

HOUSE BILL No. 1324

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.2; IC 5-10.3-6.

Synopsis: Change PERF vesting period. Provides that a member of the public employees' retirement fund is vested in the fund after five years of service instead of ten years of service. Makes conforming amendments.

Effective: July 1, 1999.

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January 12, 1999, read first time and referred to Committee on Ways and Means.

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Introduced

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. 1324

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 5-10.2-1-8 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. ~~Vested Status~~.
3 "Vested status", as used in this article, means the status of having:
4 (1) ten (10) years of creditable service, **in the case of a member**
5 **of the Indiana state teachers' retirement fund; or**
6 (2) **five (5) years of creditable service, in the case of a member**
7 **of the public employees' retirement fund.**
8 SECTION 2. IC 5-10.2-4-1 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. (a) This subsection
10 applies to:
11 (1) members of the public employees' retirement fund who retire
12 before July 1, 1995; and
13 (2) members of the Indiana state teachers' retirement fund who
14 retire before May 2, 1989.
15 A member who has reached age sixty-five (65) and has at least ten (10)
16 years of creditable service is eligible for normal retirement.
17 (b) This subsection applies to members of the Indiana state teachers'

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1 retirement fund who retire after May 1, 1989, and to members of the
 2 public employees' retirement fund who retire after June 30, 1995, **and**
 3 **before July 1, 1999.** A member is eligible for normal retirement if:

4 (1) the member is at least sixty-five (65) years of age and has at
 5 least ten (10) years of creditable service;

6 (2) the member is at least sixty (60) years of age and has at least
 7 fifteen (15) years of creditable service; or

8 (3) the member's age in years plus the member's years of service
 9 is at least eighty-five (85) and the member is at least fifty-five
 10 (55) years of age.

11 **(c) This subsection applies to members of the public employees'**
 12 **retirement fund who retire after June 30, 1999. A member is**
 13 **eligible for normal retirement if:**

14 **(1) the member is at least sixty-five (65) years of age and has**
 15 **at least five (5) years of creditable service;**

16 **(2) the member is at least sixty (60) years of age and has at**
 17 **least fifteen (15) years of creditable service; or**

18 **(3) the member's age in years plus the member's years of**
 19 **service is at least eighty-five (85) and the member is at least**
 20 **fifty-five (55) years of age.**

21 ~~(c)~~ **(d)** A member who has reached age fifty (50) and has at least
 22 fifteen (15) years of creditable service is eligible for early retirement
 23 with a reduced pension.

24 ~~(d)~~ **(e)** A member who is eligible for normal or early retirement is
 25 entitled to choose a retirement date on which ~~his~~ **the member's** benefit
 26 begins if the following conditions are met:

27 (1) The application for retirement benefits and the choice of the
 28 date is filed on a form provided by the board.

29 (2) The date must be after the cessation of ~~his~~ **the member's**
 30 service and be the first day of a month.

31 (3) The retirement date is not more than six (6) months before the
 32 date the application is received by the board. However, if the
 33 board determines that a member is incompetent to file for benefits
 34 and choose a retirement date, the retirement date may be any date
 35 that is the first of the month after the time the member became
 36 incompetent.

37 SECTION 3. IC 5-10.3-6-8 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. (a) As used in this
 39 section, "withdrawing political subdivision" means a political
 40 subdivision that takes an action described in subsection (b).

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



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1 (1) Stop its participation in the fund and withdraw all of the
2 political subdivision's employees from participation in the fund.

3 (2) Withdraw a departmental, an occupational, or other definable
4 classification of employees from participation in the fund.

5 (3) Stop the political subdivision's participation in the fund by:

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

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

8 (c) The withdrawal of a political subdivision's participation in the
9 fund is effective on a termination date established by the board. The
10 termination date may not occur before all of the following have
11 occurred:

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

14 (A) The withdrawing political subdivision's intent to cease
15 participation.

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

19 (2) The expiration of:

20 (A) a ninety (90) day period following the filing of the notice
21 with the board, for a withdrawing political subdivision that
22 sells all of the withdrawing political subdivision's assets or that
23 ceases to exist as a political subdivision; or

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

26 (3) The withdrawing political subdivision takes all actions
27 required in subsections (d) through (h).

28 (d) With respect to retired members who have creditable service
29 with the withdrawing political subdivision, the withdrawing political
30 subdivision must contribute to the fund any additional amounts that the
31 board determines are necessary to provide for reserves with sufficient
32 assets to pay all future benefits from the fund to those retired members.
33 The contribution by the withdrawing political subdivision must be
34 made in a lump sum or in a series of payments determined by the
35 board.

36 (e) A member who is an employee of the political subdivision as of
37 the date of the notice under subsection (c) is vested in the pension
38 portion of the member's retirement benefit. The withdrawing political
39 subdivision must contribute to the fund the amount the board
40 determines is necessary to fund fully the vested benefit. The
41 contribution by the withdrawing political subdivision must be made in
42 a lump sum or in a series of payments determined by the board.

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1 (f) A member who is covered by subsection (e) and who is at least
 2 sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even
 3 if the member has fewer than ten (10) years of service, **for a member**
 4 **who retires before July 1, 1999, or five (5) years of service, for a**
 5 **member who retires after June 30, 1999.** The benefit for the member
 6 shall be computed under IC 5-10.2-4-4 using the member's actual years
 7 of service.

8 (g) With respect to members of the fund who have creditable service
 9 with the withdrawing political subdivision and who are not employees
 10 as of the date of the notice under subsection (c), the withdrawing
 11 political subdivision must contribute the amount that the board
 12 determines is necessary to fund fully the service for those members that
 13 is attributable to service with the withdrawing political subdivision.
 14 The contribution by the withdrawing political subdivision must be
 15 made in a lump sum or in a series of payments determined by the
 16 board.

17 (h) The board shall evaluate each withdrawal under this section to
 18 determine if the withdrawal affects the fund's compliance with Section
 19 401(a)(4) of the Internal Revenue Code of 1954, as in effect on
 20 September 1, 1974. The board may deny a political subdivision
 21 permission to withdraw if the denial is necessary to achieve compliance
 22 with Section 401(a)(4) of the Internal Revenue Code of 1954, as in
 23 effect on September 1, 1974.

24 SECTION 4. IC 5-10.3-6-8.5 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8.5. (a) This section
 26 only applies if:

27 (1) certain employees of a state university in a departmental,
 28 occupational, or other definable classification involved in health
 29 care are terminated from employment with the state university as
 30 a result of:

31 (A) a lease or other transfer of university property to a
 32 nongovernmental entity; or

33 (B) a contractual arrangement with a nongovernmental entity
 34 to perform certain state university functions;

35 (2) the state university requests coverage under this section from
 36 the board; and

37 (3) the board approves the request.

38 (b) The withdrawal of the employees described in subsection (a)
 39 from the fund is effective on a termination date established by the
 40 board. The board may not establish a termination date that occurs
 41 before all of the following have occurred:

42 (1) The state university has requested coverage under this section

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- 1 and provided written notice of the following to the board:
- 2 (A) The intent of the state university to terminate the
- 3 employees from employment.
- 4 (B) The names of the terminated employees as of the date that
- 5 the termination is to occur.
- 6 (2) The expiration of a thirty (30) day period following the filing
- 7 of the notice with the board.
- 8 (3) The state university fully complies with subsection (c).
- 9 (c) A member who is an employee of the state university described
- 10 in subsection (a) as of the date of the notice under subsection (b) and
- 11 who is listed in the notice under subsection (b) is vested in the pension
- 12 portion of the member's retirement benefit. The state university must
- 13 contribute to the fund the amount the board determines is necessary to
- 14 completely fund the vested benefit. The contribution by the state
- 15 university must be made in a lump sum or in a series of payments
- 16 determined by the board.
- 17 (d) A member who is covered by subsection (c) and who is at least
- 18 sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even
- 19 if the member has less than ten (10) years of service, **for a member**
- 20 **who retires before July 1, 1999, or five (5) years of service, for a**
- 21 **member who retires after June 30, 1999.** The benefit for the member
- 22 shall be computed under IC 5-10.2-4-4 using the member's actual years
- 23 of creditable service.
- 24 (e) The board shall evaluate each withdrawal under this section to
- 25 determine if the withdrawal affects the fund's compliance with Section
- 26 401(a) of the Internal Revenue Code of 1954, as in effect on September
- 27 1, 1974. The board may deny an employee permission to withdraw if
- 28 the denial is necessary to achieve compliance with Section 401(a) of
- 29 the Internal Revenue Code of 1954, as in effect on September 1, 1974.

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