

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317)232-9855

**FISCAL IMPACT STATEMENT**

**LS 6077**

**BILL NUMBER: HB 1012**

**DATE PREPARED:** Nov 11, 1998

**BILL AMENDED:**

**SUBJECT:** Military service credit for judges' pensions.

**FISCAL ANALYST:** James Sperlik

**PHONE NUMBER:** 232-9866

**FUNDS AFFECTED:**  **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides that a judge who has: (1) served at least six years as a judge; or (2) become permanently disabled may purchase service credit for active military service of the United States to be used in the computation of benefits for the 1977 or 1985 Judge's Retirement System if the service is not used in the computation for another public or federal retirement system other than Social Security. It provides that the contributions to either Judge's Retirement System are based on: (1) the judge's salary at the time of the contribution; (2) the normal cost at the time of the credit that approximates the actuarial value of the benefit; and (3) the number of years of military service credit to be purchased.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** The bill determines a contribution to be made by the judge that is to approximate the actuarial value of the benefit attributable to the service purchase. Because the cost is actuarially equivalent, that is it will cover the full cost of the purchase, there will be no fiscal impact.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Judges' Retirement System.

**Local Agencies Affected:**

**Information Sources:** Doug Todd of McCready & Keene, Inc., actuaries for the Judges' Retirement System, 576-1508.

Actuarial Cost - Actuarial cost is characterized by the use of present values. It is often used to associate the costs of benefits under a retirement system with the approximate time the benefits are earned.