixty** thousand dollars (~~\$7,500,000~~) (**\$7,460,000**)
8 of the surplus revenue to the Indiana public retirement system for
9 credit, as determined by the board of trustees of the Indiana public
10 retirement system:
11 (A) first, to the pension stabilization fund established by
12 IC 5-10.4-2-5, to be used as a credit against the unfunded
13 accrued liability of the pre-1996 account (as defined by
14 IC 5-10.4-1-12); and
15 (B) second, to one (1) or more of the supplemental allowance
16 reserve accounts established under:
17 (i) IC 2-3.5-3-2(c) (for the legislators' defined benefit plan);



1 (ii) IC 5-10-5.5-4(c) (for the state excise police, gaming
2 agent, gaming control officer, and conservation enforcement
3 officers' retirement plan);

4 (iii) IC 5-10.2-2-2(a)(3) (for the public employees'
5 retirement fund); or

6 (iv) IC 5-10.2-2-2(c)(3) (for the Indiana state teachers'
7 retirement fund).

8 **(2) Before the last business day of January, April, July, and**
9 **October, the commission shall transfer forty thousand dollars**
10 **(\$40,000) of the surplus revenue to the trustee of the state**
11 **police pension trust for deposit in the supplemental allowance**
12 **reserve account (IC 10-12-2-6.3).**

13 ~~(2)~~ **(3)** Before the last business day of January, April, July, and
14 October, the commission shall transfer seven million five hundred
15 thousand dollars (\$7,500,000) of the surplus revenue to the
16 treasurer of state for deposit in the pension relief fund
17 (IC 5-10.3-11).

18 ~~(3)~~ **(4)** The surplus revenue remaining in the fund on the last day
19 of January, April, July, and October after the transfers under
20 subdivisions (1) ~~and~~ ~~(2)~~ **through (3)** shall be transferred by the
21 commission to the treasurer of state for deposit on that day in the
22 build Indiana fund.

23 (b) The commission may make transfers to the treasurer of state
24 more frequently than required by subsection (a). However, the number
25 of transfers does not affect the amount that is required to be transferred
26 for the purposes listed in subsection (a)(1), ~~and~~ (a)(2), **and (a)(3)**. Any
27 amount transferred during the month in excess of the amount required
28 to be transferred for the purposes listed in subsection (a)(1), ~~and~~ (a)(2),
29 **and (a)(3)** shall be transferred to the build Indiana fund.

30 SECTION 2. IC 10-12-2-6.3 IS ADDED TO THE INDIANA CODE
31 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
32 1, 2019]: **Sec. 6.3. (a) The department may establish, operate, and**
33 **make necessary contributions to a supplemental allowance reserve**
34 **account for the purpose of paying postretirement benefit**
35 **adjustments, including postretirement benefit increases, thirteenth**
36 **checks, and other benefit changes or adjustments granted by the**
37 **general assembly after June 30, 2019, to employee beneficiaries**
38 **covered by IC 10-12-4.**

39 **(b) The account consists of:**

40 **(1) amounts transferred to the account under IC 4-30-16-3;**

41 **(2) amounts appropriated or transferred to the account by the**
42 **general assembly;**



- 1 **(3) contributions from the department; and**
 2 **(4) donations, gifts, bequests, devises, and grants made to the**
 3 **account.**

4 **(c) All amounts in the supplemental allowance reserve account**
 5 **are available to the trustee to pay a postretirement benefit**
 6 **increase, thirteenth check, or other benefit change or adjustment**
 7 **granted by the general assembly after June 30, 2019, to employee**
 8 **beneficiaries covered by IC 10-12-4.**

9 **(d) For 2019 and each year thereafter, the minimum annual**
 10 **contribution by the department determined under section 2(i) of**
 11 **this chapter must include a surcharge determined by the pension**
 12 **consultants:**

- 13 **(1) that is paid to the supplemental allowance reserve account**
 14 **of the police benefit fund; and**
 15 **(2) that does not exceed one percent (1%) of the department's**
 16 **payroll that is attributable to employee beneficiaries who are**
 17 **covered by IC 10-12-4.**

18 **The trustee shall determine an equivalent amount to be included in**
 19 **the general fund appropriations for the supplemental allowance**
 20 **reserve account of the police benefit fund.**

21 **(e) In each even-numbered calendar year, beginning in 2020, the**
 22 **trustee shall present to the interim study committee on pension**
 23 **management oversight (established by IC 2-5-1.3-4) an actuarial**
 24 **report concerning the status of the supplemental allowance reserve**
 25 **account.**

26 **(f) The general assembly may grant a postretirement benefit**
 27 **increase, thirteenth check, or other benefit change or adjustment**
 28 **for employee beneficiaries covered by IC 10-12-4 only:**

- 29 **(1) in an odd-numbered calendar year; and**
 30 **(2) if the postretirement benefit increase, thirteenth check, or**
 31 **other benefit change or adjustment may be funded from the**
 32 **uncommitted balance in the supplemental allowance reserve**
 33 **account of the police benefit fund.**

34 **SECTION 3. IC 10-12-2-7 IS AMENDED TO READ AS**
 35 **FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 7. (a) The:**

- 36 **(1) mortality reserve account referred to in section 4 of this**
 37 **chapter;**
 38 **(2) disability reserve account referred to in section 5 of this**
 39 **chapter; and**
 40 **(3) dependent pension reserve account referred to in section 6 of**
 41 **this chapter; and**
 42 **(4) supplemental allowance reserve account referred to in**



- 1 **section 6.3 of this chapter;**
2 may be commingled and operated as one (1) fund, known as the police
3 benefit fund, under the terms of a supplementary trust agreement
4 between the department and the trustee for the exclusive benefit of
5 employee beneficiaries and their dependents.
6 (b) The trustee shall receive and hold as trustee for the uses and
7 purposes set out in the supplementary trust agreement all funds paid to
8 it as the trustee by the department or by any other person or persons.
9 (c) The trustee shall hold, invest, and reinvest the police benefit
10 fund in:
11 (1) investments that trust funds are permitted to invest in under
12 Indiana law; and
13 (2) other investments as may be specifically designated in the
14 supplementary trust agreement.
15 (d) The trustee, with the assistance of the pension engineers, shall,
16 not more than ninety (90) days after the close of the fiscal year, prepare
17 and file with the department and the department of insurance a detailed
18 annual report showing receipts, disbursements, case histories, and
19 recommendations as to the contributions required to keep the program
20 in operation.
21 (e) Contributions by the department to the police benefit fund shall
22 be provided in the general appropriations to the department.

