SENATE BILL No. 281

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-8-10.2.

Synopsis: Emergency medical service pensions. Allows the county council of Delaware County to establish an actuarially sound pension trust as a retirement plan for emergency medical service employees who are employed by the county after December 31, 2000. Provides that an employee beneficiary who is at least 50 years of age may retire with full benefits after 20 years of service.

Effective: July 1, 2000.

Craycraft

January 10, 2000, read first time and referred to Committee on Pensions and Labor.

Introduced

Second Regular Session 111th General Assembly (2000)

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 1999 General Assembly.

SENATE BILL No. 281

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 36-8-10.2 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]:

Chapter 10.2. Pension Trust for Certain Emergency Medical Service Personnel

Sec. 1. This chapter applies only to a county having a population of more than one hundred twelve thousand (112,000) but less than one hundred twenty-five thousand (125,000).

Sec. 2. As used in this chapter, "employee beneficiary" means an eligible emergency medical service employee who has completed an application to become an employee beneficiary and who has had the proper deductions made from that person's wages as required in the pension trust agreement.

Sec. 3. As used in this chapter, "net amount paid into the trust fund from wages of an employee beneficiary" means the amount of money actually paid into the trust fund from the wages of the employee beneficiary, plus interest at the rate of three percent

(3%) compounded annually and minus any sum (including interest at the same rate) that is paid from the trust fund to the employee beneficiary or to a governmental fund for the credit or benefit of the employee beneficiary.

Sec. 4. As used in this chapter, "trust fund" means the assets of the pension trust, which consist of voluntary contributions from the county, money paid from the wages of employee beneficiaries, and other payments or contributions made to the pension trust, including the income and proceeds derived from the assets of the pension trust.

Sec. 5. As used in this chapter, "trustee" means the trustee of the pension trust, who may be one (1) or more corporate trustees or the treasurer of the county serving under bond.

Sec. 6. (a) The fiscal body of a county described in section 1 of this chapter may, by ordinance, establish and operate an actuarially sound pension trust as a retirement plan for the exclusive benefit of emergency medical service employees who are employed by the county after December 31, 2000.

(b) An emergency medical service employee who at the time a pension trust is established under this section is a member of the public employees' retirement fund may elect to remain a member of the public employees' retirement fund and not be covered by the pension trust or the provisions of this chapter. An election described in this subsection must be filed with the county fiscal body not more than three (3) months after the pension trust is established.

(c) Except for emergency medical service employees filing a timely election under subsection (b), all emergency medical service employees of the county employed after the pension trust is established shall be covered by the provisions of this chapter.

Sec. 7. (a) An employee beneficiary who is at least fifty (50) years of age and who has at least twenty (20) years of service as an emergency medical service employee with the county is entitled to an annual retirement benefit during the employee beneficiary's lifetime. Except as provided in section 16 of this chapter, an employee beneficiary's monthly pension may not exceed the amount determined under the following STEPS:

STEP ONE: Determine the sum of one dollar ($1) plus two and five-tenths percent (2.5%) of the average monthly wage received by the employee beneficiary during the highest paid five (5) years before the employee beneficiary's retirement as an emergency medical service employee.

STEP TWO: Multiply the STEP ONE result by the employee beneficiary's years of service as an emergency medical service employee, up to twenty (20) years of service.

STEP THREE: Multiply the employee beneficiary's years of service in excess of twenty (20) years, up to an additional twelve (12) years, by two percent (2%) of the average monthly wage received by the employee beneficiary during the highest paid five (5) years before the employee beneficiary's retirement as an emergency medical service employee.

STEP FOUR: Determine the sum of the STEP TWO and the STEP THREE results.

Except as provided in section 16 of this chapter, the total retirement benefit may not exceed seventy-four percent (74%) of that average monthly wage received by the employee beneficiary during the highest paid five (5) years before the employee beneficiary's retirement as an emergency medical service employee, plus twenty dollars ($20).

(b) An employee beneficiary who is at least forty-five (45) years of age and who has at least twenty (20) years of service as an emergency medical service employee with the county may retire and receive a reduced annual retirement benefit during the employee beneficiary's lifetime. Except as provided in section 16 of this chapter, an employee beneficiary who elects to receive a reduced benefit under this subsection is entitled to receive a monthly pension equal to the benefit calculated for the employee beneficiary under subsection (a), reduced by five-twelfths percent (5/12%) for each month that the date the employee beneficiary's benefits begin precedes the employee beneficiary's fiftieth birthday.

(c) For purposes of determining eligibility for benefits and calculating benefits under this chapter, an employee beneficiary's years of service include only years of service after December 31, 2000, as an emergency medical service employee of the county.

Sec. 8. If a person ceases to be an employee beneficiary because of death, disability, unemployment, retirement, or other reason, the person, the person's beneficiary, or the person's estate is entitled to receive at least the net amount paid into the trust fund from the person's wages, either in a lump sum or monthly installments.

Sec. 9. (a) Each employee beneficiary shall make contributions of three percent (3%) of each payment of salary received for services as an emergency medical service employee after December 31, 2000.

(b) Contributions shall be made to the trust fund:

(1) either by:

(A) the county through a general appropriation provided to a department of the county;

(B) a line item appropriation directly to the trust fund; or

(C) both; and

(2) by an employee beneficiary through authorized monthly deductions from the employee beneficiary's salary or wages. However, the county may pay all or a part of the employee beneficiary's contribution required by subsection (a).

(c) The minimum annual contribution by the county must be sufficient, as determined by the actuaries for the trust fund, to prevent deterioration in the actuarial status of the trust fund during that year. If the department fails to make minimum contributions for three (3) successive years, the pension trust terminates, and the trust fund shall be liquidated.

(d) If during liquidation all expenses of the pension trust are paid, adequate provision must be made for continuing pension payments to retired persons. Each employee beneficiary is entitled to receive the net amount paid into the trust fund from the employee beneficiary's wages, and any remaining sum shall be equitably divided among employee beneficiaries in proportion to the net amount paid from their wages into the trust fund.

Sec. 10. (a) The trust fund may not be commingled with other funds, and money in the trust fund may be invested only in accordance with statutes for investment of trust funds, including investments that are specifically designated in the trust agreement.

(b) The trustee shall receive and hold as trustee all money paid to it as trustee by the county, the employee beneficiaries, or by other persons for the uses stated in the trust agreement.

(c) The trustee shall engage actuaries to supervise and assist in the technical operation of the pension trust to ensure that there is no deterioration in the actuarial status of the pension plan.

(d) Not more than ninety (90) days after the end of each year, the trustee, with the aid of the actuaries for the fund, shall prepare and file an annual report with the county and with the state insurance department. The report must include the following information for the preceding year:

(1) A list of receipts and disbursements.

(2) Assets of the pension trust, listing investments by book value and current market value as of the end of the year.

(3) A list of terminations, showing the cause and amount of

refund.

(4) The application of actuarially computed "reserve factors" to the payroll data, properly classified for the purpose of computing the reserve liability of the trust fund as of the end of the year.

(5) The application of actuarially computed "current liability factors" to the payroll data, properly classified for the purpose of computing the liability of the trust fund as of the end of the year.

(e) No part of the corpus or income of the trust fund may be used or diverted to any purpose other than the exclusive benefit of the employee beneficiaries and the beneficiaries of the employee beneficiaries. The trustee may expend the sums from the fund that it considers proper for necessary expenses.

Sec. 11. (a) The county shall establish and operate a death benefit program for the payment of death benefits to the beneficiaries of deceased employee beneficiaries. The county may provide these benefits by the creation of a reserve account or by obtaining group life insurance, or both.

(b) Benefits payable under a group life insurance policy or a reserve account established under subsection (a) must equal twenty-five thousand dollars ($25,000).

Sec. 12. (a) The department may establish and operate a dependent's pension benefit for the payment of pensions to dependent parents, surviving spouses, and dependent children less than eighteen (18) years of age of deceased employee beneficiaries. The department may provide these benefits by the creation of a reserve account or by obtaining appropriate insurance coverage, or both.

(b) This section applies to survivors of employee beneficiaries who:

(1) die after December 31, 2000; and

(2) were covered by a benefit plan established under this section.

(c) The monthly pension payable to a surviving spouse (or to a surviving dependent parent, if there is no surviving spouse) must be not less than two hundred dollars ($200) for each month during the parent's or the spouse's lifetime or until the spouse remarries.

(d) In addition to any benefit payable under subsection (c), each surviving child of an employee beneficiary is entitled to receive a monthly benefit equal to at least thirty dollars ($30). This benefit ceases when the surviving child becomes eighteen (18) years of age.

Sec. 13. (a) The county may establish and operate a disability benefit program for the payment of disability expense reimbursement and pensions to disabled employee beneficiaries. The department may provide these benefits by the creation of a reserve account or by obtaining disability insurance coverage, or both.

(b) Benefits payable as a result of line of duty activities must be in reasonable amounts. Monthly benefits payable as a result of other activities may not exceed the amount of pension to which that employee beneficiary employed until normal retirement age would have been entitled.

Sec. 14. (a) The death benefit, the disability benefit, and the dependents' pension may be operated as one (1) fund, known as the emergency medical service employee benefit fund, under the terms of a supplementary trust agreement between the county and the trustee for the exclusive benefit of employee beneficiaries and their beneficiaries and dependents.

(b) The trustee receives and holds as trustee for the uses and purposes set out in the supplementary trust agreement all money paid to it as trustee by the county or by other persons.

(c) The trustee may, under the terms of the supplementary trust agreement, pay the necessary premiums for insurance, pay benefits, or pay both as provided by this chapter.

(d) The trustee shall hold, invest, and reinvest the emergency medical service employee benefit fund in investments that are permitted by statute for the investment of trust funds and other investments that are specifically designated in the supplementary trust agreement.

(e) Not more than ninety (90) days after the end of a fiscal year, the trustee, with the assistance of the actuaries for the emergency medical service employee benefit fund, shall prepare and file with the county and the state department of insurance a detailed annual report showing receipts, disbursements, and case histories, and making recommendations regarding the necessary contributions required to keep the death benefit, the disability benefit, and the dependents' pension program in operation.

Sec. 15. A person entitled to an interest in or share of a pension or benefit from the trust fund may not, before the actual payment, anticipate it or sell, assign, pledge, mortgage, or otherwise dispose of or encumber it. In addition, the interest, share, pension, or benefit is not, before the actual payment, liable for the debts or liabilities of the person entitled to it, nor is it subject to attachment,

garnishment, execution, levy, or sale on judicial proceedings, or transferable, voluntarily or involuntarily.

Sec. 16. (a) Beginning in 2002, the monthly benefit payable to a retired or disabled employee beneficiary who is at least fifty-five (55) years of age and is less than:

(1) sixty-five (65) years of age, for an employee beneficiary born before 1938;

(2) sixty-six (66) years of age, for an employee beneficiary born after 1937 and before 1956; and

(3) sixty-seven (67) years of age, for an employee beneficiary born after 1955;

shall be increased on July 1 of each year as provided in this section.

(b) In the case of an annual cost of living increase granted under subsection (a), the amount of the cost of living payment shall be determined each year by the actuaries for the trust fund. The actuaries shall determine if there has been an increase 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 the payment year with the same three (3) month period of the preceding year. If there has been an increase, the increase shall be stated as a percentage of the arithmetic mean for the three (3) month period for the year preceding the payment year (the adjustment percentage). The adjustment percentage shall be rounded to the nearest one-tenth of one percent (0.1%) and may not exceed three percent (3%).

(c) A cost of living payment granted under this section shall be funded by a direct appropriation or by maintaining a fully funded actuarially sound trust fund.