



March 30, 1999

ENGROSSED HOUSE BILL No. 1986

DIGEST OF HB 1986 (Updated March 25, 1999 1:48 pm - DI 44)

Citations Affected: IC 5-10.2; noncode.

Synopsis: Pension benefits. Provides a cost of living adjustment (COLA) in 1999 to members of the public employees' retirement fund (PERF) and members of the Indiana state teachers' retirement fund (TRF) (or their survivors or beneficiaries) who retired or were disabled before July 2, 1994. Provides a COLA in 2000 to members of PERF or TRF (or their survivors or beneficiaries) who retired or were disabled before July 2, 1994. Provides a supplemental "thirteenth check" benefit to retired teachers and certain retired public employees (or their survivors or beneficiaries) on November 1, 1999, and on November 1, 2000.

Effective: July 1, 1999; July 1, 2000.

**Tincher, Scholer, Leuck, Bischoff,
Crosby, Welch, Dillon, Young D,
Bardon**

(SENATE SPONSORS — FORD, HUME, GARD, CRAYCRAFT)

January 27, 1999, read first time and referred to Committee on Ways and Means.
February 10, 1999, reported — Do Pass.
February 15, 1999, read second time, ordered engrossed. Engrossed.
February 16, 1999, read third time, passed. Yeas 88, nays 2.

SENATE ACTION

February 22, 1999, read first time and referred to Committee on Pensions and Labor.
March 18, 1999, reported favorably — Do Pass; reassigned to Committee on Finance.
March 29, 1999, amended, reported favorably — Do Pass.

EH 1986—LS 6860/DI 73+



C
O
P
Y

March 30, 1999

First Regular Session 111th General Assembly (1999)

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 1998 General Assembly.

ENGROSSED HOUSE BILL No. 1986

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 5-10.2-5-27 IS ADDED TO THE INDIANA CODE
2 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 1999]: **Sec. 27. (a) The pension portion (plus postretirement**
4 **increases to the pension portion) provided by employer**
5 **contributions of the monthly benefit payable after June 30, 1999,**
6 **to a member of the public employees' retirement fund or the**
7 **Indiana state teachers' retirement fund (or to a survivor or**
8 **beneficiary of a member of the public employees' retirement fund**
9 **or the Indiana state teachers' retirement fund) who retired or was**
10 **disabled:**

11 (1) after July 1, 1990, and before July 2, 1994, shall be
12 increased by one and one-half percent (1.5%);

13 (2) after July 1, 1980, and before July 2, 1990, shall be
14 increased by two percent (2%);

15 (3) after July 1, 1970, and before July 2, 1980, shall be
16 increased by five percent (5%);

EH 1986—LS 6860/DI 73+



C
O
P
Y

1 (4) after July 1, 1960, and before July 2, 1970, shall be
2 increased by seven percent (7%); and

3 (5) before July 2, 1960, shall be increased by nine percent
4 (9%).

5 (b) The increases specified in this section:

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

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

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

10 SECTION 2. IC 5-10.2-5-28 IS ADDED TO THE INDIANA CODE
11 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
12 1, 2000]: **Sec. 28.** (a) The pension portion (plus postretirement
13 increases to the pension portion) provided by employer
14 contributions of the monthly benefit payable after June 30, 2000,
15 to a member of the public employees' retirement fund or the
16 Indiana state teachers' retirement fund (or to a survivor or
17 beneficiary of a member of the public employees' retirement fund
18 or the Indiana state teachers' retirement fund) who retired or was
19 disabled:

20 (1) after July 1, 1990, and before July 2, 1994, shall be
21 increased by one and one-half percent (1.5%);

22 (2) after July 1, 1980, and before July 2, 1990, shall be
23 increased by two percent (2%);

24 (3) after July 1, 1970, and before July 2, 1980, shall be
25 increased by five percent (5%);

26 (4) after July 1, 1960, and before July 2, 1970, shall be
27 increased by seven percent (7%); and

28 (5) before July 2, 1960, shall be increased by nine percent
29 (9%).

30 (b) The increases specified in this section:

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

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

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

35 SECTION 3. [EFFECTIVE JULY 1, 1999] (a) As used in this
36 SECTION, "fund" refers to the Indiana state teachers' retirement
37 fund.

38 (b) The amount determined in the following STEPS shall be
39 paid from the annuity reserve account of the fund on November 1,
40 1999, to any person who was a retired member (or to a survivor or
41 beneficiary of a retired member) of the fund as of July 2, 1998, and
42 who was entitled to receive a monthly benefit on October 1, 1999.

C
O
P
Y

1 **The amount shall be paid in a single check. The amount is not an**
 2 **increase in the pension portion of the monthly benefit.**

3 **STEP ONE: Determine the difference between:**

4 **(A) the balance in the fund's retired teacher annuity**
 5 **reserve account as of June 30, 1998; and**

6 **(B) the computed liability of the annuity portion of the**
 7 **normal allowance for the retired members as of June 30,**
 8 **1998.**

9 **STEP TWO: Multiply the STEP ONE result by ten percent**
 10 **(10%).**

11 **(c) The amounts distributed under subsection (b) shall be**
 12 **distributed to each retired member (or to the survivor or**
 13 **beneficiary of a retired member) who meets the requirements of**
 14 **subsection (b) in an amount determined under the following**
 15 **STEPS:**

16 **STEP ONE: Determine the sum of:**

17 **(A) the total number of years of creditable service**
 18 **(excluding creditable service under Acts 1965, c.410, s.4) in**
 19 **the fund of all retired members eligible to receive a portion**
 20 **of the distribution; plus**

21 **(B) the total number of years that all retired members who**
 22 **are eligible to receive a portion of the distribution have**
 23 **been retired.**

24 **STEP TWO: Determine the sum of:**

25 **(A) the eligible retired member's total number of years of**
 26 **creditable service (excluding creditable service under Acts**
 27 **1965, c.410, s.4) in the fund; plus**

28 **(B) the total number of years since the eligible retired**
 29 **member retired from the last covered position held by the**
 30 **member.**

31 **STEP THREE: Divide the amount determined in STEP TWO**
 32 **by the amount determined in STEP ONE.**

33 **STEP FOUR: Multiply the amount determined in STEP**
 34 **THREE by the amount of the distribution under STEP TWO**
 35 **of subsection (b).**

36 **STEP FIVE: Determine the greater of fifty dollars (\$50) or**
 37 **the amount determined in STEP FOUR.**

38 **(d) This SECTION expires December 1, 1999.**

39 **SECTION 4. [EFFECTIVE JULY 1, 1999] (a) As used in this**
 40 **SECTION, "fund" refers to the public employees' retirement fund,**
 41 **with respect to members (and survivors and beneficiaries of**
 42 **members) of that fund, and the excise police and conservation**



C
O
P
Y

1 enforcement officers' retirement plan, with respect to members
2 (and survivors and beneficiaries of members) of that fund.

3 (b) The amount determined in this SECTION shall be paid from
4 the fund November 1, 1999, to any person who was a retired
5 member (or to a survivor or beneficiary of a retired member) of
6 the fund as of July 2, 1998, and who was entitled to receive a
7 monthly benefit on October 1, 1999. The amount shall be paid in a
8 single check. The amount is not an increase in the pension portion
9 of the monthly benefit.

10 (c) The greater of the following shall be paid from the fund to a
11 retired member (or to a survivor or beneficiary of a retired
12 member) who meets the requirements of subsection (b):

13 (1) Fifty dollars (\$50).

14 (2) The amount determined as follows:

15 STEP ONE: Determine the product of twelve (12)
16 multiplied by the pension portion (plus postretirement
17 increases to the pension portion) provided by employer
18 contributions of the monthly benefit payable the month
19 before the payment is made under this SECTION to the
20 member (or to a survivor or beneficiary of the member).

21 STEP TWO: Multiply the amount determined in STEP
22 ONE by the applicable percentage from the following
23 table:

24 Calendar Year of	25 Applicable
26 Last Retirement of Member	27 Percentage
28 1950 through 1969	29 7%
30 1970 through 1977	31 6%
32 1978 through 1981	33 5%
34 1982 through 1985	35 4%
36 1986 through 1989	37 3%
38 1990 through 1998	39 2%

40 (d) This SECTION expires December 1, 1999.

41 SECTION 5. [EFFECTIVE JULY 1, 2000] (a) As used in this
42 SECTION, "fund" refers to the Indiana state teachers' retirement
43 fund.

44 (b) The amount determined in the following STEPS shall be
45 paid from the annuity reserve account of the fund on November 1,
46 2000, to any person who was a retired member (or to a survivor or
47 beneficiary of a retired member) of the fund as of July 2, 1999, and
48 who was entitled to receive a monthly benefit on October 1, 2000.
49 The amount shall be paid in a single check. The amount is not an
50 increase in the pension portion of the monthly benefit.

C
O
P
Y

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

STEP ONE: Determine the difference between:

- (A) the balance in the fund's retired teacher annuity reserve account as of June 30, 1999; and
- (B) the computed liability of the annuity portion of the normal allowance for the retired members as of June 30, 1999.

STEP TWO: Multiply the STEP ONE result by ten percent (10%).

(c) The amounts distributed under subsection (b) shall be distributed to each retired member (or to a survivor or beneficiary of a retired member) who meets the requirements of subsection (b) in an amount determined under the following STEPS:

STEP ONE: Determine the sum of:

- (A) the total number of years of creditable service (excluding creditable service under Acts 1965, c.410, s.4) in the fund of all retired members eligible to receive a portion of the distribution; plus
- (B) the total number of years that all retired members who are eligible to receive a portion of the distribution have been retired.

STEP TWO: Determine the sum of:

- (A) the eligible retired member's total number of years of creditable service (excluding creditable service under Acts 1965, c.410, s.4) in the fund; plus
- (B) the total number of years since the eligible retired member retired from the last covered position held by the member.

STEP THREE: Divide the amount determined in STEP TWO by the amount determined in STEP ONE.

STEP FOUR: Multiply the amount determined in STEP THREE by the amount of the distribution under STEP TWO of subsection (b).

STEP FIVE: Determine the greater of fifty dollars (\$50) or the amount determined in STEP FOUR.

(d) This SECTION expires December 1, 2000.

SECTION 6. [EFFECTIVE JULY 1, 2000] (a) As used in this SECTION, "fund" refers to the public employees' retirement fund, with respect to members (and survivors and beneficiaries of members) of that fund, and the excise police and conservation enforcement officers' retirement plan, with respect to members (and survivors and beneficiaries of members) of that fund.

(b) The amount determined in this SECTION shall be paid from

C
o
p
y



1 the fund November 1, 2000, to any person who was a retired
 2 member (or to a survivor or beneficiary of a retired member) of
 3 the fund as of July 2, 1999, and who was entitled to receive a
 4 monthly benefit on October 1, 2000. The amount shall be paid in a
 5 single check. The amount is not an increase in the pension portion
 6 of the monthly benefit.

7 (c) The greater of the following shall be paid from the fund to a
 8 retired member (or to a survivor or beneficiary of a retired
 9 member) who meets the requirements of subsection (b):

10 (1) Fifty dollars (\$50).

11 (2) The amount determined as follows:

12 **STEP ONE:** Determine the product of twelve (12)
 13 multiplied by the pension portion (plus postretirement
 14 increases to the pension portion) provided by employer
 15 contributions of the monthly benefit payable the month
 16 before the payment is made under this SECTION to the
 17 member (or to a survivor or beneficiary of the member).

18 **STEP TWO:** Multiply the amount determined in STEP
 19 ONE by the applicable percentage from the following
 20 table:

21	Calendar Year of	Applicable
22	Last Retirement of Member	Percentage
23	1950 through 1969	7%
24	1970 through 1977	6%
25	1978 through 1981	5%
26	1982 through 1985	4%
27	1986 through 1989	3%
28	1990 through 1999	2%

29 (d) This SECTION expires December 1, 2000.

C
O
P
Y



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1986, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BAUER, Chair

Committee Vote: yeas 21, nays 0.

C
o
p
y



COMMITTEE REPORT

Mr. President: The Senate Committee on Pensions and Labor, to which was referred House Bill No. 1986, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to House Bill 1986 as printed February 11, 1999.)

HARRISON, Chairperson

Committee Vote: Yeas 11, Nays 0.

C
o
p
y



COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred House Bill No. 1986, 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, line 11, delete "1997" and insert "**1994**".

Page 2, line 19, delete "1998" and insert "**1994**".

and when so amended that said bill do pass.

(Reference is to HB 1986 as printed February 11, 1999.)

BORST, Chairperson

Committee Vote: Yeas 12, Nays 0.

C
o
p
y

