



February 1, 2019

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## SENATE BILL No. 85

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DIGEST OF SB 85 (Updated January 31, 2019 10:35 am - DI 125)

**Citations Affected:** IC 5-10.2; IC 36-8.

**Synopsis:** 1977 fund retirement and surviving spouse benefits. Increases the basic monthly pension benefit payable to a member of the 1977 police officers' and firefighters' pension and disability fund (1977 fund) who retires after June 30, 2019, with 20 years of service from 50% to 52% of the monthly salary of a first class patrolman or firefighter in the year the member ended active service. Increases from 60% to 70% of the member's monthly benefit the monthly benefit paid to a surviving spouse of a 1977 fund member who dies after June 30, 2019, other than in the line of duty. Establish a supplemental allowance reserve account (reserve account) within the 1977 fund for the purpose of paying cost of living increases in benefits required under current law. Requires the contribution rate established by the Indiana public retirement system board (board) for 2020 and each year thereafter to include a surcharge that is paid to the reserve account in an amount determined annually by the board that is necessary, based on an actuarial valuation, to fully fund the estimated future cost of living increases amortized over a term not to exceed 30 years. Requires the board, before July 1, 2019, to transfer \$210,500,000 from the assets of the 1977 fund to the reserve account.

**Effective:** Upon passage; July 1, 2019.

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**Ford Jon, Niemeyer, Bohacek,  
Alting, Walker, Tallian, Crane, Kruse,  
Niezgodski, Ford J.D., Brown L**

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January 3, 2019, read first time and referred to Committee on Pensions and Labor.  
January 16, 2019, reported favorably — Do Pass; reassigned to Committee on  
Appropriations.  
January 31, 2019, amended, reported favorably — Do Pass.

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SB 85—LS 6080/DI 113





February 1, 2019

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.

## SENATE BILL No. 85

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 5-10.2-12-1, AS ADDED BY P.L.127-2018,  
2 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]: Sec. 1. This chapter applies to the supplemental  
4 allowance reserve accounts established under the following:  
5 (1) IC 2-3.5-3-2(c) (for the legislators' defined benefit plan).  
6 (2) IC 5-10-5.5-4(c) (for the state excise police, gaming agent,  
7 gaming control officer, and conservation enforcement officers'  
8 retirement plan).  
9 (3) IC 5-10.2-2-2(a)(3) (for the public employees' retirement  
10 fund).  
11 (4) IC 5-10.2-2-2(c)(3) (for the Indiana state teachers' retirement  
12 fund).  
13 (5) **IC 36-8-8-4(c) (for the 1977 police officers' and**  
14 **firefighters' pension and disability fund).**  
15 SECTION 2. IC 5-10.2-12-2, AS ADDED BY P.L.127-2018,  
16 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
17 UPON PASSAGE]: Sec. 2. (a) All amounts in a supplemental

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1 allowance reserve account of a fund or plan **listed in section 1(1)**  
 2 **through 1(4) of this chapter** are available to the board to pay a  
 3 postretirement benefit increase, thirteenth check, or other benefit  
 4 change or adjustment granted by the general assembly after June 30,  
 5 2018, to members of or participants in that fund or plan.

6 **(b) All amounts in the supplemental allowance reserve account**  
 7 **listed in section 1(5) of this chapter (for the 1977 police officers'**  
 8 **and firefighters' pension and disability fund) are available to the**  
 9 **board to pay any cost of living increase under IC 36-8-8-15.**

10 SECTION 3. IC 5-10.2-12-3, AS ADDED BY P.L.127-2018,  
 11 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 12 UPON PASSAGE]: Sec. 3. (a) **Except as provided in subsection (c),**  
 13 for 2019 and each year thereafter, the contribution rate established by  
 14 the board for each employer shall include a surcharge determined by  
 15 the board:

16 (1) that is paid to the supplemental allowance reserve account of  
 17 the applicable fund or plan; and

18 (2) that does not exceed one percent (1%) of the employer's  
 19 payroll that is attributable to employees who are:

20 (A) members of the public employees' retirement fund;

21 (B) members of the 1996 account of the Indiana state teachers'  
 22 retirement fund; and

23 (C) participants in the state excise police, gaming agent,  
 24 gaming control officer, and conservation enforcement officers'  
 25 retirement plan.

26 The board shall determine an equivalent amount to be included in the  
 27 general fund appropriations for the supplemental allowance reserve  
 28 accounts of the legislators' defined benefit plan and, subject to  
 29 IC 5-10.4-2-5, the pre-1996 account of the Indiana state teachers'  
 30 retirement fund.

31 (b) The surcharge described in subsection (a) shall be paid in the  
 32 same manner as other employer contributions required under  
 33 IC 5-10-5.5-4, IC 5-10.2-2-12.5, IC 5-10.3-7-12.5, and IC 5-10.4-7-6.

34 **(c) This section does not apply to the contribution rate of an**  
 35 **employer in the 1977 police officers' and firefighters' pension and**  
 36 **disability fund created under IC 36-8-8-4(a).**

37 SECTION 4. IC 5-10.2-12-3.5 IS ADDED TO THE INDIANA  
 38 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 39 [EFFECTIVE UPON PASSAGE]: Sec. 3.5. **For 2020 and each year**  
 40 **thereafter, the contribution rate established by the board for each**  
 41 **employer in the 1977 police officers' and firefighters' pension and**  
 42 **disability fund created under IC 36-8-8-4(a) shall include a**



1 surcharge:

2 (1) that is:

3 (A) determined annually by the board; and

4 (B) in an amount that is necessary, based on an actuarial  
5 valuation, to fully fund estimated future cost of living  
6 increases under IC 36-8-8-15 amortized over a term  
7 determined by the board that does not exceed thirty (30)  
8 years; and

9 (2) that is paid to the supplemental allowance reserve account  
10 within the 1977 police officers' and firefighters' pension and  
11 disability fund created under IC 36-8-8-4(c).

12 SECTION 5. IC 5-10.2-12-4, AS ADDED BY P.L.127-2018,  
13 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
14 UPON PASSAGE]: Sec. 4. (a) In each even-numbered calendar year,  
15 beginning in 2018, the board shall present to the interim study  
16 committee on pension management oversight (established by  
17 IC 2-5-1.3-4) an actuarial report concerning the status of each  
18 supplemental allowance reserve account.

19 (b) The general assembly may grant a postretirement benefit  
20 increase, thirteenth check, or other benefit change or adjustment for  
21 members of or participants in a fund or plan listed in ~~section 1~~ **section**  
22 **1(1) through 1(4)** of this chapter only:

23 (1) in an odd-numbered calendar year; and

24 (2) if the postretirement benefit increase, thirteenth check, or  
25 other benefit change or adjustment:

26 (A) may be funded from the uncommitted balance in the  
27 supplemental allowance reserve account of the particular fund  
28 or plan; and

29 (B) may be paid in the same amount or percentage, or by using  
30 the same formula or computation method, to members of or  
31 participants in each of the funds and plans listed in section 1  
32 of this chapter.

33 SECTION 6. IC 36-8-8-4, AS AMENDED BY P.L.35-2012,  
34 SECTION 116, IS AMENDED TO READ AS FOLLOWS  
35 [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) There is established a  
36 police officers' and firefighters' pension and disability fund to be known  
37 as the 1977 fund. The 1977 fund consists of fund member and  
38 employer contributions, plus the earnings on them, to be used to make  
39 benefit payments to fund members and their survivors in the amounts  
40 and under the conditions specified in this chapter.

41 (b) The system board shall administer the 1977 fund, which may be  
42 commingled for investment purposes with other funds administered by



1 the Indiana public retirement system. All actuarial data shall be  
 2 computed on the total membership of the fund, and the cost of  
 3 participation is the same for all employers in the fund. The fund  
 4 member and employer contributions shall be recorded separately for  
 5 each employer.

6 **(c) Within the 1977 fund established by subsection (a), the**  
 7 **system board shall maintain a supplemental allowance reserve**  
 8 **account for the purpose of paying any cost of living increase under**  
 9 **section 15 of this chapter after June 30, 2019. The account consists**  
 10 **of:**

11 **(1) amounts transferred by the system board from the assets**  
 12 **of the 1977 fund to the account as required under section 24.9**  
 13 **of this chapter (before its expiration);**

14 **(2) contributions from employers under IC 5-10.2-12-3.5;**

15 **(3) amounts appropriated or transferred to the account by the**  
 16 **general assembly; and**

17 **(4) donations, gifts, bequests, and devises made to the account.**

18 SECTION 7. IC 36-8-8-6, AS AMENDED BY P.L.35-2012,  
 19 SECTION 118, IS AMENDED TO READ AS FOLLOWS  
 20 [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) Each employer shall  
 21 annually on March 31, June 30, September 30, and December 31, for  
 22 the calendar quarters ending on those dates, or an alternate date  
 23 established by the rules of the system board, pay into the 1977 fund an  
 24 amount determined by the system board:

25 (1) for administration expenses; and

26 (2) sufficient to maintain level cost funding during the period of  
 27 employment on an actuarial basis for members hired after April  
 28 30, 1977.

29 (b) After December 31, 2011, Each employer shall submit the  
 30 payments required by subsection (a) by electronic funds transfer.

31 (c) If an employer fails to make the payments required by subsection  
 32 (a) or fails to send the fund members' contributions required by section  
 33 8(a) of this chapter, the amount payable, on request of the system  
 34 board, may be withheld by the auditor of state from money payable to  
 35 the employer and transferred to the fund. In the alternative, the amount  
 36 payable may be recovered in the circuit or superior court of the county  
 37 in which the employer is located, in an action by the state on the  
 38 relation of the system board, prosecuted by the attorney general.

39 **(d) After June 30, 2019, the board shall segregate from its**  
 40 **determination of the contribution under subsection (a), any**  
 41 **amounts attributable to the estimated future cost of living**  
 42 **increases under section 15 of this chapter.**



1 SECTION 8. IC 36-8-8-11, AS AMENDED BY P.L.42-2011,  
 2 SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 JULY 1, 2019]: Sec. 11. (a) Benefits paid under this section are subject  
 4 to section 2.5 of this chapter.

5 (b) ~~Except as provided in section 24.8 of this chapter,~~ **This**  
 6 **subsection applies to a fund member who retires before July 1,**  
 7 **2019.** Each fund member who qualifies for a retirement benefit  
 8 payment under section 10(b) of this chapter is entitled to receive a  
 9 monthly benefit equal to fifty percent (50%) of the monthly salary of  
 10 a first class patrolman or firefighter in the year the member ended the  
 11 member's active service plus:

12 (1) for a member who retires before January 1, 1986, two percent  
 13 (2%) of that salary for each full year of active service; or

14 (2) for a member who retires after December 31, 1985, one  
 15 percent (1%) of that salary for each six (6) months of active  
 16 service;

17 over twenty (20) years, to a maximum of twelve (12) years.

18 (c) **This subsection applies to a fund member who retires after**  
 19 **June 30, 2019. Each fund member who qualifies for a retirement**  
 20 **benefit payment under section 10(b) of this chapter is entitled to**  
 21 **receive a monthly benefit equal to fifty-two percent (52%) of the**  
 22 **monthly salary of a first class patrolman or firefighter in the year**  
 23 **the member ended the member's active service plus one percent**  
 24 **(1%) of that salary for each six (6) months of active service over**  
 25 **twenty (20) years, to a maximum of twelve (12) years.**

26 (d) Each fund member who qualifies for a retirement benefit  
 27 payment under section 10(c) of this chapter is entitled to receive a  
 28 monthly benefit equal to fifty percent (50%) of the monthly salary of  
 29 a first class patrolman or firefighter in the year the member ended the  
 30 member's active service plus one percent (1%) of that salary for each  
 31 six (6) months of active service over twenty (20) years, to a maximum  
 32 of twelve (12) years, all actuarially reduced for each month (if any) of  
 33 benefit payments prior to fifty-two (52) years of age, by a factor  
 34 established by the fund's actuary from time to time.

35 SECTION 9. IC 36-8-8-13.8, AS AMENDED BY P.L.23-2010,  
 36 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2019]: Sec. 13.8. (a) This section applies to an active or  
 38 retired member who dies other than in the line of duty (as defined in  
 39 section 14.1 of this chapter) after August 31, 1982.

40 (b) If a fund member dies while receiving retirement or disability  
 41 benefits, the following apply:

42 (1) Except as otherwise provided in this subsection, each of the



1 member's surviving children is entitled to a monthly benefit equal  
2 to twenty percent (20%) of the fund member's monthly benefit:

- 3 (A) until the child becomes eighteen (18) years of age; or  
4 (B) until the child becomes twenty-three (23) years of age if  
5 the child is enrolled in and regularly attending a secondary  
6 school or is a full-time student at an accredited college or  
7 university;

8 whichever period is longer. However, if the board finds upon the  
9 submission of satisfactory proof that a child who is at least  
10 eighteen (18) years of age is mentally or physically incapacitated,  
11 is not a ward of the state, and is not receiving a benefit under  
12 clause (B), the child is entitled to receive an amount each month  
13 that is equal to the greater of thirty percent (30%) of the monthly  
14 pay of a first class patrolman or first class firefighter or fifty-five  
15 percent (55%) of the monthly benefit the deceased member was  
16 receiving or was entitled to receive on the date of the member's  
17 death as long as the mental or physical incapacity of the child  
18 continues. Benefits paid for a child shall be paid to the surviving  
19 parent as long as the child resides with and is supported by the  
20 surviving parent. If the surviving parent dies, the benefits shall be  
21 paid to the legal guardian of the child.

22 **(2) This subdivision applies to the surviving spouse of an**  
23 **active or retired member who dies before July 1, 2019.** The  
24 member's surviving spouse is entitled to a monthly benefit equal  
25 to sixty percent (60%) of the fund member's monthly benefit  
26 during the spouse's lifetime. If the spouse remarried before  
27 September 1, 1983, and benefits ceased on the date of remarriage,  
28 the benefits for the surviving spouse shall be reinstated on July 1,  
29 1997, and continue during the life of the surviving spouse.

30 **(3) This subdivision applies to the surviving spouse of an**  
31 **active or retired member who dies after June 30, 2019. The**  
32 **member's surviving spouse is entitled to a monthly benefit**  
33 **equal to seventy percent (70%) of the fund member's monthly**  
34 **benefit during the spouse's lifetime.**

35 If a fund member dies while receiving retirement or disability benefits,  
36 there is no surviving eligible child or spouse, and there is proof  
37 satisfactory to the local board, subject to review in the manner  
38 specified in section 13.1(c) of this chapter, that the parent was wholly  
39 dependent on the fund member, the member's surviving parent is  
40 entitled, or both surviving parents if qualified are entitled jointly, to  
41 receive fifty percent (50%) of the fund member's monthly benefit  
42 during the parent's or parents' lifetime. As used in this subsection, a





1 parent is wholly dependent on a fund member if the fund member  
 2 claimed the parent as a dependent on the federal income tax return filed  
 3 by the fund member in the year before the year in which the fund  
 4 member died.

5 (c) Except as otherwise provided in this subsection, if a fund  
 6 member dies while on active duty or while retired and not receiving  
 7 benefits, the member's children and the member's spouse, or the  
 8 member's parent or parents are entitled to receive a monthly benefit  
 9 determined under subsection (b). If the fund member did not have at  
 10 least twenty (20) years of service or was not at least fifty-two (52) years  
 11 of age, the benefit is computed as if the member:

12 (1) did have twenty (20) years of service; and

13 (2) was fifty-two (52) years of age.

14 SECTION 10. IC 36-8-8-15, AS AMENDED BY P.L.35-2012,  
 15 SECTION 134, IS AMENDED TO READ AS FOLLOWS  
 16 [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) Each year the system  
 17 board shall determine if there has been an increase or decrease in the  
 18 consumer price index (United States city average) prepared by the  
 19 United States Department of Labor by comparing the arithmetic mean  
 20 of the consumer price index for January, February, and March of that  
 21 year with the arithmetic mean for the same three (3) months of the  
 22 preceding year. If there has been an increase, or a decrease, it shall be  
 23 stated as a percentage of the arithmetic mean for the preceding three  
 24 (3) month period. The percentage shall be rounded to the nearest  
 25 one-tenth of one percent (0.1%) and may not exceed three percent  
 26 (3%). If there is a percentage increase of the arithmetic mean for the  
 27 preceding three (3) month period, a fund member's or survivor's  
 28 monthly benefit, beginning with the July payment, shall be increased  
 29 by an amount equal to the June payment times the percentage increase.  
 30 However, a fund member's or survivor's monthly benefit may not be  
 31 increased under this section until July of the year following the year of  
 32 the first monthly benefit payment to the fund member or survivor. In  
 33 computing a fund member's benefit, the increase is based only on those  
 34 years for which the fund member was eligible for benefit payments  
 35 under this chapter. A monthly benefit may not be reduced if there is a  
 36 percentage decrease of the arithmetic mean for the preceding three (3)  
 37 month period.

38 (b) **After June 30, 2019, any cost of living increase in the 1977**  
 39 **fund members' and survivors' monthly benefits under this section**  
 40 **shall be paid from the supplemental allowance reserve account**  
 41 **established within the 1977 fund under section 4(c) of this chapter.**

42 SECTION 11. IC 36-8-8-24.9 IS ADDED TO THE INDIANA



1 CODE AS A NEW SECTION TO READ AS FOLLOWS  
2 [EFFECTIVE UPON PASSAGE]: **Sec. 24.9. (a) Before July 1, 2019,**  
3 **the system board shall transfer two hundred ten million five**  
4 **hundred thousand dollars (\$210,500,000) from the assets of the**  
5 **1977 fund to the supplemental allowance reserve account**  
6 **established within the 1977 fund under section 4(c) of this chapter.**  
7 **(b) This section expires January 1, 2020.**  
8 SECTION 12. An emergency is declared for this act.



## COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 85, 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 and be reassigned to the Senate Committee on Appropriations.

(Reference is to SB 85 as introduced.)

BOOTS, Chairperson

Committee Vote: Yeas 11, Nays 0

## COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 85, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

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

"SECTION 1. IC 5-10.2-12-1, AS ADDED BY P.L.127-2018, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. This chapter applies to the supplemental allowance reserve accounts established under the following:

- (1) IC 2-3.5-3-2(c) (for the legislators' defined benefit plan).
- (2) IC 5-10-5.5-4(c) (for the state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement plan).
- (3) IC 5-10.2-2-2(a)(3) (for the public employees' retirement fund).
- (4) IC 5-10.2-2-2(c)(3) (for the Indiana state teachers' retirement fund).

**(5) IC 36-8-8-4(c) (for the 1977 police officers' and firefighters' pension and disability fund).**

SECTION 2. IC 5-10.2-12-2, AS ADDED BY P.L.127-2018, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. **(a)** All amounts in a supplemental allowance reserve account of a fund or plan **listed in section 1(1) through 1(4) of this chapter** are available to the board to pay a postretirement benefit increase, thirteenth check, or other benefit

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change or adjustment granted by the general assembly after June 30, 2018, to members of or participants in that fund or plan.

**(b) All amounts in the supplemental allowance reserve account listed in section 1(5) of this chapter (for the 1977 police officers' and firefighters' pension and disability fund) are available to the board to pay any cost of living increase under IC 36-8-8-15.**

SECTION 3. IC 5-10.2-12-3, AS ADDED BY P.L.127-2018, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) **Except as provided in subsection (c)**, for 2019 and each year thereafter, the contribution rate established by the board for each employer shall include a surcharge determined by the board:

- (1) that is paid to the supplemental allowance reserve account of the applicable fund or plan; and
- (2) that does not exceed one percent (1%) of the employer's payroll that is attributable to employees who are:
  - (A) members of the public employees' retirement fund;
  - (B) members of the 1996 account of the Indiana state teachers' retirement fund; and
  - (C) participants in the state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement plan.

The board shall determine an equivalent amount to be included in the general fund appropriations for the supplemental allowance reserve accounts of the legislators' defined benefit plan and, subject to IC 5-10.4-2-5, the pre-1996 account of the Indiana state teachers' retirement fund.

(b) The surcharge described in subsection (a) shall be paid in the same manner as other employer contributions required under IC 5-10-5.5-4, IC 5-10.2-2-12.5, IC 5-10.3-7-12.5, and IC 5-10.4-7-6.

**(c) This section does not apply to the contribution rate of an employer in the 1977 police officers' and firefighters' pension and disability fund created under IC 36-8-8-4(a).**

SECTION 4. IC 5-10.2-12-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3.5. For 2020 and each year thereafter, the contribution rate established by the board for each employer in the 1977 police officers' and firefighters' pension and disability fund created under IC 36-8-8-4(a) shall include a surcharge:**

- (1) that is:
  - (A) determined annually by the board; and



**(B) in an amount that is necessary, based on an actuarial valuation, to fully fund estimated future cost of living increases under IC 36-8-8-15 amortized over a term determined by the board that does not exceed thirty (30) years; and**

**(2) that is paid to the supplemental allowance reserve account within the 1977 police officers' and firefighters' pension and disability fund created under IC 36-8-8-4(c).**

SECTION 5. IC 5-10.2-12-4, AS ADDED BY P.L.127-2018, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) In each even-numbered calendar year, beginning in 2018, the board shall present to the interim study committee on pension management oversight (established by IC 2-5-1.3-4) an actuarial report concerning the status of each supplemental allowance reserve account.

(b) The general assembly may grant a postretirement benefit increase, thirteenth check, or other benefit change or adjustment for members of or participants in a fund or plan listed in ~~section 1~~ **section 1(1) through (1)(4)** of this chapter only:

(1) in an odd-numbered calendar year; and

(2) if the postretirement benefit increase, thirteenth check, or other benefit change or adjustment:

(A) may be funded from the uncommitted balance in the supplemental allowance reserve account of the particular fund or plan; and

(B) may be paid in the same amount or percentage, or by using the same formula or computation method, to members of or participants in each of the funds and plans listed in section 1 of this chapter.

SECTION 6. IC 36-8-8-4, AS AMENDED BY P.L.35-2012, SECTION 116, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) There is established a police officers' and firefighters' pension and disability fund to be known as the 1977 fund. The 1977 fund consists of fund member and employer contributions, plus the earnings on them, to be used to make benefit payments to fund members and their survivors in the amounts and under the conditions specified in this chapter.

(b) The system board shall administer the 1977 fund, which may be commingled for investment purposes with other funds administered by the Indiana public retirement system. All actuarial data shall be computed on the total membership of the fund, and the cost of participation is the same for all employers in the fund. The fund



member and employer contributions shall be recorded separately for each employer.

**(c) Within the 1977 fund established by subsection (a), the system board shall maintain a supplemental allowance reserve account for the purpose of paying any cost of living increase under section 15 of this chapter after June 30, 2019. The account consists of:**

- (1) amounts transferred by the system board from the assets of the 1977 fund to the account as required under section 24.9 of this chapter (before its expiration);**
- (2) contributions from employers under IC 5-10.2-12-3.5;**
- (3) amounts appropriated or transferred to the account by the general assembly; and**
- (4) donations, gifts, bequests, and devises made to the account.**

SECTION 7. IC 36-8-8-6, AS AMENDED BY P.L.35-2012, SECTION 118, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) Each employer shall annually on March 31, June 30, September 30, and December 31, for the calendar quarters ending on those dates, or an alternate date established by the rules of the system board, pay into the 1977 fund an amount determined by the system board:

- (1) for administration expenses; and
- (2) sufficient to maintain level cost funding during the period of employment on an actuarial basis for members hired after April 30, 1977.

(b) After December 31, 2011, Each employer shall submit the payments required by subsection (a) by electronic funds transfer.

(c) If an employer fails to make the payments required by subsection (a) or fails to send the fund members' contributions required by section 8(a) of this chapter, the amount payable, on request of the system board, may be withheld by the auditor of state from money payable to the employer and transferred to the fund. In the alternative, the amount payable may be recovered in the circuit or superior court of the county in which the employer is located, in an action by the state on the relation of the system board, prosecuted by the attorney general.

**(d) After June 30, 2019, the board shall segregate from its determination of the contribution under subsection (a), any amounts attributable to the estimated future cost of living increases under section 15 of this chapter."**

Page 3, after line 38, begin a new paragraph and insert:

"SECTION 10. IC 36-8-8-15, AS AMENDED BY P.L.35-2012, SECTION 134, IS AMENDED TO READ AS FOLLOWS



[EFFECTIVE UPON PASSAGE]: Sec. 15. (a) Each year the system board shall determine if there has been an increase or decrease in the consumer price index (United States city average) prepared by the United States Department of Labor by comparing the arithmetic mean of the consumer price index for January, February, and March of that year with the arithmetic mean for the same three (3) months of the preceding year. If there has been an increase, or a decrease, it shall be stated as a percentage of the arithmetic mean for the preceding three (3) month period. The percentage shall be rounded to the nearest one-tenth of one percent (0.1%) and may not exceed three percent (3%). If there is a percentage increase of the arithmetic mean for the preceding three (3) month period, a fund member's or survivor's monthly benefit, beginning with the July payment, shall be increased by an amount equal to the June payment times the percentage increase. However, a fund member's or survivor's monthly benefit may not be increased under this section until July of the year following the year of the first monthly benefit payment to the fund member or survivor. In computing a fund member's benefit, the increase is based only on those years for which the fund member was eligible for benefit payments under this chapter. A monthly benefit may not be reduced if there is a percentage decrease of the arithmetic mean for the preceding three (3) month period.

**(b) After June 30, 2019, any cost of living increase in the 1977 fund members' and survivors' monthly benefits under this section shall be paid from the supplemental allowance reserve account established within the 1977 fund under section 4(c) of this chapter.**

SECTION 11. IC 36-8-8-24.9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 24.9. (a) **Before July 1, 2019, the system board shall transfer two hundred ten million five hundred thousand dollars (\$210,500,000) from the assets of the 1977 fund to the supplemental allowance reserve account established within the 1977 fund under section 4(c) of this chapter.**

**(b) This section expires January 1, 2020.**



**SECTION 12. An emergency is declared for this act."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 85 as printed January 17, 2019.)

MISHLER, Chairperson

Committee Vote: Yeas 12, Nays 0.

