



January 14, 2010

HOUSE BILL No. 1008

DIGEST OF HB 1008 (Updated January 12, 2010 10:00 am - DI 96)

Citations Affected: IC 33-39; IC 36-8.

Synopsis: Purchase of out-of-state service credit. Allows a member of the 1977 police officers' and firefighters' pension and disability fund (1977 fund) or a participant in the prosecuting attorneys retirement fund (fund) to purchase at full actuarial cost service earned out of state in a position for which the 1977 fund or the fund would give credit if the service were earned in Indiana.

Effective: July 1, 2010.

Soliday, Lawson L

January 5, 2010, read first time and referred to Committee on Labor and Employment.
January 13, 2010, amended, reported — Do Pass.

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HB 1008—LS 6141/DI 102+



January 14, 2010

Second Regular Session 116th General Assembly (2010)

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 2009 Regular and Special Sessions of the General Assembly.

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HOUSE BILL No. 1008

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 33-39-7-26 IS ADDED TO THE INDIANA CODE
- 2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2010]: **Sec. 26. (a) This section applies to a participant who, after**
- 4 **June 30, 2010, completes service for which the fund gives credit.**
- 5 **(b) As used in this section, "out-of-state service" means service**
- 6 **in another state in a comparable position for which the participant**
- 7 **would receive service credit in the fund if the service had been**
- 8 **performed in Indiana.**
- 9 **(c) Subject to subsections (d) through (g), a participant may**
- 10 **purchase out-of-state service credit if the participant meets the**
- 11 **following requirements:**
- 12 **(1) The participant has at least one (1) year of credited service**
- 13 **in the fund.**
- 14 **(2) Before the participant retires, the participant makes**
- 15 **contributions to the fund as follows:**
- 16 **(A) Contributions that are equal to the product of the**
- 17 **following:**

HB 1008—LS 6141/DI 102+



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(i) The participant's annual salary at the time the participant makes a contribution for the service credit.

(ii) A rate, determined by the actuary for the fund, that is based on the age of the participant at the time the participant makes a contribution for the service credit and that is computed to result in a contribution amount that approximates the actuarial present value of the retirement benefit attributable to the service credit purchased.

(iii) The number of years of out-of-state service credit the participant intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the participant's initial membership in the fund to the date payment is made by the participant.

(3) The participant has received verification from the fund that the out-of-state service is, as of the date payment is made by the participant, valid.

(d) A participant must have at least eight (8) years of service before the participant may receive a benefit based on service credit purchased under this section.

(e) A participant may not receive service credit under this section if the service for which the participant requests credit also qualifies the participant for a benefit in another governmental retirement system.

(f) A participant who:

(1) terminates service before satisfying the eligibility requirements necessary to receive a retirement benefit payment from the fund; or

(2) receives a retirement benefit for the same service from another retirement system, other than under the federal Social Security Act;

may withdraw the participant's contributions made under this section plus accumulated interest after submitting to the fund a properly completed application for a refund.

(g) The following apply to the purchase of service credit under this section:

(1) The board may allow a participant 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

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service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) The participant may not claim the service credit for purposes of determining eligibility or computing benefits unless the participant has made all payments required for the purchase of the service credit.

(h) To the extent permitted by the Internal Revenue Code and the applicable regulations, the fund may accept, on behalf of a participant who is purchasing service credit under this section, a rollover of a distribution from any of the following:

- (1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.
- (2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.
- (3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state under Section 457(b) of the Internal Revenue Code.
- (4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(i) To the extent permitted by the Internal Revenue Code and the applicable regulations, the fund may accept, on behalf of a participant who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

- (1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.
- (2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

SECTION 2. IC 36-8-8-8.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 8.5. (a) This section applies to a fund member who, after June 30, 2010, completes service for which the 1977 fund gives credit.

(b) As used in this section, "out-of-state service" means service in another state in a comparable position for which the fund member would receive service credit in the 1977 fund if the service had been performed in Indiana.

(c) Subject to subsections (d) through (g), a fund member may purchase out-of-state service credit if the fund member meets the following requirements:

- (1) The fund member has at least one (1) year of credited service in the 1977 fund.

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(2) Before the fund member retires, the fund member makes contributions to the 1977 fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The salary of a first class patrolman or firefighter at the time the fund member makes a contribution for the service credit.

(ii) A rate, determined by the actuary for the 1977 fund, that is based on the age of the fund member at the time the fund member makes a contribution for the service credit and that is computed to result in a contribution amount that approximates the actuarial present value of the retirement benefit attributable to the service credit purchased.

(iii) The number of years of out-of-state service credit the fund member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the 1977 fund, for the period from the fund member's initial membership in the 1977 fund to the date payment is made by the fund member.

(3) The fund member has received verification from the 1977 fund that the out-of-state service is, as of the date payment is made by the fund member, valid.

(d) A fund member must have at least twenty (20) years of service before the fund member may receive a benefit based on service credit purchased under this section. A fund member's years of service may not exceed thirty-two (32) years with the inclusion of service credit purchased under this section.

(e) A fund member may not receive service credit under this section if the service for which the fund member requests credit also qualifies the fund member for a benefit in another governmental retirement system.

(f) A fund member who:

(1) terminates service before satisfying the eligibility requirements necessary to receive a retirement benefit payment from the 1977 fund; or

(2) receives a retirement benefit for the same service from another retirement system, other than under the federal Social Security Act;

may withdraw the fund member's contributions made under this section plus accumulated interest after submitting to the 1977 fund a properly completed application for a refund.

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(g) The following apply to the purchase of service credit under this section:

(1) The PERF board may allow a fund member to make periodic payments of the contributions required for the purchase of the service credit. The PERF board shall determine the length of the period during which the payments must be made.

(2) The PERF 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) The fund member may not claim the service credit for purposes of determining eligibility or computing benefits unless the fund member has made all payments required for the purchase of the service credit.

(h) To the extent permitted by the Internal Revenue Code and the applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(i) To the extent permitted by the Internal Revenue Code and the applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred House Bill 1008, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 33-39-7-26 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: **Sec. 26. (a) This section applies to a participant who, after June 30, 2010, completes service for which the fund gives credit.**

(b) As used in this section, "out-of-state service" means service in another state in a comparable position for which the participant would receive service credit in the fund if the service had been performed in Indiana.

(c) Subject to subsections (d) through (g), a participant may purchase out-of-state service credit if the participant meets the following requirements:

(1) The participant has at least one (1) year of credited service in the fund.

(2) Before the participant retires, the participant makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The participant's annual salary at the time the participant makes a contribution for the service credit.

(ii) A rate, determined by the actuary for the fund, that is based on the age of the participant at the time the participant makes a contribution for the service credit and that is computed to result in a contribution amount that approximates the actuarial present value of the retirement benefit attributable to the service credit purchased.

(iii) The number of years of out-of-state service credit the participant intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the participant's initial membership in the fund to the date payment is made by the participant.

(3) The participant has received verification from the fund that the out-of-state service is, as of the date payment is made by the participant, valid.

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(d) A participant must have at least eight (8) years of service before the participant may receive a benefit based on service credit purchased under this section.

(e) A participant may not receive service credit under this section if the service for which the participant requests credit also qualifies the participant for a benefit in another governmental retirement system.

(f) A participant who:

- (1) terminates service before satisfying the eligibility requirements necessary to receive a retirement benefit payment from the fund; or
- (2) receives a retirement benefit for the same service from another retirement system, other than under the federal Social Security Act;

may withdraw the participant's contributions made under this section plus accumulated interest after submitting to the fund a properly completed application for a refund.

(g) The following apply to the purchase of service credit under this section:

- (1) The board may allow a participant 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) The participant may not claim the service credit for purposes of determining eligibility or computing benefits unless the participant has made all payments required for the purchase of the service credit.

(h) To the extent permitted by the Internal Revenue Code and the applicable regulations, the fund may accept, on behalf of a participant who is purchasing service credit under this section, a rollover of a distribution from any of the following:

- (1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.
- (2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.
- (3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state under Section 457(b) of the Internal Revenue Code.

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(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(i) To the extent permitted by the Internal Revenue Code and the applicable regulations, the fund may accept, on behalf of a participant who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1008 as introduced.)

NIEZGODSKI, Chair

Committee Vote: yeas 9, nays 1.

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