

# HOUSE BILL No. 1481

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-10.2; IC 5-10.3; IC 10-12; IC 33-39-7.

**Synopsis:** Public retirement plans. Provides that after December 31, 2015, an eligible employee of the state becomes a member of the public employees' defined contribution plan (plan). Provides that an eligible employee of a political subdivision that participates in the plan becomes a member of the plan. Provides that after December 31, 2015, a political subdivision may not begin or expand participation in the public employees' retirement fund. Provides that the employer of an individual who is a member of the plan shall match the individual's contribution to the plan to a limit of 7.5% of the individual's compensation. Grants cost of living adjustments in 2015 and 2016 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; July 1, 2015.

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## Burton, Carbaugh, Niezgodski

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January 14, 2015, read first time and referred to Committee on Employment, Labor and Pensions.

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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.

# HOUSE BILL No. 1481



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 5-10.2-2-6, AS AMENDED BY P.L.35-2012,  
2 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2015]: Sec. 6. (a) The retirement allowance account of the  
4 public employees' retirement fund consists of the retirement fund,  
5 exclusive of the annuity savings account. The retirement allowance  
6 account also includes any amounts received under ~~IC 5-10.3-12-24(b).~~  
7 **IC 5-10.3-12-24(c) and IC 5-10.3-12-24.5(c).** For the public  
8 employees' retirement fund, separate accounts within the retirement  
9 allowance account shall be maintained for contributions made by each  
10 contribution rate group.

11 (b) The retirement allowance account of the pre-1996 account  
12 consists of the pre-1996 account, exclusive of the annuity savings  
13 account.

14 (c) The retirement allowance account of the 1996 account consists  
15 of the 1996 account, exclusive of the annuity savings account.



1 SECTION 2. 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) This section specifies the method for  
 4 calculating a postretirement increase to the pension portion of the  
 5 monthly benefit of a retired or disabled member of the public  
 6 employees' retirement fund for any year after 2014 in which a  
 7 statute grants such a postretirement increase.**

8 **(b) This section does not apply to a member of the public  
 9 employees' retirement fund (or to a survivor or beneficiary of a  
 10 member of the public employees' retirement fund) whose  
 11 creditable service was earned only as an elected official.**

12 **(c) As used in this section, "grant year" means, for a specified  
 13 statute that grants a postretirement increase to which this section  
 14 applies, the year in which the postretirement increase granted by  
 15 the statute is first payable.**

16 **(d) For a specified grant year, the amount of the postretirement  
 17 increase to the pension portion of the monthly benefit payable after  
 18 June 30 of the grant year to a member of the public employees'  
 19 retirement fund (or to a survivor or beneficiary of a member of the  
 20 public employees' retirement fund) who retired or was disabled  
 21 before January 1 of the grant year is equal to the amount  
 22 determined under STEP SIX of the following formula:**

23 **STEP ONE: Multiply:**

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

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

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

28 **(B) five dollars (\$5).**

29 **STEP TWO: Multiply:**

30 **(A) the pension portion of the monthly benefit payable to  
 31 the member as of January 1 of the grant year; by**

32 **(B) twelve (12).**

33 **The amount described in clause (A) includes the sum of all  
 34 postretirement increases to the pension portion of the  
 35 member's monthly benefit that the member is entitled to  
 36 receive as of January 1 of the grant year.**

37 **STEP THREE: Multiply:**

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

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

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

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

42 **(i) twenty-five hundredths percent (0.25%), if January 1**



1 of the grant year occurs before the fifteenth anniversary  
 2 of the member's retirement date;  
 3 (ii) five-tenths percent (0.5%), if January 1 of the grant  
 4 year occurs on or after the fifteenth anniversary of the  
 5 member's retirement date and before the thirtieth  
 6 anniversary of the member's retirement date; or  
 7 (iii) seventy-five hundredths percent (0.75%), if January  
 8 1 of the grant year occurs on or after the thirtieth  
 9 anniversary of the member's retirement date.

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

- 11 (A) the STEP THREE result; or  
 12 (B) three hundred dollars (\$300).

13 **STEP FIVE: Add:**

- 14 (A) the STEP ONE result; and  
 15 (B) the STEP FOUR result.

16 **STEP SIX: Divide:**

- 17 (A) the STEP FIVE result; by  
 18 (B) twelve (12).

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

26 (f) The increases calculated in this section:

- 27 (1) are based on the date of the member's latest retirement or  
 28 disability;  
 29 (2) do not apply to benefits payable in a lump sum; and  
 30 (3) are in addition to any other increase provided by law.

31 SECTION 3. IC 5-10.2-5-45 IS ADDED TO THE INDIANA CODE  
 32 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 33 UPON PASSAGE]: **Sec. 45. (a) This section specifies the method for  
 34 calculating a postretirement increase to the pension portion of the  
 35 monthly benefit of a retired or disabled member of the Indiana  
 36 state teachers' retirement fund for any year after 2014 in which a  
 37 statute grants such a postretirement increase.**

38 (b) As used in this section, "grant year" means, for a specified  
 39 statute that grants a postretirement increase to which this section  
 40 applies, the year in which the postretirement increase granted by  
 41 the statute is first payable.

42 (c) For a specified grant year, the amount of the postretirement



1 increase to the pension portion of the monthly benefit payable after  
 2 June 30 of the grant year to a member of the Indiana state  
 3 teachers' retirement fund (or to a survivor or beneficiary of a  
 4 member of the Indiana state teachers' retirement fund) who retired  
 5 or was disabled before January 1 of the grant year is equal to the  
 6 amount determined under STEP SIX of the following formula:

7 **STEP ONE: Multiply:**

8 (A) the lesser of:

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

11 (ii) thirty (30) years; by

12 (B) five dollars (\$5).

13 **STEP TWO: Multiply:**

14 (A) the pension portion of the monthly benefit payable to  
 15 the member as of January 1 of the grant year; by

16 (B) twelve (12).

17 The amount described in clause (A) includes the sum of all  
 18 postretirement increases to the pension portion of the  
 19 member's monthly benefit that the member is entitled to  
 20 receive as of January 1 of the grant year.

21 **STEP THREE: Multiply:**

22 (A) the lesser of:

23 (i) the STEP TWO result; or

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

25 (B) a percentage, as applicable, equal to:

26 (i) twenty-five hundredths percent (0.25%), if January 1  
 27 of the grant year occurs before the fifteenth anniversary  
 28 of the member's retirement date;

29 (ii) five-tenths percent (0.5%), if January 1 of the grant  
 30 year occurs on or after the fifteenth anniversary of the  
 31 member's retirement date and before the thirtieth  
 32 anniversary of the member's retirement date; or

33 (iii) seventy-five hundredths percent (0.75%), if January  
 34 1 of the grant year occurs on or after the thirtieth  
 35 anniversary of the member's retirement date.

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

37 (A) the STEP THREE result; or

38 (B) three hundred dollars (\$300).

39 **STEP FIVE: Add:**

40 (A) the STEP ONE result; and

41 (B) the STEP FOUR result.

42 **STEP SIX: Divide:**



1 (A) the STEP FIVE result; by

2 (B) twelve (12).

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

10 (e) The increases specified in this section:

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

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

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

15 SECTION 4. IC 5-10.2-5-46 IS ADDED TO THE INDIANA CODE  
16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
17 UPON PASSAGE]: Sec. 46. (a) As used in this section, "pension  
18 portion" means the part of the monthly benefit payable to a  
19 member that is attributable to employer contributions, and  
20 includes any postretirement increases to this part of the monthly  
21 benefit.

22 (b) In 2015, a member, survivor, or beneficiary of the public  
23 employees' retirement fund who meets the criteria specified in  
24 section 44 of this chapter is entitled to an increase of the pension  
25 portion of the monthly benefit payable to the member, survivor, or  
26 beneficiary in accordance with section 44 of this chapter.

27 (c) In 2016, a member, survivor, or beneficiary of the public  
28 employees' retirement fund who meets the criteria specified in  
29 section 44 of this chapter is entitled to an increase of the pension  
30 portion of the monthly benefit payable to the member, survivor, or  
31 beneficiary in accordance with section 44 of this chapter.

32 (d) In 2015, a member, survivor, or beneficiary of the Indiana  
33 state teachers' retirement fund who meets the criteria specified in  
34 section 45 of this chapter is entitled to an increase of the pension  
35 portion of the monthly benefit payable to the member, survivor, or  
36 beneficiary in accordance with section 45 of this chapter.

37 (e) In 2016, a member, survivor, or beneficiary of the Indiana  
38 state teachers' retirement fund who meets the criteria specified in  
39 section 45 of this chapter is entitled to an increase of the pension  
40 portion of the monthly benefit payable to the member, survivor, or  
41 beneficiary in accordance with section 45 of this chapter.

42 (f) The fund may not use employer contributions to pay the



1 **increases required under subsections (b) through (e) unless, and**  
 2 **only to the extent that, the amounts necessary to pay the increases**  
 3 **required under subsections (b) through (e) exceed the amounts**  
 4 **appropriated in the state budget for the biennium beginning July**  
 5 **1, 2015, for the purposes described in subsections (b) through (e).**

6 SECTION 5. IC 5-10.3-2-3 IS AMENDED TO READ AS  
 7 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. The general  
 8 assembly intends that, to the extent specified in this article, the  
 9 payments to the fund by the state or the ~~participating~~ political  
 10 subdivisions **that participate in the fund**, the payment of all benefits,  
 11 the payment of interest credits, and the payment of administration  
 12 expenses are obligations of the state and the ~~participating~~ political  
 13 subdivisions **that participate in the fund**. However, this obligation is  
 14 not a guarantee that the amount credited to a member in the annuity  
 15 savings account will not vary in value as a result of the performance of  
 16 the investment program selected by the member under IC 5-10.2-2,  
 17 unless the member selected the guaranteed program, in which case the  
 18 obligation is such a guarantee.

19 SECTION 6. IC 5-10.3-5-2 IS AMENDED TO READ AS  
 20 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 2. Employer  
 21 Contributions; Federal Moneys. (a) The state shall make contributions  
 22 to the retirement allowance account as specified in IC 5-10.2-2.  
 23 ~~Participating~~ Political subdivisions **that participate in the fund** shall  
 24 make contributions as specified in chapter 6 of this article.

25 (b) If members receive compensation from federal funds, the board  
 26 shall at the end of each fiscal year determine the employer's  
 27 contribution, excluding administration expenses, to be paid from  
 28 federal funds. The amount shall be determined by such method adopted  
 29 by the board as results in an equitable sharing of the employer  
 30 contribution by the federal government on account of members  
 31 receiving compensation from federal funds.

32 SECTION 7. IC 5-10.3-6-1 IS AMENDED TO READ AS  
 33 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. (a) ~~By ordinance or~~  
 34 ~~resolution of If:~~

- 35 **(1) the governing body of a political subdivision adopts an**  
 36 **ordinance or resolution before January 1, 2016, specifying by**  
 37 **departmental, occupational, or other definable classification the**  
 38 **employees who will become members of the fund; and**  
 39 **(2) the ordinance or resolution is filed with and approved by**  
 40 **the board;**

41 ~~a the~~ political subdivision may become a participant in the fund. ~~if the~~  
 42 ~~ordinance or resolution is filed with and approved by the board:~~



1 (b) A governing body may include in its ordinance or resolution  
2 adopted under subsection (a) a determination of the date from which  
3 prior service for its employees will be computed. Creditable service for  
4 these employees is determined under IC 5-10.3-7-7.5.

5 (c) The effective date of participation is the earlier of January 1 or  
6 July 1 after the date of approval. However, no retirement benefit may  
7 be paid until six (6) months after the effective date of participation.

8 SECTION 8. IC 5-10.3-6-6 IS AMENDED TO READ AS  
9 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. Appropriations and  
10 Payments by School Corporations. A school corporation **that**  
11 **participates in the fund** shall make the appropriations and payments  
12 required of ~~participating political subdivisions~~ **under this article and**  
13 **IC 5-10.2** from its general fund.

14 SECTION 9. IC 5-10.3-6.5 IS ADDED TO THE INDIANA CODE  
15 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
16 JULY 1, 2015]:

17 **Chapter 6.5. Participation by Political Subdivisions in the**  
18 **Defined Contribution Plan**

19 **Sec. 1. The following definitions apply throughout this chapter:**

- 20 (1) "Account" has the meaning set forth in IC 5-10.3-12-2.  
21 (2) "Member" has the meaning set forth in IC 5-10.3-12-12.  
22 (3) "Plan" has the meaning set forth in IC 5-10.3-12-15.  
23 (4) "Years of participation" has the meaning set forth in  
24 IC 5-10.3-12-16.

25 **Sec. 2. (a) If:**

- 26 (1) the governing body of a political subdivision adopts an  
27 ordinance or resolution specifying by departmental,  
28 occupational, or other definable classification the employees  
29 who will become members of the plan; and  
30 (2) the ordinance or resolution is filed with and approved by  
31 the board;

32 **the political subdivision may become a participant in the plan.**

33 (b) A governing body may include in its ordinance or resolution  
34 adopted under subsection (a) a determination of the date from  
35 which prior service for its employees will be computed. If a  
36 governing body does include in its ordinance or resolution a date  
37 from which prior service for its employees will be computed, an  
38 employee's years of participation in the plan are increased by the  
39 employee's years of service with the political subdivision during the  
40 period beginning on the prior service credit date and ending on the  
41 effective date of participation.

42 (c) The effective date of participation is the earlier of January





1 or July 1 after the date of approval.

2       **Sec. 3. (a) This section applies to a third class city or a town.**

3       **(b) The clerk-treasurer of a city or town is that city's or town's**  
4 **authorized agent for all matters concerning the plan.**

5       **Sec. 4. The governing body may request a preliminary survey,**  
6 **at its expense as determined by the board, to determine the**  
7 **estimated cost of participation. The board and its actuary shall**  
8 **give an estimate of the costs, the benefits, and other appropriate**  
9 **information.**

10       **Sec. 5. After a political subdivision becomes a participant, its**  
11 **governing body may make appropriations, make payments, and do**  
12 **all things required by IC 5-10.3-12.**

13       **Sec. 6. The board shall maintain separate accounts for each**  
14 **contribution rate group. Credits and charges to these accounts**  
15 **shall be made as prescribed in IC 5-10.3-12.**

16       **Sec. 7. If a school corporation participates in the plan, the school**  
17 **corporation shall make the appropriations and payments required**  
18 **under this article and IC 5-10.2 from its general fund.**

19       **Sec. 8. (a) If the employer or political subdivision fails to make**  
20 **payments required by this chapter, the amount payable may be:**

- 21       **(1) withheld by the auditor of state from moneys payable to**  
22 **the employer or subdivision and transferred to the plan; or**  
23 **(2) recovered in a suit in the circuit or superior court of the**  
24 **county in which the political subdivision is located. The suit**  
25 **shall be an action by the state on the relation of the board,**  
26 **prosecuted by the attorney general.**

27       **(b) If:**

- 28       **(1) service credit is verified for a member who has filed an**  
29 **application for retirement benefits; and**  
30 **(2) the member's employer at the time the service credit was**  
31 **earned has not made contributions for or on behalf of the**  
32 **member for the service credit;**

33 **liability for the unfunded service credit shall be charged against**  
34 **the employer's account and collected by the fund as provided in**  
35 **subsection (a). Processing of a member's application for retirement**  
36 **benefits may not be delayed by an employer's failure to make**  
37 **contributions for the service credit earned by the member while**  
38 **the member was employed by the employer.**

39       **(c) If the employer or political subdivision fails to file the**  
40 **reports or records required by this chapter or by IC 5-10.3-7-12.5,**  
41 **the auditor of state shall:**

- 42       **(1) withhold the penalty described in IC 5-10.3-7-12.5 from**



1 money payable to the employer or the political subdivision;  
2 and

3 (2) transfer the penalty to the fund.

4 Sec. 9. (a) As used in this section, "withdrawing political  
5 subdivision" means a political subdivision that takes an action  
6 described in subsection (b).

7 (b) Subject to the provisions of this section, a political  
8 subdivision may do the following:

9 (1) Stop its participation in the plan and withdraw all of the  
10 political subdivision's employees from participation in the  
11 plan.

12 (2) Withdraw a departmental, an occupational, or other  
13 definable classification of employees from participation in the  
14 plan.

15 (3) Stop the political subdivision's participation in the plan  
16 by:

17 (A) selling all the political subdivision's assets; or

18 (B) ceasing to exist as a political subdivision.

19 (c) The withdrawal of a political subdivision's participation in  
20 the plan is effective on a termination date established by the board.  
21 The termination date may not occur before all the following have  
22 occurred:

23 (1) The withdrawing political subdivision has provided  
24 written notice of the following to the board:

25 (A) The withdrawing political subdivision's intent to cease  
26 participation.

27 (B) The names of the withdrawing political subdivision's  
28 current employees and former employees as of the date on  
29 which the notice is provided.

30 (2) The expiration of:

31 (A) a ninety (90) day period following the filing of the  
32 notice with the board, for a withdrawing political  
33 subdivision that sells all of the withdrawing political  
34 subdivision's assets or that ceases to exist as a political  
35 subdivision; or

36 (B) a two (2) year period following the filing of the notice  
37 with the board, for all other withdrawing political  
38 subdivisions.

39 (d) A member who is an employee of the political subdivision as  
40 of the date of the notice under subsection (c) is fully vested in all  
41 amounts in the member's account.

42 SECTION 10. IC 5-10.3-7-1, AS AMENDED BY P.L.195-2013,



1 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 UPON PASSAGE]: Sec. 1. (a) This section does not apply to:

- 3 (1) members of the general assembly; or  
4 (2) employees covered by section 3 of this chapter.

5 **(b) As used in this section, "employees of the state" includes:**

6 **(1) employees of the judicial circuits whose compensation is  
7 paid from state funds;**

8 **(2) elected and appointed state officers;**

9 **(3) prosecuting attorneys and deputy prosecuting attorneys of  
10 the judicial circuits, whose compensation is paid in whole or  
11 in part from state funds, including participants in the  
12 prosecuting attorneys retirement fund established under  
13 IC 33-39-7;**

14 **(4) employees in the classified service;**

15 **(5) employees of any state department, institution, board,  
16 commission, office, agency, court, or division of state  
17 government receiving state appropriations and having the  
18 authority to certify payrolls from appropriations or from a  
19 trust fund held by the treasurer of state or by any  
20 department;**

21 **(6) employees of any state agency that is a body politic and  
22 corporate;**

23 **(7) except as provided under IC 5-10.5-7-4, employees of the  
24 board of trustees of the Indiana public retirement system;**

25 **(8) persons who:**

26 **(A) are employed by the state;**

27 **(B) have been classified as federal employees by the  
28 Secretary of Agriculture of the United States; and**

29 **(C) are excluded from coverage as federal employees by  
30 the federal Social Security program under 42 U.S.C. 410;**

31 **(9) the directors and employees of county offices of family and  
32 children;**

33 **(10) employees of the center for agricultural science and  
34 heritage (the barn); and**

35 **(11) members and employees of the state lottery commission.**

36 ~~(b)~~ **(c) An employee of the state or of a participating political  
37 subdivision participating in the fund who:**

38 **(1) became a full-time employee of the state or of a participating  
39 political subdivision participating in the fund in a covered  
40 position; and**

41 **(2) had not become a member of the fund;**

42 before April 1, 1988, shall on April 1, 1988, become a member of the



1 fund unless the employee is excluded from membership under section  
2 of this chapter.

3 (e) **(d)** Any individual who becomes a full-time employee of the  
4 state or of a **participating** political subdivision **participating in the**  
5 **fund** in a covered position after March 31, 1988, **and before January**  
6 **1, 2016**, becomes a member of the fund on the date the individual's  
7 employment begins unless the individual is excluded from membership  
8 under section 2 of this chapter.

9 (d) For the purposes of this section, "employees of the state"  
10 includes:

11 (1) employees of the judicial circuits whose compensation is paid  
12 from state funds;

13 (2) elected and appointed state officers;

14 (3) prosecuting attorneys and deputy prosecuting attorneys of the  
15 judicial circuits, whose compensation is paid in whole or in part  
16 from state funds, including participants in the prosecuting  
17 attorneys retirement fund established under IC 33-39-7;

18 (4) employees in the classified service;

19 (5) employees of any state department, institution, board,  
20 commission, office, agency, court, or division of state government  
21 receiving state appropriations and having the authority to certify  
22 payrolls from appropriations or from a trust fund held by the  
23 treasurer of state or by any department;

24 (6) employees of any state agency which is a body politic and  
25 corporate;

26 (7) except as provided under IC 5-10.5-7-4, employees of the  
27 board of trustees of the Indiana public retirement system;

28 (8) persons who:

29 (A) are employed by the state;

30 (B) have been classified as federal employees by the Secretary  
31 of Agriculture of the United States; and

32 (C) are excluded from coverage as federal employees by the  
33 federal Social Security program under 42 U.S.C. 410;

34 (9) the directors and employees of county offices of family and  
35 children;

36 (10) employees of the center for agricultural science and heritage  
37 (the barn); and

38 (11) members and employees of the state lottery commission.

39 SECTION 11. IC 5-10.3-7-2, AS AMENDED BY P.L.195-2013,  
40 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
41 JULY 1, 2015]: Sec. 2. The following employees may not be members  
42 of the fund:



1 (1) Officials of a political subdivision elected by vote of the  
 2 people, unless the governing body specifically provides for the  
 3 participation of locally elected officials.

4 (2) Employees occupying positions normally requiring  
 5 performance of service of less than six hundred (600) hours  
 6 during a year who:

7 (A) were hired before July 1, 1982; or

8 (B) are employed by a ~~participating~~ school corporation  
 9 **participating in the fund.**

10 (3) Independent contractors or officers or employees paid wholly  
 11 on a fee basis.

12 (4) Employees who occupy positions that are covered by other  
 13 pension or retirement funds or plans, maintained in whole or in  
 14 part by appropriations by the state or a political subdivision,  
 15 except:

16 (A) the federal Social Security program; and

17 (B) the prosecuting attorneys retirement fund established by  
 18 IC 33-39-7-9.

19 (5) Managers or employees of a license branch of the bureau of  
 20 motor vehicles commission, except those persons who may be  
 21 included as members under IC 9-16-4.

22 (6) Employees, except employees of a ~~participating~~ school  
 23 corporation **participating in the fund**, hired after June 30, 1982,  
 24 occupying positions normally requiring performance of service of  
 25 less than one thousand (1,000) hours during a year.

26 (7) Persons who:

27 (A) are employed by the state;

28 (B) have been classified as federal employees by the Secretary  
 29 of Agriculture of the United States; and

30 (C) are covered by the federal Social Security program as  
 31 federal employees under 42 U.S.C. 410.

32 SECTION 12. IC 5-10.3-7-3 IS AMENDED TO READ AS  
 33 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) Members of the  
 34 general assembly, including members who:

35 (1) completed their service before July 1, 1987; and

36 (2) were not members of the fund during their service in the  
 37 general assembly;

38 are entitled to become, at their option, members of the fund. A member  
 39 of the general assembly who completed ~~his~~ **the member's** service  
 40 before July 1, 1987, in order to become a member of the fund must  
 41 apply to the board for membership and must present evidence  
 42 satisfactory to the board of ~~his~~ **the member's** prior service. Such a



1 member of the general assembly may become a member without any  
2 service after June 30, 1987.

3 (b) Notwithstanding the exclusion specified in section 2(4) of this  
4 chapter, a member of the general assembly who is a member of the  
5 Indiana state teachers' retirement fund and who retires after June 30,  
6 1980, may choose at ~~his~~ **the member's** retirement date to become a  
7 member of the public employees' retirement fund and to receive ~~his~~ **the**  
8 **member's** retirement benefit from the fund.

9 (c) An employee who:

10 (1) was hired before July 1, 1982; or

11 (2) is employed by a ~~participating~~ school corporation  
12 **participating in the fund;**

13 and who is occupying a position normally requiring performance of  
14 services of less than one thousand (1,000) hours a year may at ~~his~~ **the**  
15 **employee's** option be a member of the fund.

16 SECTION 13. IC 5-10.3-8-14, AS AMENDED BY P.L.91-2014,  
17 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
18 UPON PASSAGE]: Sec. 14. (a) Except as provided in subsection ~~(c)~~;  
19 **(d)**, this section applies to employees of the state ~~(as defined in~~  
20 ~~IC 5-10.3-7-1(d))~~ who are:

21 (1) members of the fund; and

22 (2) paid by the auditor of state by salary warrants.

23 (b) Except as provided in subsection ~~(c)~~; **(d)**, this section does not  
24 apply to the employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~  
25 employed by:

26 (1) a body corporate and politic of the state created by state  
27 statute; or

28 (2) a state educational institution (as defined in IC 21-7-13-32).

29 **(c) As used in this section, "employees of the state" has the**  
30 **meaning set forth in IC 5-10.3-7-1.**

31 ~~(c)~~ **(d)** The chief executive officer of a body or institution described  
32 in subsection (b) may elect to have this section apply to the employees  
33 of the state ~~(as defined in IC 5-10.3-7-1(d))~~ employed by the body or  
34 institution by submitting a written notice of the election to the director.  
35 An election under this subsection is effective on the later of:

36 (1) the date the notice of the election is received by the director;  
37 or

38 (2) July 1, 2013.

39 ~~(d)~~ **(e)** The board shall adopt provisions to establish a retirement  
40 medical benefits account within the fund under Section 401(h) or as a  
41 separate fund under another applicable section of the Internal Revenue  
42 Code for the purpose of converting unused excess accrued leave to a



1 monetary contribution for an employee of the state to fund on a pretax  
 2 basis benefits for sickness, accident, hospitalization, and medical  
 3 expenses for the employee and the spouse and dependents of the  
 4 employee after the employee's retirement. The state may match all or  
 5 a portion of an employee's contributions to the retirement medical  
 6 benefits account established under this section.

7 ~~(e)~~ (f) The board is the trustee of the account described in  
 8 subsection ~~(d)~~; (e). The account must be qualified, as determined by the  
 9 Internal Revenue Service, as a separate account within the fund whose  
 10 benefits are subordinate to the retirement benefits provided by the fund.

11 ~~(f)~~ (g) The board may adopt rules under IC 5-10.5-4-2 that it  
 12 considers appropriate or necessary to implement this section after  
 13 consulting with the state personnel department. The rules adopted by  
 14 the board under this section must:

- 15 (1) be consistent with the federal and state law that applies to:
  - 16 (A) the account described in subsection ~~(d)~~; (e); and
  - 17 (B) the fund; and
- 18 (2) include provisions concerning:
  - 19 (A) the type and amount of leave that may be converted to a
  - 20 monetary contribution;
  - 21 (B) the conversion formula for valuing any leave that is
  - 22 converted;
  - 23 (C) the manner of employee selection of leave conversion; and
  - 24 (D) the vesting schedule for any leave that is converted.

25 ~~(g)~~ (h) The board may adopt the following:

- 26 (1) Account provisions governing:
  - 27 (A) the investment of amounts in the account; and
  - 28 (B) the accounting for converted leave.
- 29 (2) Any other provisions that are necessary or appropriate for  
 30 operation of the account.

31 ~~(h)~~ (i) The account described in subsection ~~(d)~~ (e) may be  
 32 implemented only if the board has received from the Internal Revenue  
 33 Service any rulings or determination letters that the board considers  
 34 necessary or appropriate.

35 ~~(i)~~ (j) To the extent allowed by:

- 36 (1) the Internal Revenue Code; and
- 37 (2) rules adopted by:
  - 38 (A) the board under this section; and
  - 39 (B) the state personnel department under IC 5-10-1.1-7.5;

40 employees of the state may convert unused excess accrued leave to a  
 41 monetary contribution under this section and under IC 5-10-1.1-7.5.

42 SECTION 14. IC 5-10.3-12-1, AS AMENDED BY P.L.54-2013,



1 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 JULY 1, 2015]: Sec. 1. (a) Except as provided in subsection (c), this  
3 chapter applies to **the following**:

4 (1) An individual who:

5 (A) on or after the effective date of the plan ~~(†)~~ **and before the**  
6 **transition date**, becomes for the first time a full-time  
7 employee of the state: ~~(as defined in IC 5-10.3-7-1(d))~~:

8 ~~(A) (i)~~ in a position that would otherwise be eligible for  
9 membership in the fund under IC 5-10.3-7; and

10 ~~(B) (ii)~~ who is paid by the auditor of state by salary  
11 warrants; and

12 ~~(2) (B)~~ makes the election described in section 20 of this  
13 chapter to become a member of the plan.

14 (2) **An individual who becomes a full-time employee of the**  
15 **state (as defined in IC 5-10.3-7-1(d)) on or after the transition**  
16 **date:**

17 (A) **in a position that would otherwise be eligible for**  
18 **membership in the fund under IC 5-10.3-7; and**

19 (B) **who is paid by the auditor of state by salary warrants.**

20 (3) **An individual who is employed by a political subdivision**  
21 **that participates in the plan in a covered position that would**  
22 **otherwise be eligible for membership in the fund under**  
23 **IC 5-10.3-7.**

24 (b) Except as provided in subsection (c), this chapter does not apply  
25 to an individual who, on or after the effective date of the plan:

26 (1) becomes for the first time a full-time employee of the state ~~(as~~  
27 ~~defined in IC 5-10.3-7-1(d))~~ in a position that would otherwise be  
28 eligible for membership in the fund under IC 5-10.3-7; and

29 (2) is employed by:

30 (A) a body corporate and politic of the state created by state  
31 statute; or

32 (B) a state educational institution (as defined in  
33 IC 21-7-13-32).

34 (c) The chief executive officer of a body or institution described in  
35 subsection (b) may elect, by submitting a written notice of the election  
36 to the director, to have this chapter apply to individuals who, as  
37 employees of the body or institution, become for the first time full-time  
38 employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in positions that  
39 would otherwise be eligible for membership in the fund under  
40 IC 5-10.3-7. An election under this subsection is effective on ~~the later~~  
41 ~~of:~~

42 ~~(†)~~ the date the notice of the election is received by the director.





1 or  
 2 ~~(2) March 1, 2013.~~  
 3 (d) This chapter does not apply to ~~an individual who:~~ **the following:**  
 4 (1) ~~An individual who before the effective date of the plan,~~ is or  
 5 was a member (as defined in IC 5-10.3-1-5) of the fund. ~~or~~  
 6 (2) ~~An individual who,~~ on or after the effective date of the plan  
 7 **and before the transition date:**  
 8 (A) except as provided in subsection (c), becomes for the first  
 9 time a full-time employee of the state: ~~(as defined in~~  
 10 ~~IC 5-10.3-7-1(d)):~~  
 11 (i) in a position that would otherwise be eligible for  
 12 membership in the fund under IC 5-10.3-7; and  
 13 (ii) who is not paid by the auditor of state by salary warrants;  
 14 or  
 15 (B) does not elect to participate in the plan.  
 16 SECTION 15. IC 5-10.3-12-7.5 IS ADDED TO THE INDIANA  
 17 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 18 [EFFECTIVE JULY 1, 2015]: **Sec. 7.5. As used in this chapter,**  
 19 **"employees of the state" has the meaning set forth in IC 5-10.3-7-1.**  
 20 SECTION 16. IC 5-10.3-12-8, AS ADDED BY P.L.22-2011,  
 21 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 22 JULY 1, 2015]: **Sec. 8. As used in this chapter, "employer" means the**  
 23 **state or a political subdivision participating in the plan.**  
 24 SECTION 17. IC 5-10.3-12-12, AS ADDED BY P.L.22-2011,  
 25 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 26 JULY 1, 2015]: **Sec. 12. As used in this chapter, "member" means an**  
 27 **individual described in section 1(a) of this chapter who has elected**  
 28 **to participate in the plan: is not otherwise excluded from**  
 29 **membership in the plan.**  
 30 SECTION 18. IC 5-10.3-12-15.5 IS ADDED TO THE INDIANA  
 31 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 32 [EFFECTIVE JULY 1, 2015]: **Sec. 15.5. As used in this chapter,**  
 33 **"transition date" means January 1, 2016.**  
 34 SECTION 19. IC 5-10.3-12-20, AS ADDED BY P.L.22-2011,  
 35 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 36 JULY 1, 2015]: **Sec. 20. (a) This section applies to an individual**  
 37 **described in section 1(a)(1) of this chapter who is otherwise eligible**  
 38 **to become a member of the plan.**  
 39 ~~(a)~~ **(b)** An individual who, on or after the effective date of the plan  
 40 **and before the transition date,** becomes for the first time a full-time  
 41 employee of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in a position that  
 42 would otherwise be eligible for membership in the fund under



1 IC 5-10.3-7 may elect to become a member of the plan. An election  
2 under this section:

- 3 (1) must be made in writing;
- 4 (2) must be filed with the board, on a form prescribed by the  
5 board; and
- 6 (3) is irrevocable.

7 ~~(b)~~ (c) An individual who does not elect to become a member of the  
8 plan becomes a member (as defined in IC 5-10.3-1-5) of the fund.

9 SECTION 20. IC 5-10.3-12-20.5 IS ADDED TO THE INDIANA  
10 CODE AS A NEW SECTION TO READ AS FOLLOWS  
11 [EFFECTIVE JULY 1, 2015]: **Sec. 20.5. (a) This section applies to an  
12 individual described in section 1(a)(2) or 1(a)(3) of this chapter  
13 who is otherwise eligible to become a member of the plan.**

14 **(b) An individual described in section 1(a)(2) of this chapter  
15 becomes a member of the plan on the date the individual's  
16 employment begins.**

17 **(c) An individual described in section 1(a)(3) of this chapter  
18 becomes a member of the plan on the later of:**

- 19 **(1) the date the individual begins the individual's employment  
20 in a covered position with a political subdivision that  
21 participates in the plan; or**
- 22 **(2) the date the individual's position with the political  
23 subdivision that participates in the plan becomes covered by  
24 the plan, as specified in the ordinance or resolution adopted  
25 by the political subdivision under IC 5-10.3-6.5.**

26 SECTION 21. IC 5-10.3-12-23, AS AMENDED BY P.L.5-2014,  
27 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
28 JULY 1, 2015]: Sec. 23. (a) Each member's contribution to the plan is  
29 equal to three percent (3%) of the member's compensation. ~~The state~~  
30 **An employer** shall pay the member's contribution on behalf of each  
31 member of the plan each year.

32 (b) To the extent permitted by the Internal Revenue Code and  
33 applicable regulations, a member of the plan may make contributions  
34 to the plan in addition to the contribution required under subsection (a).  
35 IC 5-10.2-3-2(c) and IC 5-10.2-3-2(d) govern additional contributions  
36 made under this subsection.

37 (c) Member contributions will be credited to the member's account  
38 as specified in IC 5-10.2-3.

39 (d) Although designated as employee contributions, the  
40 contributions made under subsection (a) are picked up and paid by ~~the~~  
41 **state as the an** employer in lieu of the contributions being paid by the  
42 employee in accordance with section 414(h)(2) of the Internal Revenue



1 Code. A member may not receive any amounts paid by ~~the state~~ **an**  
 2 **employer** under this section directly instead of having the amounts  
 3 paid to the plan.

4 SECTION 22. IC 5-10.3-12-24, AS ADDED BY P.L.22-2011,  
 5 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JULY 1, 2015]: Sec. 24. **(a) This section applies to employer**  
 7 **contributions to the plan that are first due before the transition**  
 8 **date.**

9 ~~(a) The state~~ **(b) An employer** shall make employer contributions  
 10 to the plan based on the rate determined under this section.

11 ~~(b) (c)~~ **(c)** The employer's contribution rate for the plan shall be equal  
 12 to the employer's contribution rate for the fund as determined by the  
 13 board under IC 5-10.2-2-11(b). The amount credited from the  
 14 employer's contribution rate to the member's account shall not be  
 15 greater than the normal cost of the fund. Any amount not credited to the  
 16 member's account shall be applied to the unfunded accrued liability of  
 17 the fund as determined under IC 5-10.2-2-11(a)(3) and  
 18 IC 5-10.2-2-11(a)(4).

19 ~~(c) The state's~~ **(d) An employer's** minimum contribution under this  
 20 section is equal to three percent (3%) of the compensation of all  
 21 members of the plan.

22 ~~(d) The state~~ **(e) An employer** shall submit the employer  
 23 contributions determined under this section as provided in  
 24 IC 5-10.2-2-12.5.

25 SECTION 23. IC 5-10.3-12-24.5 IS ADDED TO THE INDIANA  
 26 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
 27 [EFFECTIVE JULY 1, 2015]: **Sec. 24.5. (a) This section applies to**  
 28 **employer contributions to the plan that are first due on or after the**  
 29 **transition date.**

30 **(b) An employer shall make employer contributions to the plan**  
 31 **based on the amount determined under this section.**

32 **(c) The employer's contribution amount for the plan for any**  
 33 **period equals the sum of:**

34 **(1) the sum of the amounts determined under subsection (d)**  
 35 **for members of the plan that were employed during the**  
 36 **period by the employer; and**

37 **(2) the employer's share for the period of the amount**  
 38 **necessary to amortize the unfunded accrued liability of the**  
 39 **fund as determined under IC 5-10.2-2-11(a)(3) and**  
 40 **IC 5-10.2-2-11(a)(4).**

41 **(d) For each member of the plan, the amount to be credited to**  
 42 **the member's account from the employer's contribution**



1 determined under subsection (c) is the lesser of:

2 (1) the product of:

3 (A) the sum of the amounts contributed by the member  
4 under section 23(a) and 23(b) of this chapter; multiplied by

5 (B) two (2); or

6 (2) seven and five-tenths percent (7.5%) of the member's  
7 compensation.

8 (e) Any amount not credited to the member's account shall be  
9 applied to the unfunded accrued liability of the fund as determined  
10 under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

11 (f) An employer shall submit the employer contributions  
12 determined under this section as provided in IC 5-10.2-2-12.5.

13 SECTION 24. IC 5-10.3-12-25, AS AMENDED BY P.L.6-2012,  
14 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 2015]: Sec. 25. (a) Member contributions and net earnings on  
16 the member contributions in the member contribution subaccount  
17 belong to the member at all times and do not belong to the ~~state~~  
18 **employer**.

19 (b) A member is vested in the employer contribution subaccount in  
20 accordance with the following schedule:

21 Years of participation in the	22 Vested percentage of
23 plan	24 employer contributions
	25 and earnings
26 1	27 20%
28 2	29 40%
30 3	31 60%
32 4	33 80%
34 5	35 100%

36 For purposes of vesting in the employer contribution subaccount, only  
37 a member's full years of participation in the plan may be counted.

38 (c) The amount that a member may withdraw from the member's  
39 account is limited to the vested portion of the account.

40 (d) A member who attains normal retirement age is fully vested in  
41 all amounts in the member's account.

42 (e) If a member separates from service with the ~~state~~ **employer**  
before the member is fully vested in the employer contribution  
subaccount, the amount in the employer contribution subaccount that  
is not vested is forfeited as of the date the member separates from  
service.

(f) Amounts forfeited under subsection (e) must be used to reduce  
the ~~state's~~ **employer's** unfunded accrued liability of the fund as  
determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).



1 (g) A member may not earn creditable service (as defined in  
2 IC 5-10.2-3-1(a)) under the plan.

3 SECTION 25. IC 5-10.3-12-31, AS ADDED BY P.L.22-2011,  
4 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 2015]: Sec. 31. (a) If a member of the plan separates from  
6 employment with the ~~state~~ **the member's employer** and later returns  
7 to ~~state~~ employment in a position covered by the plan:

8 **(1) the individual resumes membership in the plan; and**

9 **(2) the member is entitled to receive credit for the member's years**  
10 **of participation in the plan before the member's separation.**

11 However, any amounts forfeited by the member under section  
12 25(e) of this chapter may not be restored to the member's account.

13 ~~(b) An individual who elected under section 20 of this chapter to~~  
14 ~~become a member of the plan resumes membership in the plan upon~~  
15 ~~the individual's return to state employment.~~

16 ~~(c) (b) An individual who, before the transition date, did not elect~~  
17 ~~to become a member of the plan resumes membership in the fund.~~

18 ~~(d) An individual who returns to state employment having had an~~  
19 ~~opportunity to make an election under section 20 of this chapter during~~  
20 ~~an earlier period of state employment is not entitled to a second~~  
21 ~~opportunity to make an election under section 20 of this chapter.~~

22 SECTION 26. IC 10-12-3-8 IS ADDED TO THE INDIANA CODE  
23 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE  
24 UPON PASSAGE]: Sec. 8. **(a) This section specifies the method for**  
25 **calculating a postretirement increase to the basic monthly pension**  
26 **amount (plus postretirement increases) of an eligible retired or**  
27 **disabled employee beneficiary of the state police pre-1987 benefit**  
28 **system for any year after 2014 in which a statute other than**  
29 **IC 10-12-5 grants such a postretirement increase.**

30 **(b) As used in this section, "grant year" means, for a specified**  
31 **statute that grants a postretirement increase to which this section**  
32 **applies, the year in which the postretirement increase granted by**  
33 **the statute is first payable.**

34 **(c) For a specified grant year, subject to subsection (e), the**  
35 **increase to the basic monthly pension amount (plus postretirement**  
36 **increases) payable after June 30 of the grant year to an employee**  
37 **beneficiary of the state police pre-1987 benefit system who retired**  
38 **or was disabled before July 2 of the year immediately preceding**  
39 **the grant year, and who had at least twenty (20) years of service,**  
40 **is equal to five-tenths percent (0.5%) of the total of:**

41 **(1) the employee beneficiary's monthly pension amount, as**  
42 **calculated under section 7 of this chapter; and**



1           (2) any supplemental benefit amount that the employee  
2           beneficiary receives under IC 10-12-5.

3           (d) The increases specified in this section:

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

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

7           (3) are in addition to any other increase provided by law,  
8           subject to subsection (c).

9           (e) For a specified grant year, if a supplemental benefit under  
10          IC 10-12-5 is payable based on an increase in the sixth year trooper  
11          salary in the grant year, an employee beneficiary shall receive the  
12          greater of:

13          (1) the increase in the supplemental benefit to which the  
14          employee beneficiary would be entitled without regard to this  
15          section as a result of an increase in the sixth year trooper  
16          salary in the grant year; or

17          (2) the increase calculated in accordance with this section.

18          SECTION 27. IC 10-12-3-9 IS ADDED TO THE INDIANA CODE  
19          AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
20          UPON PASSAGE]: **Sec. 9. (a) In 2015, an employee beneficiary of  
21          the state police pre-1987 benefit system who meets the criteria  
22          specified in section 8 of this chapter is entitled to an increase of the  
23          basic monthly pension amount (plus postretirement increases)  
24          payable to the employee beneficiary in accordance with section 8  
25          of this chapter.**

26          **(b) In 2016, an employee beneficiary of the state police pre-1987  
27          benefit system who meets the criteria specified in section 8 of this  
28          chapter is entitled to an increase of the basic monthly pension  
29          amount (plus postretirement increases) payable to the employee  
30          beneficiary in accordance with section 8 of this chapter.**

31          **(c) The trustee may not use contributions from the department  
32          to pay the increases required under subsections (a) and (b) unless,  
33          and only to the extent that, the amounts necessary to pay the  
34          increases required under subsections (a) and (b) exceed the  
35          amounts appropriated in the state budget for the biennium  
36          beginning July 1, 2015, for the purposes described in subsections  
37          (a) and (b).**

38          SECTION 28. IC 10-12-4-11 IS ADDED TO THE INDIANA  
39          CODE AS A NEW SECTION TO READ AS FOLLOWS  
40          [EFFECTIVE UPON PASSAGE]: **Sec. 11. (a) This section specifies  
41          the method for calculating a postretirement increase to the basic  
42          monthly pension amount (plus postretirement increases) of an**



1 eligible retired or disabled employee beneficiary of the state police  
2 1987 benefit system for any year after 2014 in which a statute  
3 grants such a postretirement increase.

4 (b) As used in this section, "grant year" means, for a specified  
5 statute that grants a postretirement increase to which this section  
6 applies, the year in which the postretirement increase granted by  
7 the statute is first payable.

8 (c) For a specified grant year, a postretirement increase to the  
9 basic monthly pension amount (plus postretirement increases)  
10 payable after June 30 of the grant year to an employee beneficiary  
11 of the state police 1987 benefit system who retired or was disabled  
12 after June 30, 1987, and before July 2 of the year immediately  
13 preceding the grant year is equal to three hundred seventy-five  
14 thousandths percent (0.375%) of the maximum basic monthly  
15 pension amount payable to a retired state police employee in the  
16 grade of a trooper who has completed twenty-five (25) years of  
17 service as of July 1 of the grant year as calculated under section 7  
18 of this chapter.

19 (d) The increases specified in this section:

- 20 (1) must be based on the date of the employee beneficiary's  
21 latest retirement or disability;  
22 (2) do not apply to the benefits payable in a lump sum; and  
23 (3) are in addition to any other increase provided by law.

24 SECTION 29. IC 10-12-4-12 IS ADDED TO THE INDIANA  
25 CODE AS A NEW SECTION TO READ AS FOLLOWS  
26 [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) In 2015, an employee  
27 beneficiary of the state police 1987 benefit system who meets the  
28 criteria specified in section 11 of this chapter is entitled to an  
29 increase of the basic monthly pension amount (plus postretirement  
30 increases) payable to the employee beneficiary in accordance with  
31 section 11 of this chapter.

32 (b) In 2016, an employee beneficiary of the state police 1987  
33 benefit system who meets the criteria specified in section 11 of this  
34 chapter is entitled to an increase of the basic monthly pension  
35 amount (plus postretirement increases) payable to the employee  
36 beneficiary in accordance with section 11 of this chapter.

37 (c) The trustee may not use contributions from the department  
38 to pay the increases required under subsections (a) and (b) unless,  
39 and only to the extent that, the amounts necessary to pay the  
40 increases required under subsections (a) and (b) exceed the  
41 amounts appropriated in the state budget for the biennium  
42 beginning July 1, 2015, for the purposes described in subsections



**(a) and (b).**

SECTION 30. 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 one (1) time each year to add to the regular pension benefit or annuity and any previously granted supplemental benefit the amount described in subsection (c) or

(d).

(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) 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, but whose supplemental benefit is not computed under subsection (c). The supplemental benefit referred to in subsection (b)(2) 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.





1 (e) For any year after 2014, if a supplemental benefit is paid  
 2 under this section based on an increase during the year of the  
 3 monthly wage of a police employee in the grade of trooper at the  
 4 beginning of the trooper's sixth year of service, an employee  
 5 beneficiary shall receive the greater of:

6 (1) the increase in the supplemental benefit to which the  
 7 employee beneficiary would be entitled under this section as  
 8 a result of an increase in the monthly wage of a police  
 9 employee in the grade of trooper at the beginning of the  
 10 trooper's sixth year of service; or

11 (2) the increase payable under another statute and calculated  
 12 in accordance with IC 10-12-3-8.

13 SECTION 31. IC 33-39-7-16, AS AMENDED BY P.L.160-2013,  
 14 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15 JULY 1, 2015]: Sec. 16. (a) This section does not apply to a participant  
 16 who becomes permanently disabled, as described in section 17 of this  
 17 chapter.

18 (b) A participant who:

19 (1) applies for a retirement benefit; and

20 (2) is at least:

21 (A) sixty-five (65) years of age; or

22 (B) fifty-five (55) years of age and the participant's age in  
 23 years plus the participant's years of service is at least  
 24 eighty-five (85);

25 is entitled to an annual retirement benefit as calculated in subsection  
 26 (c).

27 (c) Except as provided in subsections (d), (e), and (f), the amount of  
 28 the annual retirement benefit to which a participant described in  
 29 subsection (b) is entitled equals the product of:

30 (1) the highest annual salary that was paid to the participant  
 31 before separation from service; multiplied by

32 (2) the percentage prescribed in the following table:

Participant's Years of Service	Percentage
Less than 8	0
8	24%
9	27%
10	30%
11	33%
12	50%
13	51%
14	52%



1	15	53%
2	16	54%
3	17	55%
4	18	56%
5	19	57%
6	20	58%
7	21	59%
8	22 or more	60%

9 If a participant has a partial year of service in addition to at least eight  
10 (8) full years of service, an additional percentage is calculated under  
11 this subsection by prorating between the applicable percentages, based  
12 on the number of months in the partial year of service.

13 (d) Except as provided in subsections (e) and (f), and section  
14 19(c)(2)(B) of this chapter, a participant who:

15 (1) applies for a retirement benefit; and  
16 (2) is not described in subsection (b);

17 is entitled to receive a reduced annual retirement benefit that equals the  
18 benefit that would be payable if the participant were sixty-five (65)  
19 years of age reduced by one-fourth percent (0.25%) for each month that  
20 the participant's age at retirement precedes the participant's sixty-fifth  
21 birthday.

22 (e) Except as provided in subsection (f), benefits payable to a  
23 participant under this section are reduced by the pension, if any, that  
24 would be payable to the participant from the public employees'  
25 retirement fund if the participant had retired from the public employees'  
26 retirement fund on the date of the participant's retirement from the  
27 prosecuting attorneys retirement fund. Benefits payable to a participant  
28 under this section are not reduced by annuity payments made to the  
29 participant from the public employees' retirement fund.

30 (f) This subsection applies to a participant who is a member of the  
31 public employees' defined contribution (annuity savings account only)  
32 plan established by IC 5-10.3-12-18. Benefits payable to a participant  
33 under this section are reduced by the pension portion of the retirement  
34 benefit, if any, that would be payable to the participant from the public  
35 employees' retirement fund if the participant:

36 (1) ~~had not made an election under IC 5-10.3-12-20 to become~~  
37 **were a member of the public employees' retirement fund**  
38 **instead of** the public employees' defined contribution (annuity  
39 savings account only) plan; and  
40 (2) had retired from the public employees' retirement fund on the  
41 date of the participant's retirement from the prosecuting attorneys  
42 retirement fund.



1 (g) If benefits payable from the public employees' retirement fund  
 2 exceed the benefits payable from the prosecuting attorneys retirement  
 3 fund, the participant is entitled at retirement to withdraw from the  
 4 prosecuting attorneys retirement fund the total sum contributed plus  
 5 interest at a rate specified by rule by the board.

6 SECTION 32. IC 33-39-7-18, AS AMENDED BY P.L.160-2013,  
 7 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 8 JULY 1, 2015]: Sec. 18. (a) Except as provided in subsections (b) and  
 9 (c), a participant who becomes permanently disabled, as described in  
 10 section 17 of this chapter, is entitled to an annual benefit equal to the  
 11 product of:

12 (1) the annual salary that was paid to the participant at the time of  
 13 separation from service; multiplied by

14 (2) the percentage prescribed in the following table:

Participant's Years of Service	Percentage
0-12	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

15 If a participant has a partial year of service in addition to at least ten  
 16 (10) years of service, an additional percentage is calculated under this  
 17 subsection by prorating between the applicable percentages, based on  
 18 the number of months in the partial year of service.

19 (b) Except as provided in subsection (c), benefits payable to a  
 20 participant under this section are reduced by the amounts, if any, that  
 21 are payable to the participant from the public employees' retirement  
 22 fund.

23 (c) This subsection applies to a participant who is a member of the  
 24 public employees' defined contribution (annuity savings account only)  
 25 plan established by IC 5-10.3-12-18. Benefits payable to a participant  
 26 under this section are reduced by the pension portion of the retirement  
 27 benefit, if any, that would be payable to the participant from the public  
 28 employees' retirement fund if the participant ~~had not made an election~~  
 29 ~~under IC 5-10.3-12-20 to become~~ were a member of the public



1 **employees' retirement fund instead of** the public employees' defined  
 2 contribution (annuity savings account only) plan.

3 SECTION 33. IC 33-39-7-19, AS AMENDED BY P.L.160-2013,  
 4 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 5 JULY 1, 2015]: Sec. 19. (a) A participant may designate the  
 6 participant's surviving spouse or one (1) or more of the participant's  
 7 surviving dependent children to receive the benefit provided by this  
 8 section upon the death of the participant. A participant may designate  
 9 a trust or a custodian account under IC 30-2-8.5 that is established for  
 10 one (1) or more of the participant's surviving dependent children to  
 11 receive the benefit provided by this section instead of designating one  
 12 (1) or more of the participant's surviving dependent children to receive  
 13 the benefit directly.

14 (b) If a participant:

15 (1) dies; and

16 (2) on the date of death:

17 (A) was receiving benefits under this chapter;

18 (B) was in service in a position described in section 8 of this  
 19 chapter and had completed at least eight (8) years of service in  
 20 a position described in section 8 of this chapter;

21 (C) had a permanent disability as described in section 17 of  
 22 this chapter; or

23 (D) was not in service in a position described in section 8 of  
 24 this chapter, had completed at least eight (8) years of service  
 25 in a position described in section 8 of this chapter, and was  
 26 entitled to a future benefit;

27 the participant's beneficiary designated under subsection (a) is entitled,  
 28 regardless of the participant's age, to the benefit prescribed by  
 29 subsection (c), (e), or (f).

30 (c) The amount of the annual benefit payable to a beneficiary to  
 31 whom subsection (b) applies is equal to the greater of:

32 (1) twelve thousand dollars (\$12,000); or

33 (2) fifty percent (50%) of the amount of retirement benefit:

34 (A) the participant was drawing at the time of death; or

35 (B) to which the participant would have been entitled had the  
 36 participant retired and begun receiving retirement benefits on  
 37 the date of death. However, the reduction described in section  
 38 16(d) of this chapter does not apply to the calculation of a  
 39 survivor benefit under this clause.

40 (d) A benefit payable under this section is subject to the following:

41 (1) A surviving spouse designated as the beneficiary under  
 42 subsection (a) is entitled to receive the benefit for life.



- 1 (2) The total monthly benefit payable to a surviving child or  
 2 children is equal to the same monthly benefit that was to have  
 3 been payable to the surviving spouse.
- 4 (3) If there is more than one (1) child designated by the  
 5 participant, the children are entitled to share the benefit in equal  
 6 monthly amounts.
- 7 (4) A child entitled to a benefit shall receive that child's share  
 8 until the child becomes eighteen (18) years of age or during the  
 9 entire period of the child's physical or mental disability,  
 10 whichever period is longer.
- 11 (5) Upon the cessation of benefits to one (1) designated child, if  
 12 there are one (1) or more other children then surviving and still  
 13 entitled to benefits, the remaining children shall share the benefit  
 14 equally. If the surviving spouse of the participant is surviving  
 15 upon the cessation of benefits to all designated children, the  
 16 surviving spouse shall then receive the benefit for the remainder  
 17 of the spouse's life.
- 18 (6) The benefit is payable to the participant's surviving spouse if  
 19 any of the following occur:
- 20 (A) No child or children named as a beneficiary by the  
 21 participant survives or survive the participant.
- 22 (B) No child or children designated by the participant is or are  
 23 entitled to a benefit due to the age of the child or children at  
 24 the time of death of the participant.
- 25 (C) A designation is not made.
- 26 (e) Except as provided in subsection (f), benefits payable to a  
 27 designated beneficiary under this section are reduced by the amount,  
 28 if any, that is payable to the surviving spouse or the surviving  
 29 dependent children from the public employees' retirement fund as a  
 30 result of the participant's death after subtracting the participant's  
 31 contributions and earnings attributable to the participant's contributions  
 32 in the participant's annuity savings account.
- 33 (f) This subsection applies to a surviving spouse of a participant  
 34 who is a member of the public employees' defined contribution  
 35 (annuity savings account only) plan established by IC 5-10.3-12-18.  
 36 Benefits payable to a surviving spouse of a participant under this  
 37 section are reduced by the pension portion of the retirement benefit, if  
 38 any, that would be payable to the spouse from the public employees'  
 39 retirement fund under the joint and survivor option under  
 40 IC 5-10.2-4-7, computed at fifty percent (50%) of the participant's  
 41 decreased retirement benefit, if the participant ~~had not made an~~  
 42 ~~election under IC 5-10.3-12-20 to become~~ were a member of the



1 **public employees' retirement fund instead of** the public employees'  
2 defined contribution (annuity savings account only) plan.

3 SECTION 34. IC 33-39-7-20, AS AMENDED BY P.L.160-2013,  
4 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 2015]: Sec. 20. (a) If:

- 6 (1) a participant's spouse does not survive the participant; and  
7 (2) the participant did not designate one (1) or more of the  
8 participant's surviving dependent children to receive the benefit  
9 provided by section 19 of this chapter;

10 the participant's surviving dependent children are, upon the death of the  
11 participant, entitled to a benefit equal to the benefit the participant's  
12 spouse would have received under section 19 of this chapter.

13 (b) If a surviving spouse of a decedent participant dies and a  
14 dependent child of the surviving spouse and the decedent participant  
15 survives them, that dependent child is entitled to receive a benefit equal  
16 to the benefit the spouse was receiving or would have received under  
17 section 19 of this chapter.

18 (c) If there is more than one (1) dependent child, the dependent  
19 children are entitled to share the benefit equally.

20 (d) Each dependent child is entitled to receive that child's share until  
21 the child becomes eighteen (18) years of age or during the entire period  
22 of the child's physical or mental disability, whichever period is longer.

23 (e) Except as provided in subsection (f), benefits payable to a  
24 dependent child are reduced by the amount, if any, that is payable to  
25 the dependent child from the public employees' retirement fund after  
26 subtracting the participant's contributions and earnings attributable to  
27 the participant's contributions in the participant's annuity savings  
28 account.

29 (f) This subsection applies to a dependent child of a participant who  
30 is a member of the public employees' defined contribution (annuity  
31 savings account only) plan established by IC 5-10.3-12-18. Benefits  
32 payable to a dependent child of a participant under this section are  
33 reduced by the actuarial equivalent of the pension portion of the  
34 retirement benefit, if any, that would be payable to the spouse  
35 (assuming the spouse would have had the same birth date as the  
36 participant) from the public employees' retirement fund under the joint  
37 and survivor option under IC 5-10.2-4-7, computed at fifty percent  
38 (50%) of the participant's decreased retirement benefit, if the  
39 participant ~~had not made an election under IC 5-10.3-12-20 to become~~  
40 **were a member of the public employees' retirement fund instead of**  
41 the public employees' defined contribution (annuity savings account  
42 only) plan.



1        **SECTION 35. An emergency is declared for this act.**

