

HOUSE BILL No. 1330

DIGEST OF INTRODUCED BILL

Citations Affected: IC 21-6.1-4-6.1.

Synopsis: Military service credit for teachers' retirement fund members. Provides that a member of the teachers' retirement fund (TRF) is entitled to up to four years of service credit for active duty service in the United States armed forces if the member received an honorable discharge and has at least ten years of creditable service in the fund.

Effective: July 1, 2006.

Hoffman

January 10, 2006, read first time and referred to Committee on Employment and Labor.

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Introduced

Second Regular Session 114th General Assembly (2006)

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 2005 Regular Session of the General Assembly.

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HOUSE BILL No. 1330



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 21-6.1-4-6.1, AS AMENDED BY P.L.246-2005,
2 SECTION 207, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2006]: Sec. 6.1. (a) This subsection applies to
4 members who retire before July 1, 1980. A member who had completed
5 four (4) years of approved college teacher education before voluntary
6 or involuntary induction into the military services is entitled to credit
7 for that service as if the member had begun teaching before the
8 induction. A member who serves in military service is considered a
9 teacher and is entitled to the benefits of the fund if for or during the
10 leave of absence the member pays into the fund the member's
11 contributions. Time served by a member in military service for the
12 duration of the hostilities or for the length of active service in the
13 hostilities and the necessary demobilization time after the hostilities is
14 not subject to the one-seventh rule specified in section 5 of this chapter.
15 (b) This subsection applies to members who retire after June 30,
16 1980. A member who had completed four (4) years of approved college
17 teacher education before voluntary or involuntary induction into



1 military service is entitled to credit for the member's active military
 2 service as if the member had begun teaching before the induction. A
 3 member who serves in military service is considered a teacher and is
 4 entitled to the benefits of the fund if:

- 5 (1) the member has an honorable discharge; and
- 6 (2) except as provided in subsection (f), the member returns to
 7 active teaching service within eighteen (18) months after the
 8 completion of active military service.

9 The time served by a member in military service for the duration of the
 10 hostilities or for the length of active service in the hostilities and the
 11 necessary demobilization time after the hostilities is not subject to the
 12 one-seventh rule specified in section 5 of this chapter. However, not
 13 more than six (6) years of military service credit may be granted under
 14 this subsection. In order to be eligible for any military service credit
 15 under this subsection, a member must have at least ten (10) years of
 16 in-state service credit.

17 (c) This subsection applies to members who retire after May 1,
 18 1989. A member who had begun but had not completed four (4) years
 19 of approved college teacher education before voluntary or involuntary
 20 induction into the military services is entitled to service credit in an
 21 amount equal to the duration of the member's active military service if
 22 the following conditions are met:

- 23 (1) The member has an honorable discharge.
- 24 (2) Except as provided in subsection (f), the member returns to a
 25 four (4) year approved college teacher training program within
 26 eighteen (18) months after the completion of active military
 27 service and subsequently completes that program.
- 28 (3) The member has at least ten (10) years of in-state service
 29 credit.

30 (d) This subsection applies to members who retire after May 1,
 31 1991, and who are employed at state institutions of higher education.
 32 A member who had begun but had not completed baccalaureate or
 33 post-baccalaureate education before voluntary or involuntary induction
 34 into military service is entitled to the member's active military service
 35 credit for the member's active military service in an amount equal to
 36 the duration of the member's military service if the following
 37 conditions are met:

- 38 (1) The member received an honorable discharge.
- 39 (2) Except as provided in subsection (f), the member returns to
 40 baccalaureate or post-baccalaureate education within eighteen
 41 (18) months after completion of active military service and
 42 subsequently completes that education.

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1 (3) The member has at least ten (10) years of in-state service
2 credit.

3 (e) The maximum amount of service credit that may be granted to
4 a member who meets the conditions of subsection (c) or (d) is six (6)
5 years. However, for purposes of subsection (c) or (d), the time served
6 by the member in active military service for the length of active service
7 in hostilities and necessary demobilization is not subject to the
8 one-seventh rule specified in section 5 of this chapter.

9 (f) The board shall extend the eighteen (18) month deadline
10 contained in subsection (b)(2), (c)(2), or (d)(2) if the board determines
11 that an illness, an injury, or a disability related to the member's military
12 service prevented the member from returning to active teaching service
13 or to a teacher education program within eighteen (18) months after the
14 member's discharge from military service. However, the board may not
15 extend the deadline beyond thirty (30) months after the member's
16 discharge.

17 (g) If a member retires, and the board subsequently determines that
18 the member is entitled to additional service credit due to the extension
19 of a deadline under subsection (f), the board shall recompute the
20 member's benefit. However, the additional service credit may be used
21 only in the computation of benefits to be paid after the date of the
22 board's determination, and the member is not entitled to a
23 recomputation of benefits received before the date of the board's
24 determination.

25 (h) Notwithstanding any provision of this section, a member is
26 entitled to military service credit and benefits in the amount and to the
27 extent required by the Uniformed Services Employment and
28 Reemployment Rights Act (38 U.S.C. 4301 et seq.), including all later
29 amendments.

30 (i) Subject to the provisions of this section, an active member may
31 purchase not more than two (2) years of service credit for the member's
32 service on active duty in the armed services if the member meets the
33 following conditions:

- 34 (1) The member has at least one (1) year of credited service in the
35 fund.
- 36 (2) The member serves on active duty in the armed services of the
37 United States for at least six (6) months.
- 38 (3) The member receives an honorable discharge from the armed
39 services.
- 40 (4) Before the member retires, the member makes contributions
41 to the fund as follows:
- 42 (A) Contributions that are equal to the product of the

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following:

- (i) The member's salary at the time the member actually makes a contribution for the service credit.
 - (ii) A rate, determined by the actuary of the fund, that is based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.
 - (iii) The number of years of service credit the member intends to purchase.
- (B) Contributions for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

However, a member is entitled to purchase service credit under this subsection only to the extent that service credit is not granted for that time under another provision of this section. At least ten (10) years of service in Indiana is required before a member may receive a benefit based on service credits purchased under this section. A member who terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance or receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

- (j) The following apply to the purchase of service credit under subsection (i):
 - (1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.
 - (2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.
 - (3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.
- (k) Notwithstanding any other provision of this section, a member who:**
 - (1) received an honorable discharge from the United States**

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1 armed services; and
 2 (2) has at least ten (10) years of in-state service credit;
 3 is entitled to receive not more than four (4) years of service credit
 4 for the member's active duty service in the United States armed
 5 forces. A member is entitled to receive service credit under this
 6 subsection only to the extent that service credit is not granted for
 7 that time under another provision of this section and the member
 8 does not receive a monthly allowance for the same service from
 9 another government or military pension system other than under
 10 the federal Social Security Act. If the board determines that a
 11 member is entitled to additional service credit under this
 12 subsection, the board shall recompute the member's benefit.
 13 However, the additional service credit may be used only in the
 14 computation of benefits to be paid after the date of the board's
 15 determination, and the member is not entitled to a recomputation
 16 of benefits received before the date of the board's determination.
 17 SECTION 2. [EFFECTIVE JULY 1, 2006] IC 21-6.1-4-6.1, as
 18 amended by this act, applies to members of the Indiana state
 19 teachers' retirement fund regardless of whether they:
 20 (1) retired before July 1, 2006; or
 21 (2) retire after June 30, 2006.
 22 However, IC 21-6.1-4-6.1, as amended by this act, applies only to
 23 benefits first payable after June 30, 2006.

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