



February 11, 1999

HOUSE BILL No. 1986

DIGEST OF HB1986 (Updated February 9, 1999 1:02 pm - DI 58)

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, 1997. Provides a COLA in 2000 to members of PERF or TRF (or their survivors or beneficiaries) who retired or were disabled before July 2, 1998. 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

January 27, 1999, read first time and referred to Committee on Ways and Means.
February 10, 1999, reported — Do Pass.

HB 1986—LS 6860/DI 73+



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February 11, 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.

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, 1997, 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%);
17 (4) after July 1, 1960, and before July 2, 1970, shall be

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1 increased by seven percent (7%); and
 2 (5) before July 2, 1960, shall be increased by nine percent
 3 (9%).

4 (b) The increases specified in this section:

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

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

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

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

19 (1) after July 1, 1990, and before July 2, 1998, shall be
 20 increased by one and one-half percent (1.5%);

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

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

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

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

29 (b) The increases specified in this section:

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

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

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

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

37 (b) The amount determined in the following STEPS shall be
 38 paid from the annuity reserve account of the fund on November 1,
 39 1999, to any person who was a retired member (or to a survivor or
 40 beneficiary of a retired member) of the fund as of July 2, 1998, and
 41 who was entitled to receive a monthly benefit on October 1, 1999.
 42 The amount shall be paid in a single check. The amount is not an



1 increase in the pension portion of the monthly benefit.
 2 **STEP ONE: Determine the difference between:**
 3 (A) the balance in the fund's retired teacher annuity
 4 reserve account as of June 30, 1998; and
 5 (B) the computed liability of the annuity portion of the
 6 normal allowance for the retired members as of June 30,
 7 1998.
 8 **STEP TWO: Multiply the STEP ONE result by ten percent**
 9 **(10%).**
 10 (c) The amounts distributed under subsection (b) shall be
 11 distributed to each retired member (or to the survivor or
 12 beneficiary of a retired member) who meets the requirements of
 13 subsection (b) in an amount determined under the following
 14 **STEPS:**
 15 **STEP ONE: Determine the sum of:**
 16 (A) the total number of years of creditable service
 17 (excluding creditable service under Acts 1965, c.410, s.4) in
 18 the fund of all retired members eligible to receive a portion
 19 of the distribution; plus
 20 (B) the total number of years that all retired members who
 21 are eligible to receive a portion of the distribution have
 22 been retired.
 23 **STEP TWO: Determine the sum of:**
 24 (A) the eligible retired member's total number of years of
 25 creditable service (excluding creditable service under Acts
 26 1965, c.410, s.4) in the fund; plus
 27 (B) the total number of years since the eligible retired
 28 member retired from the last covered position held by the
 29 member.
 30 **STEP THREE: Divide the amount determined in STEP TWO**
 31 **by the amount determined in STEP ONE.**
 32 **STEP FOUR: Multiply the amount determined in STEP**
 33 **THREE by the amount of the distribution under STEP TWO**
 34 **of subsection (b).**
 35 **STEP FIVE: Determine the greater of fifty dollars (\$50) or**
 36 **the amount determined in STEP FOUR.**
 37 (d) This SECTION expires December 1, 1999.
 38 SECTION 4. [EFFECTIVE JULY 1, 1999] (a) As used in this
 39 SECTION, "fund" refers to the public employees' retirement fund,
 40 with respect to members (and survivors and beneficiaries of
 41 members) of that fund, and the excise police and conservation
 42 enforcement officers' retirement plan, with respect to members

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1 (and survivors and beneficiaries of members) of that fund.

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

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

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

13 (2) The amount determined as follows:

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

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

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

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

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

36 (b) The amount determined in the following STEPS shall be
37 paid from the annuity reserve account of the fund on November 1,
38 2000, to any person who was a retired member (or to a survivor or
39 beneficiary of a retired member) of the fund as of July 2, 1999, and
40 who was entitled to receive a monthly benefit on October 1, 2000.
41 The amount shall be paid in a single check. The amount is not an
42 increase in the pension portion of the monthly benefit.

STEP ONE: Determine the difference between:



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- 1 (A) the balance in the fund's retired teacher annuity
- 2 reserve account as of June 30, 1999; and
- 3 (B) the computed liability of the annuity portion of the
- 4 normal allowance for the retired members as of June 30,
- 5 1999.

6 **STEP TWO: Multiply the STEP ONE result by ten percent**
 7 **(10%).**

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

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

13 (A) the total number of years of creditable service
 14 (excluding creditable service under Acts 1965, c.410, s.4) in
 15 the fund of all retired members eligible to receive a portion
 16 of the distribution; plus

17 (B) the total number of years that all retired members who
 18 are eligible to receive a portion of the distribution have
 19 been retired.

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

21 (A) the eligible retired member's total number of years of
 22 creditable service (excluding creditable service under Acts
 23 1965, c.410, s.4) in the fund; plus

24 (B) the total number of years since the eligible retired
 25 member retired from the last covered position held by the
 26 member.

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

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

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

34 **(d) This SECTION expires December 1, 2000.**

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

41 (b) The amount determined in this SECTION shall be paid from
 42 the fund November 1, 2000, to any person who was a retired

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

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

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

10 (2) The amount determined as follows:

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

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

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

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

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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.

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