

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6313

BILL NUMBER: SB 29

NOTE PREPARED: Apr 5, 2007

BILL AMENDED: Apr 5, 2007

SUBJECT: TRF Service Credit for Military Service.

FIRST AUTHOR: Sen. Waltz

FIRST SPONSOR: Rep. Robertson

BILL STATUS: 2nd Reading - 2nd House

**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) (1) This bill extends from 18 months to 24 months after the completion of active military service the time by which a member of the Teachers' Retirement Fund (TRF) is required to return to: (A) active teaching; (B) an approved four-year teacher training program; or (C) baccalaureate or post-baccalaureate education, for an employee of a state institution of higher education; in order to receive TRF service credit for the member's active military service. It extends the 24-month deadline for a period not to exceed 48 months after the member's discharge if the TRF Board determines that an illness, an injury, or a disability related to the member's military service prevents the member from returning to active teaching service or to a teacher education program by the 24-month deadline;

(2) The bill also establishes the Interim Study Committee on Teachers' Retirement Fund Benefits.

Effective Date: (Amended) Upon passage; July 1, 2007.

Explanation of State Expenditures: (1) There are no specific data concerning the number of teachers who would be affected by this change. The additional liability generated would be approximately \$5,772 per person affected. The actual increase in annual payout cost will depend upon the number of teachers affected, their military service, their age, and accrued TRF service characteristics. The fund affected is the state General Fund.

(Revised) (2) The bill establishes the Interim Study Committee on Teachers' Retirement Fund Benefits. The committee is to operate under the policies governing study committees adopted by the Legislative Council. The size of the committee is not specified in the bill. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members, and \$16,500 per interim for committees with 16 members or more. The fund affected

is the state General Fund.

Explanation of State Revenues:

Explanation of Local Expenditures: There are no specific data concerning the number of teachers who would be affected by this change. The 1996 TRF Plan (New Plan) is actuarially funded with a level percent of payroll, currently 7.25%. It is unlikely that this bill will require an increase from the current level percent of payroll.

Explanation of Local Revenues:

State Agencies Affected: Teachers' Retirement Fund; Legislative Services Agency.

Local Agencies Affected: School corporations.

Information Sources: Gabriel Roeder Smith & Co., actuaries for TRF, 1-800-521-0498.; Tom Abbett, Controller, Teachers' Retirement Fund, 317-232-3826.

Fiscal Analyst: James Sperlik, 317-232-9866.

DEFINITION

Actuarial Funding Method: Any of several techniques that actuaries use in determining the amounts and incidence of employer contributions to provide for pension benefits.