CONFERENCE COMMITTEE REPORT
DIGEST FOR EHB 1205

Citations Affected: IC 5-10.2-2-19; IC 5-10.3-3-7; IC 5-10.4-3.

Synopsis: PERF and TRF matters. Requires the board of trustees of the public employees' retirement fund (PERF) and the board of trustees of the Indiana state teachers' retirement fund (TRF) to appoint and fix the compensation of a common director for PERF and TRF. Requires that PERF and TRF each pay 50% of the director's compensation. Requires the PERF and TRF boards to cooperate to the extent practicable and feasible in administering and investing the assets of the funds and in hiring investment managers, investment advisors, and other service providers. Provides for a thirteenth check for PERF and TRF members, survivors, and beneficiaries. Provides for a thirteenth check for employee beneficiaries of the state police 1987 benefit system who retired or were disabled after June 30, 1987, and before July 2, 2008, and were entitled to receive a monthly benefit as of June 1, 2010. **(This conference report does the following: (1) Adds a provision that requires the board of trustees of the public employees' retirement fund (PERF) and the board of trustees of the Indiana state teachers' retirement fund (TRF) to appoint and fix the compensation of a common director of PERF and TRF. (2) Adds provisions requiring the PERF and TRF boards to cooperate to the extent practicable and feasible in administering and investing the assets of the funds and in hiring investment managers, investment advisors, and other service providers. (3) Removes a provision concerning deductions from an employee's compensation for the state deferred compensation plan. (4) Removes provisions that establish the Indiana public retirement system. (5) Retains provisions providing thirteenth checks for PERF, TRF, and the state police 1987 benefit system.)**

Effective: Upon passage; July 1, 2010.

Adopted Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed Senate Amendments to Engrossed House Bill No. 1205 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete the title and insert the following:

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

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 5-10.2-2-19 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: **Sec. 19. (a) The board of trustees of the public employees' retirement fund and the board of trustees of the Indiana state teachers' retirement fund shall appoint a common director for the funds.**

(b) The board of trustees of the public employees' retirement fund and the board of trustees of the Indiana state teachers' retirement fund shall fix the compensation of the director. Each fund shall pay fifty percent (50%) of the director's compensation.

SECTION 2. IC 5-10.3-3-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 7. The board shall do all of the following:

(1) **In conjunction with the board of trustees of the Indiana state teachers' retirement fund,** appoint a director. ~~subject to the approval of the governor.~~

(2) Appoint an actuary and employ or contract with employees,

auditors, technical experts, legal counsel, and other service providers as it considers necessary to transact the business of the fund, without the approval of any state officer.

(3) Fix the compensation of persons:

(A) appointed or employed by the board; or

(B) who contract with the board.

(4) Establish a general office in Indianapolis for board meetings and for administrative personnel.

(5) Provide for the installation in the general office of a complete system of books, accounts including reserve accounts, and records in order to give effect to all the requirements of this article and to assure the proper operation of the fund.

(6) Provide for a report at least annually, before June 1, to each member of the amount credited to him in the annuity savings account in each investment program under IC 5-10.2-2.

(7) With the advice of the actuary, adopt actuarial tables and compile data needed for actuarial studies which are necessary for the fund's operation.

(8) Act on applications for benefits and claims of error filed by members.

(9) Have the accounts of the fund audited annually by the state board of accounts.

(10) Publish for the members a synopsis of the fund's condition.

(11) Adopt a budget on a calendar year or fiscal year basis that is sufficient, as determined by the board, to perform the board's duties and, as appropriate and reasonable, draw upon fund assets to fund the budget.

(12) Expend money, including income from the fund's investments, for effectuating the fund's purposes.

(13) Establish personnel programs and policies for its employees.

(14) Submit a report of its activities each year to the governor, the pension management oversight commission, and the budget committee before November 1 of each year. The report under this subdivision must set forth a complete operating and financial statement covering its operations during the most recent fiscal year, including information on the following:

(A) Investment performance.

(B) Investment and administrative costs as a percentage of assets under management.

(C) Investment asset allocation strategy.

(D) Member services.

(E) Member communications.

(15) Establish a code of ethics or decide to be under the jurisdiction and rules adopted by the state ethics commission.

(16) Cooperate with the board of trustees of the Indiana state teachers' retirement fund to the extent practicable and feasible in:

(A) administering and investing the assets of the funds administered by the board; and

(B) hiring investment managers, investment advisors, and other service providers.

SECTION 3. IC 5-10.4-3-5, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 5. (a) ~~The governor~~ **In conjunction with the board of trustees of the public employees' retirement fund, the board** shall:

(1) appoint a director; ~~from the members. Subject only to the governor's approval, the board shall~~ **and**

(2) fix the salary of the director.

(b) The director **shall perform all of the following:**

(1) ~~shall~~ Maintain a record of the board's proceedings.

(2) ~~is~~ **Be** responsible for the safekeeping of the books and records of the fund. ~~and~~

(3) ~~shall~~ Give **a** bond as specified by the board.

SECTION 4. IC 5-10.4-3-6, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 6. (a) A trustee shall give bond as specified periodically by the state board of finance.

(b) The board shall do all the following:

(1) Act on an application for benefits.

(2) Provide the necessary forms for administering the fund.

(3) Establish records and accounts, which:

(A) provide the necessary information for an actuary's examination; and

(B) are sanctioned by the state board of accounts.

(4) Maintain individual records for each member containing the member's:

(A) name;

(B) date of birth;

(C) age at beginning service;

(D) service record;

(E) address;

(F) contributions to the fund;

(G) amounts withdrawn; and

(H) benefits paid;

and other items considered necessary.

(5) Employ or contract with employees, auditors, technical experts, legal counsel, and other service providers as the board considers necessary to transact the business of the fund without the approval of any state officer, and fix the compensation of those persons.

(6) Make rules as required to administer the fund.

(7) Publish a summary of the fund's condition.

(8) Provide for a report for each member, at least annually before June 1, of the value of the amount credited to the member in the annuity savings account in each investment program under IC 5-10.2-2.

(9) Provide for the installation in the general office of a complete system of:

(A) books;

(B) accounts, including reserve accounts; and

(C) records;

to give effect to all the requirements of this article and to ensure

the proper operation of the fund.

(10) Appoint an actuary.

(11) With the advice of the actuary, adopt actuarial tables and compile data needed for actuarial studies necessary for the fund's operation.

(12) Adopt a budget on a calendar year or fiscal year basis that is sufficient, as determined by the board, to perform the board's duties and, as appropriate and reasonable, draw upon fund assets to fund the budget.

(13) Expend money, including income from the fund's investments, for effectuating the fund's purposes.

(14) Establish personnel programs and policies for the employees of the board.

(15) Submit a report of the board's activities to the governor, the pension management oversight commission, and the budget committee before November 1 of each year. The report under this subdivision shall set forth a complete operating and financial statement covering the board's operations during the most recent fiscal year, including information on the following:

(A) Investment performance.

(B) Investment and administrative costs as a percentage of assets under management.

(C) Investment asset allocation strategy.

(D) Member services.

(E) Member communications.

(16) Establish a code of ethics or decide to be under the jurisdiction and rules adopted by the state ethics commission.

(17) Cooperate with the board of trustees of the public employees' retirement fund to the extent practicable and feasible in:

(A) administering and investing the assets of the fund; and

(B) hiring investment managers, investment advisors, and other service providers.

SECTION 5. [EFFECTIVE JULY 1, 2010] **(a) As used in this SECTION, "fund" refers to the Indiana state teachers' retirement fund established by IC 5-10.4-2-1.**

(b) Not later than October 1, 2010, the fund shall pay the amount determined under subsection (c) to a member of the fund (or to a survivor or beneficiary of a member) who retired or was disabled on or before December 1, 2009, and who is entitled to receive a monthly benefit on July 1, 2010. The amount is not an increase in the pension portion of the monthly benefit.

(c) The amount paid under this SECTION to a member of the fund (or to a survivor or beneficiary of a member) who meets the requirements of subsection (b) is determined as follows:

If a Member's Creditable Service Is:	**The Amount Is:**
At least 5 years, but less than 10 years (only in the case of a member receiving disability retirement benefits)	**$125**
At least 10 years, but less than 20 years	**$235**

At least 20 years, but less than 30 years	**$325**
At least 30 years	**$400**

(d) The creditable service used to determine the amount paid to a member (or a survivor or beneficiary of a member) under this SECTION is the creditable service that was used to compute the member's retirement benefit under IC 5-10.2-4-4 except that partial years of creditable service may not be used to determine the amount paid under this SECTION.

(e) This SECTION expires January 1, 2011.

SECTION 6. [EFFECTIVE JULY 1, 2010] **(a) As used in this SECTION, "fund" refers to the public employees' retirement fund established by IC 5-10.3-2-1.**

(b) Not later than October 1, 2010, the fund shall pay the amount determined under subsection (c) to a member of the fund (or to a survivor or beneficiary of a member) who retired or was disabled on or before December 1, 2009, and who is entitled to receive a monthly benefit on July 1, 2010. The amount is not an increase in the pension portion of the monthly benefit.

(c) The amount paid under this SECTION to a member of the fund (or to a survivor or beneficiary of a member) who meets the requirements of subsection (b) is determined as follows:

If a Member's Creditable Service Is:	**The Amount Is:**
At least 5 years, but less than 10 years (only in the case of a member receiving disability retirement benefits)	**$125**
At least 10 years, but less than 20 years	**$235**
At least 20 years, but less than 30 years	**$325**
At least 30 years	**$400**

(d) The creditable service used to determine the amount paid to a member (or a survivor or beneficiary of a member) under this SECTION is the creditable service that was used to compute the member's retirement benefit under IC 5-10.2-4-4 except that partial years of creditable service may not be used to determine the amount paid under this SECTION.

(e) This SECTION expires January 1, 2011.

SECTION 7. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "trustee" has the meaning set forth in IC 10-12-1-10.**

(b) As used in this SECTION, "trust fund" has the meaning set forth in IC 10-12-1-11.

(c) Not later than July 1, 2010, the trustee shall pay from the trust fund to each employee beneficiary of the state police 1987 benefit system covered by IC 10-12-4 who:

(1) retired or was disabled after June 30, 1987, and before July 2, 2008; and

(2) is entitled to receive a monthly benefit as of June 1, 2010; an amount equal to one percent (1%) of the maximum basic annual pension amount payable to a retired state police employee in the grade of trooper who has completed twenty-five (25) years of service as of July 1, 2009, as calculated under IC 10-12-4-7.

(d) The amount paid under this SECTION is not an increase in

the monthly pension amount of an employee beneficiary.

(e) This SECTION expires June 30, 2011.

SECTION 8. [EFFECTIVE UPON PASSAGE] **(a) The definitions in IC 5-10.2-1 apply throughout this SECTION.**

(b) Not later than July 1, 2010, the board of trustees of the public employees' retirement fund and the board of trustees of the Indiana state teachers' retirement fund shall appoint the initial common director for the fund under IC 5-10.2-2-19, as added by this act.

(c) This SECTION expires December 31, 2010.

SECTION 9. **An emergency is declared for this act.**

(Reference is to EHB 1205 as reprinted February 23, 2010.)

Conference Committee Report
on
Engrossed House Bill 1205

Signed by:

_____	_____
Representative Niezgodski Chairperson	Senator Kenley
_____	_____
Representative Gutwein	Senator Broden
House Conferees	**Senate Conferees**