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# HOUSE BILL No. 1356

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-10.4-4-8; IC 5-10.4-6-11.

**Synopsis:** Military service credit for TRF members. Grants, under certain conditions, up to six years of service credit in the teachers' retirement fund (TRF) for a member's past active duty military service. Provides that the pension portion of the monthly benefit payable to a member of the TRF who retired before January 1, 1979, and has at least 20 years of creditable service may not be less than \$500.

**Effective:** July 1, 2011; January 1, 2012.

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January 18, 2011, read first time and referred to Committee on Employment, Labor and Pensions.

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First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

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## HOUSE BILL No. 1356



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 5-10.4-4-8, AS AMENDED BY P.L.115-2009,  
2 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2011]: Sec. 8. (a) This subsection applies to a member who  
4 retires before July 1, 1980. A member who had completed four (4)  
5 years of approved college teacher education before voluntary or  
6 involuntary induction into the military services is entitled to credit for  
7 that service as if the member had begun teaching before the induction.  
8 A member who serves in military service is considered a teacher and  
9 is entitled to the benefits of the fund if before or during the leave of  
10 absence the member pays into the fund the member's contributions.  
11 Time served by a member in military service for the duration of the  
12 hostilities or for the length of active service in the hostilities and the  
13 necessary demobilization time after the hostilities is not subject to the  
14 one-seventh rule set forth in section 7 of this chapter.  
15 (b) This subsection applies to a member who retires after June 30,  
16 1980. A member who 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 the following conditions are met:

- 5 (1) The member has an honorable discharge.
- 6 (2) Except as provided in subsection (g), the member returns to  
7 active teaching service not later than twenty-four (24) months  
8 after the completion of active military service.
- 9 (3) The member has at least ten (10) years of in-state service  
10 credit.

11 The time served by a member in military service for the duration of the  
12 hostilities or for the length of active service in the hostilities and the  
13 necessary demobilization time after the hostilities is not subject to the  
14 one-seventh rule set forth in section 7 of this chapter. However, not  
15 more than six (6) years of military service credit may be granted under  
16 this subsection.

17 (c) This subsection applies to a member who retires 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 (g), the member returns to a  
25 four (4) year approved college teacher training program not later  
26 than twenty-four (24) months after the completion of active  
27 military service and subsequently completes that program.
- 28 (3) The member has at least ten (10) years of in-state service  
29 credit.

30 The time served by a member in active military service for the length  
31 of active service in the hostilities and the necessary demobilization is  
32 not subject to the one-seventh rule set forth in section 7 of this chapter.  
33 However, not more than six (6) years of military service credit may be  
34 granted under this subsection.

35 (d) This subsection applies to a member who retires after May 1,  
36 1991, and who is employed at a state educational institution. A member  
37 who had begun but had not completed baccalaureate or  
38 post-baccalaureate education before voluntary or involuntary induction  
39 into military service is entitled to the member's active military service  
40 credit for the member's active military service in an amount equal to  
41 the duration of the member's military service if the following  
42 conditions are met:

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- 1 (1) The member received an honorable discharge.
- 2 (2) Except as provided in subsection (g), the member returns to
- 3 baccalaureate or post-baccalaureate education not later than
- 4 twenty-four (24) months after completion of active military
- 5 service and subsequently completes that education.
- 6 (3) The member has at least ten (10) years of in-state service
- 7 credit.
- 8 The time served by a member in active military service for the length
- 9 of active service in the hostilities and the necessary demobilization is
- 10 not subject to the one-seventh rule set forth in section 7 of this chapter.
- 11 However, not more than six (6) years of military service credit may be
- 12 granted under this subsection.
- 13 (e) For purposes of this section, a member returns to active teaching
- 14 service on the earlier of:
- 15 (1) the date on which the member signs a teacher's contract; or
- 16 (2) the date on which the member is first employed in a position
- 17 covered by this article.
- 18 (f) For purposes of this section, a member returns to:
- 19 (1) a teacher training program; or
- 20 (2) baccalaureate or post-baccalaureate education;
- 21 on the date the member registers for or enrolls in classes that the
- 22 member attends.
- 23 (g) The board shall extend the twenty-four (24) month deadline
- 24 contained in subsection (b)(2), (c)(2), or (d)(2) if the board determines
- 25 that an illness, an injury, or a disability related to the member's military
- 26 service prevented the member from returning to active teaching service
- 27 or to a teacher education program not later than twenty-four (24)
- 28 months after the member's discharge from military service. However,
- 29 the board may not extend the deadline beyond forty-eight (48) months
- 30 after the member's discharge.
- 31 (h) If a member retires and the board subsequently determines that
- 32 the member is entitled to additional service credit due to the extension
- 33 of a deadline under subsection (g), the board shall recompute the
- 34 member's benefit. However, the additional service credit may be used
- 35 only in the computation of benefits to be paid after the date of the
- 36 board's determination, and the member is not entitled to a
- 37 recomputation of benefits received before the date of the board's
- 38 determination.
- 39 (i) Notwithstanding any provision of this section, a member is
- 40 entitled to military service credit and benefits in the amount and to the
- 41 extent required by the federal Uniformed Services Employment and
- 42 Reemployment Rights Act (38 U.S.C. 4301 et seq.), including all later

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1 amendments.

2 (j) Subject to this section, an active member may purchase not more  
3 than two (2) years of service credit for the member's service on active  
4 duty in the armed services if the member meets the following  
5 conditions:

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

8 (2) The member serves on active duty in the armed services of the  
9 United States for at least six (6) months.

10 (3) The member receives an honorable discharge from the armed  
11 services.

12 (4) Before the member retires, the member makes contributions  
13 to the fund as follows:

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

15 (i) the member's salary at the time the member actually  
16 makes a contribution for the service credit;

17 (ii) a rate, determined by the actuary of the fund, that is  
18 based on the age of the member at the time the member  
19 actually makes a contribution for service credit and  
20 computed to result in a contribution amount that  
21 approximates the actuarial present value of the benefit  
22 attributable to the service credit purchased; and

23 (iii) the number of years of service credit the member  
24 intends to purchase.

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

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

40 (k) The following apply to the purchase of service credit under  
41 subsection (j):

42 (1) The board may allow a member to make periodic payments of

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1 the contributions required for the purchase of the service credit.  
 2 The board shall determine the length of the period during which  
 3 the payments must be made.  
 4 (2) The board may deny an application for the purchase of service  
 5 credit if the purchase would exceed the limitations under Section  
 6 415 of the Internal Revenue Code.  
 7 (3) A member may not claim the service credit for purposes of  
 8 determining eligibility or computing benefits unless the member  
 9 has made all payments required for the purchase of the service  
 10 credit.

11 (l) This subsection applies to a member who retires after June 30,  
 12 2006. A member may not receive credit under this section for service  
 13 for which the member receives service credit under the terms of a  
 14 military or another governmental retirement plan.

15 **(m) Notwithstanding any other provision of this section, a**  
 16 **member who:**

- 17 **(1) has at least ten (10) years of in-state teaching service;**
- 18 **(2) served on active duty in the armed forces of the United**  
 19 **States;**
- 20 **(3) received an honorable discharge;**
- 21 **(4) is not entitled to receive a pension for service in the armed**  
 22 **forces of the United States; and**
- 23 **(5) is not entitled to military service credit under subsections**  
 24 **(a) through (d) and subsections (g) through (i) for purposes of**  
 25 **determining eligibility for or the computation of benefits**  
 26 **under this chapter;**

27 **is entitled to service credit in an amount equal to the duration of**  
 28 **the member's military service. However, not more than six (6)**  
 29 **years of service credit may be granted under this subsection. The**  
 30 **service credit may be used only in the computation of benefits to be**  
 31 **paid after June 30, 2011, and only after the board determines that**  
 32 **the member is eligible for the service credit.**

33 SECTION 2. IC 5-10.4-6-11 IS ADDED TO THE INDIANA CODE  
 34 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 35 JANUARY 1, 2012]: **Sec. 11. (a) In addition to any other cost of**  
 36 **living increase provided under this chapter, the pension portion**  
 37 **(plus postretirement increases to the pension portion) provided by**  
 38 **employer or state contributions of the monthly benefit payable**  
 39 **after December 31, 2011, to a member of the fund (or to a survivor**  
 40 **or beneficiary of a member of the fund) who retired before**  
 41 **January 1, 1979, and has at least twenty (20) years of creditable**  
 42 **service may not be less than five hundred dollars (\$500).**

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- 1           **(b) The increases specified in this section:**
- 2                 **(1) are based on the date of the member's latest retirement;**
- 3                 **(2) do not apply to benefits payable in a lump sum; and**
- 4                 **(3) are in addition to any other increase provided by law.**
- 5           SECTION 3. [EFFECTIVE JULY 1, 2011] **(a) IC 5-10.4-4-8, as**
- 6           **amended by this act, applies to a member of the Indiana state**
- 7           **teachers' retirement fund regardless of whether the member**
- 8           **retires before July 1, 2011, or after June 30, 2011.**
- 9                 **(b) This SECTION expires July 1, 2012.**

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