

**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.

## 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:

- 1 Delete the title and insert the following:  
 2 A BILL FOR AN ACT to amend the Indiana Code concerning  
 3 pensions.  
 4 Delete everything after the enacting clause and insert the following:  
 5 SECTION 1. IC 5-10.2-2-19 IS ADDED TO THE INDIANA CODE  
 6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 7 1, 2010]: **Sec. 19. (a) The board of trustees of the public employees'**  
 8 **retirement fund and the board of trustees of the Indiana state**  
 9 **teachers' retirement fund shall appoint a common director for the**  
 10 **funds.**  
 11 **(b) The board of trustees of the public employees' retirement**  
 12 **fund and the board of trustees of the Indiana state teachers'**  
 13 **retirement fund shall fix the compensation of the director. Each**  
 14 **fund shall pay fifty percent (50%) of the director's compensation.**  
 15 SECTION 2. IC 5-10.3-3-7 IS AMENDED TO READ AS  
 16 FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 7. The board shall do  
 17 all of the following:  
 18 (1) **In conjunction with the board of trustees of the Indiana**  
 19 **state teachers' retirement fund, appoint a director. ~~subject to the~~**  
 20 **~~approval of the governor.~~**  
 21 (2) Appoint an actuary and employ or contract with employees,

- 1 auditors, technical experts, legal counsel, and other service  
 2 providers as it considers necessary to transact the business of the  
 3 fund, without the approval of any state officer.
- 4 (3) Fix the compensation of persons:  
 5 (A) appointed or employed by the board; or  
 6 (B) who contract with the board.
- 7 (4) Establish a general office in Indianapolis for board meetings  
 8 and for administrative personnel.
- 9 (5) Provide for the installation in the general office of a complete  
 10 system of books, accounts including reserve accounts, and records  
 11 in order to give effect to all the requirements of this article and to  
 12 assure the proper operation of the fund.
- 13 (6) Provide for a report at least annually, before June 1, to each  
 14 member of the amount credited to him in the annuity savings  
 15 account in each investment program under IC 5-10.2-2.
- 16 (7) With the advice of the actuary, adopt actuarial tables and  
 17 compile data needed for actuarial studies which are necessary for  
 18 the fund's operation.
- 19 (8) Act on applications for benefits and claims of error filed by  
 20 members.
- 21 (9) Have the accounts of the fund audited annually by the state  
 22 board of accounts.
- 23 (10) Publish for the members a synopsis of the fund's condition.
- 24 (11) Adopt a budget on a calendar year or fiscal year basis that is  
 25 sufficient, as determined by the board, to perform the board's  
 26 duties and, as appropriate and reasonable, draw upon fund assets  
 27 to fund the budget.
- 28 (12) Expend money, including income from the fund's  
 29 investments, for effectuating the fund's purposes.
- 30 (13) Establish personnel programs and policies for its employees.
- 31 (14) Submit a report of its activities each year to the governor, the  
 32 pension management oversight commission, and the budget  
 33 committee before November 1 of each year. The report under this  
 34 subdivision must set forth a complete operating and financial  
 35 statement covering its operations during the most recent fiscal  
 36 year, including information on the following:  
 37 (A) Investment performance.  
 38 (B) Investment and administrative costs as a percentage of  
 39 assets under management.  
 40 (C) Investment asset allocation strategy.  
 41 (D) Member services.  
 42 (E) Member communications.
- 43 (15) Establish a code of ethics or decide to be under the  
 44 jurisdiction and rules adopted by the state ethics commission.
- 45 **(16) Cooperate with the board of trustees of the Indiana state**  
 46 **teachers' retirement fund to the extent practicable and**  
 47 **feasible in:**  
 48 **(A) administering and investing the assets of the funds**  
 49 **administered by the board; and**  
 50 **(B) hiring investment managers, investment advisors, and**  
 51 **other service providers.**

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

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

7 (2) fix the salary of the director.

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

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

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

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

13 SECTION 4. IC 5-10.4-3-6, AS ADDED BY P.L.2-2006, SECTION  
 14 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 15 2010]: Sec. 6. (a) A trustee shall give bond as specified periodically by  
 16 the state board of finance.

17 (b) The board shall do all the following:

18 (1) Act on an application for benefits.

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

20 (3) Establish records and accounts, which:

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

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

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

26 (A) name;

27 (B) date of birth;

28 (C) age at beginning service;

29 (D) service record;

30 (E) address;

31 (F) contributions to the fund;

32 (G) amounts withdrawn; and

33 (H) benefits paid;

34 and other items considered necessary.

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

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

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

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

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

48 (A) books;

49 (B) accounts, including reserve accounts; and

50 (C) records;

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

- 1 the proper operation of the fund.  
 2 (10) Appoint an actuary.  
 3 (11) With the advice of the actuary, adopt actuarial tables and  
 4 compile data needed for actuarial studies necessary for the fund's  
 5 operation.  
 6 (12) Adopt a budget on a calendar year or fiscal year basis that is  
 7 sufficient, as determined by the board, to perform the board's  
 8 duties and, as appropriate and reasonable, draw upon fund assets  
 9 to fund the budget.  
 10 (13) Expend money, including income from the fund's  
 11 investments, for effectuating the fund's purposes.  
 12 (14) Establish personnel programs and policies for the employees  
 13 of the board.  
 14 (15) Submit a report of the board's activities to the governor, the  
 15 pension management oversight commission, and the budget  
 16 committee before November 1 of each year. The report under this  
 17 subdivision shall set forth a complete operating and financial  
 18 statement covering the board's operations during the most recent  
 19 fiscal year, including information on the following:  
 20 (A) Investment performance.  
 21 (B) Investment and administrative costs as a percentage of  
 22 assets under management.  
 23 (C) Investment asset allocation strategy.  
 24 (D) Member services.  
 25 (E) Member communications.  
 26 (16) Establish a code of ethics or decide to be under the  
 27 jurisdiction and rules adopted by the state ethics commission.  
 28 **(17) Cooperate with the board of trustees of the public**  
 29 **employees' retirement fund to the extent practicable and**  
 30 **feasible in:**  
 31 **(A) administering and investing the assets of the fund; and**  
 32 **(B) hiring investment managers, investment advisors, and**  
 33 **other service providers.**  
 34 SECTION 5. [EFFECTIVE JULY 1, 2010] (a) As used in this  
 35 SECTION, "fund" refers to the Indiana state teachers' retirement  
 36 fund established by IC 5-10.4-2-1.  
 37 (b) Not later than October 1, 2010, the fund shall pay the  
 38 amount determined under subsection (c) to a member of the fund  
 39 (or to a survivor or beneficiary of a member) who retired or was  
 40 disabled on or before December 1, 2009, and who is entitled to  
 41 receive a monthly benefit on July 1, 2010. The amount is not an  
 42 increase in the pension portion of the monthly benefit.  
 43 (c) The amount paid under this SECTION to a member of the  
 44 fund (or to a survivor or beneficiary of a member) who meets the  
 45 requirements of subsection (b) is determined as follows:  
 46 

If a Member's Creditable Service Is:	The Amount Is:
47 At least 5 years, but less than 10 years 48 (only in the case of a member receiving 49 disability retirement benefits)	\$125
50 At least 10 years, but less than 20 years	\$235

  
 51



1       **the monthly pension amount of an employee beneficiary.**  
2       **(e) This SECTION expires June 30, 2011.**  
3       SECTION 8. [EFFECTIVE UPON PASSAGE] **(a) The definitions**  
4       **in IC 5-10.2-1 apply throughout this SECTION.**  
5       **(b) Not later than July 1, 2010, the board of trustees of the**  
6       **public employees' retirement fund and the board of trustees of the**  
7       **Indiana state teachers' retirement fund shall appoint the initial**  
8       **common director for the fund under IC 5-10.2-2-19, as added by**  
9       **this act.**  
10       **(c) This SECTION expires December 31, 2010.**  
11       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**

**S**igned by:

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Representative Niezgodski  
Chairperson

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Senator Kenley

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Representative Gutwein

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Senator Broden

**House Conferees**

**Senate Conferees**