



Reprinted
February 17, 2012

ENGROSSED
SENATE BILL No. 127

DIGEST OF SB 127 (Updated February 16, 2012 11:19 am - DI 102)

Citations Affected: IC 2-3.5; IC 4-1; IC 4-10; IC 4-12; IC 4-13; IC 5-10; IC 5-10.1; IC 5-10.2; IC 5-10.3; IC 5-10.4; IC 5-11; IC 5-13; IC 7.1-4; IC 8-1; IC 8-14; IC 15-11; IC 16-22; IC 20-24; IC 20-26; IC 33-38; IC 33-39; IC 34-13; IC 35-33; IC 36-8.

Synopsis: Indiana public retirement system. Makes required technical corrections and conforming amendments following the enactment of SEA 524-2011 (P.L.22-2011) and SEA 549-2011 (P.L.23-2011). (The introduced version of this bill was prepared by the pension management oversight commission.)

Effective: Upon passage; July 1, 2012.

Tallian, Walker, Buck

(HOUSE SPONSORS — NIEZGODSKI, GUTWEIN)

January 4, 2012, read first time and referred to Committee on Pensions and Labor.
January 12, 2012, reported favorably — Do Pass.
January 19, 2012, read second time, ordered engrossed.
January 20, 2012, engrossed.
January 23, 2012, read third time, passed. Yeas 50, nays 0.

HOUSE ACTION

January 31, 2012, read first time and referred to Committee on Employment, Labor and Pensions.
February 14, 2012, amended, reported — Do Pass.
February 16, 2012, read second time, amended, ordered engrossed.

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Second Regular Session 117th General Assembly (2012)

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 2011 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 127

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 2-3.5-1-2, AS AMENDED BY P.L.2-2006,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2012]: Sec. 2. (a) A member of the general assembly who is
4 serving on April 30, 1989, may elect to become a participant in both
5 the defined benefit plan and the defined contribution plan of the
6 legislators' retirement system, as provided by IC 2-3.5-3-1. If such a
7 member does not elect to become a participant in the legislators'
8 retirement system, that member is not affected by this article and is
9 instead covered by IC 5-10.2, IC 5-10.3, and IC 5-10.4.
10 (b) Notwithstanding IC 5-10.3-7-2 or any other law, a member of
11 the general assembly who is a participant in the legislators' defined
12 benefit plan shall also be a member of PERF or TRF while serving in
13 another position covered by PERF or TRF. However, the following
14 provisions apply to a participant who is also a member of PERF or
15 TRF:
16 (1) The ~~PERF board or TRF board~~ shall include the participant's
17 years of service in the general assembly in the determination of

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1 eligibility for benefits under PERF or TRF.

2 (2) Except as provided in subdivision (4), the ~~PERF board or TRF~~
3 board shall not include in the computation of benefits from PERF
4 or TRF the participant's:

5 (A) salary as a member of the general assembly; or

6 (B) years of service as a member of the general assembly.

7 (3) The participant is not required to make annuity contributions
8 to PERF or TRF for service as a member of the general assembly
9 after July 1, 1989.

10 (4) IC 5-10.2-4-3.1 and the special provisions for members of the
11 general assembly in IC 5-10.2-3-7.5, IC 5-10.3-7-3, IC 5-10.3-7-7,
12 IC 5-10.3-8-2, IC 5-10.4-5-7, and IC 20-28-10-16 do apply to the
13 determination of the participant's benefits under PERF and TRF
14 for benefits earned before July 1, 1989. IC 5-10.2-4-3.1 and the
15 special provisions for members of the general assembly in
16 IC 5-10.2-3-7.5, IC 5-10.3-7-3, IC 5-10.3-7-7, IC 5-10.3-8-2,
17 IC 5-10.4-5-7, and IC 20-28-10-16(b) do not apply to the
18 determination of the participant's benefits under PERF or TRF for
19 benefits earned after June 30, 1989.

20 SECTION 2. IC 2-3.5-1-4, AS AMENDED BY P.L.2-2006,
21 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2012]: Sec. 4. (a) A member of the general assembly who:

23 (1) served as a member of the general assembly before April 30,
24 1989;

25 (2) was not serving as a member of the general assembly on April
26 30, 1989; and

27 (3) is subsequently elected or appointed to the general assembly;
28 is a participant in the defined contribution plan of the legislators'
29 retirement system.

30 (b) The PERF and TRF benefits earned by a participant described
31 in subsection (a) before July 1, 1989, for service as a member of the
32 general assembly or in another covered position, are not affected by
33 this article. However, the following provisions apply to such a
34 participant who is also a member of PERF or TRF:

35 (1) The ~~PERF board or TRF~~ board shall include the participant's
36 years of service in the general assembly in the determination of
37 eligibility for benefits under PERF or TRF.

38 (2) The ~~PERF board or TRF~~ board shall not include in the
39 computation of benefits from PERF or TRF the participant's:

40 (A) salary as a member of the general assembly that is
41 received after July 1, 1989; or

42 (B) years of service as a member of the general assembly after

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- 1 July 1, 1989.
- 2 (3) The participant is not required to make annuity contributions
3 to PERF or TRF for service as a member of the general assembly
4 after July 1, 1989.
- 5 (4) If IC 5-10.2-4-3.1 or any of the special provisions for members
6 of the general assembly in IC 5-10.2-3-7.5, IC 5-10.3-7-3,
7 IC 5-10.3-7-7, IC 5-10.3-8-2, IC 5-10.4-5-7, and IC 20-28-10-16
8 applied to the determination of the participant's benefits under
9 PERF or TRF before July 1, 1989, those provisions do not apply
10 to the determination of the participant's benefits under PERF or
11 TRF for benefits earned after July 1, 1989.
- 12 SECTION 3. IC 2-3.5-2-2.7, AS ADDED BY P.L.23-2011,
13 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JULY 1, 2012]: Sec. 2.7. (a) "Board" refers to the board of trustees of
15 the Indiana public retirement system established by IC 5-10.5-3-1.
- 16 (b) ~~References in this article to the PERF board or TRF board shall~~
17 ~~be considered after June 30, 2011, to be references to the board of~~
18 ~~trustees of the Indiana public retirement system established by~~
19 ~~IC 5-10.5-3-1.~~
- 20 SECTION 4. IC 2-3.5-3-1, AS AMENDED BY P.L.2-2006,
21 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2012]: Sec. 1. (a) This chapter applies to:
- 23 (1) each member of the general assembly who is serving on April
24 30, 1989, and who files an election under subsection (b); and
25 (2) each member of the general assembly who is elected or
26 appointed after April 30, 1989.
- 27 (b) A member of the general assembly who is serving on April 30,
28 1989, may elect to have the member's years of service in the general
29 assembly covered by this chapter, IC 2-3.5-4, and IC 2-3.5-5 instead of
30 IC 5-10.2, IC 5-10.3, and IC 5-10.4. An election under this subsection:
- 31 (1) must be made in writing;
32 (2) must be filed with the PERF board **(as it existed before its**
33 **dissolution on July 1, 2011)** on a form prescribed by the board;
34 (3) must be made before January 1, 1990; and
35 (4) is irrevocable.
- 36 (c) Notwithstanding subsection (b), if a member of the general
37 assembly files an election under subsection (b), the ~~PERF board or the~~
38 ~~TRF board~~ shall include all of the member's years of service in the
39 general assembly in the determination of eligibility for benefits under
40 PERF or TRF. However, except as provided by IC 2-3.5-1-2(b), the
41 ~~PERF board or TRF board~~ shall not include in the computation of
42 benefits from PERF or TRF the member's:

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1 (1) salary as a member of the general assembly received after
2 April 30, 1989; or

3 (2) years of service as a member of the general assembly after
4 April 30, 1989.

5 SECTION 5. IC 2-3.5-3-2 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 2. (a) The legislators'
7 retirement system is established. The system consists of the legislators'
8 defined benefit plan described in IC 2-3.5-4 and the legislators' defined
9 contribution plan described in IC 2-3.5-5.

10 (b) The following funds are established:

11 (1) The fund for the legislators' defined benefit plan.

12 (2) The fund for the legislators' defined contribution plan.

13 Each of the funds shall be administered by the ~~PERF~~ board. Each of the
14 funds is a trust, separate and distinct from all other entities, maintained
15 for the purpose of paying benefits to participants and their beneficiaries
16 and paying the costs associated with administering the plan.

17 (c) The ~~PERF~~ board shall adopt rules under IC 4-22-2 necessary for
18 the administration of the plans and funds described in subsections (a)
19 and (b).

20 SECTION 6. IC 2-3.5-3-3 IS AMENDED TO READ AS
21 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 3. The legislators'
22 retirement system shall satisfy the qualification requirements in Section
23 401 of the Internal Revenue Code, as applicable to the system. In order
24 to meet those requirements, the system is subject to the following
25 provisions, notwithstanding any other law:

26 (1) The ~~PERF~~ board shall distribute the corpus and income of the
27 funds to participants and their beneficiaries in accordance with
28 this chapter, IC 2-3.5-4, and IC 2-3.5-5.

29 (2) No part of the corpus or income of the funds may be used for
30 or diverted to a purpose other than the exclusive benefit of the
31 participants and their beneficiaries.

32 (3) Forfeitures arising from severance of employment, death, or
33 for any other reason may not be applied to increase the benefits a
34 participant would otherwise receive under this chapter,
35 IC 2-3.5-4, and IC 2-3.5-5.

36 (4) If the system is terminated, or if all contributions to the system
37 are completely discontinued, the rights of each affected
38 participant to the benefits accrued at the date of termination or
39 discontinuance, to the extent then funded, are nonforfeitable.

40 (5) All benefits paid from the system shall be distributed in
41 accordance with the requirements of Section 401(a)(9) of the
42 Internal Revenue Code and the regulations under that section. In

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1 order to meet those requirements, the funds are subject to the
 2 following provisions:

3 (A) The life expectancy of a participant, the participant's
 4 spouse, or the participant's beneficiary may not be recalculated
 5 after the initial determination for purposes of determining
 6 benefits.

7 (B) If a participant dies before the distribution of the
 8 participant's benefits has begun, distributions to beneficiaries
 9 must begin no later than December 31 of the calendar year
 10 immediately following the calendar year in which the member
 11 died.

12 (C) The amount of an annuity paid to a participant's
 13 beneficiary may not exceed the maximum determined under
 14 the incidental death benefit requirement of the Internal
 15 Revenue Code.

16 (6) The PERF board may not:

17 (A) determine eligibility for benefits;

18 (B) compute rates of contribution; or

19 (C) compute benefits of participant's beneficiaries;

20 in a manner that discriminates in favor of participants who are
 21 considered officers, supervisors, or highly compensated, as
 22 prohibited under Section 401(a)(4) of the Internal Revenue Code.

23 (7) Benefits paid under this chapter, IC 2-3.5-4, and IC 2-3.5-5
 24 may not exceed the maximum benefits and contributions specified
 25 by Section 415 of the Internal Revenue Code. If a participant's
 26 benefits under this chapter, IC 2-3.5-4, and IC 2-3.5-5 would
 27 exceed those maximum benefits and contributions, the benefit
 28 payable under IC 2-3.5-4 shall be reduced as necessary.

29 (8) The salary taken into account under this chapter, IC 2-3.5-4,
 30 and IC 2-3.5-5 may not exceed the applicable amount under
 31 Section 401(a)(17) of the Internal Revenue Code.

32 (9) The PERF board may not engage in a transaction prohibited
 33 by Section 503(b) of the Internal Revenue Code.

34 SECTION 7. IC 2-3.5-3-4, AS AMENDED BY P.L.99-2010,
 35 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2012]: Sec. 4. (a) The PERF board shall administer the
 37 system, which may be commingled **for investment purposes** with the
 38 ~~PERF fund for investment purposes.~~ **other funds administered by the**
 39 **board.**

40 (b) The PERF board shall:

41 (1) determine eligibility for and make payments of benefits under
 42 this chapter, IC 2-3.5-4, and IC 2-3.5-5;

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1 (2) in accordance with the powers and duties granted in
 2 ~~IC 5-10.3-3-7~~, IC 5-10.3-3-7.1, ~~IC 5-10.3-3-8~~, and IC 5-10.3-5-3
 3 through IC 5-10.3-5-6, **IC 5-10.5-4, and IC 5-10.5-6**, administer
 4 the system;

5 (3) provide by rule for the implementation of this chapter,
 6 IC 2-3.5-4, and IC 2-3.5-5; and

7 (4) authorize deposits.

8 (c) A determination by the PERF board may be appealed under
 9 IC 4-21.5.

10 (d) The powers and duties of:

11 (1) the director and the actuary of the PERF board; **and**

12 (2) the attorney general; **and**

13 ~~(3) the auditor of state;~~

14 with respect to the fund are those specified in IC 5-10.3-3, **and**
 15 IC 5-10.3-4, **IC 5-10.5-4, and IC 5-10.5-6.**

16 (e) The PERF board may hire additional personnel, including
 17 hearing officers, to assist in the implementation of this chapter.

18 (f) Legislators' retirement system records of individual participants
 19 and participants' information are confidential, except for the name and
 20 years of service of a retirement system participant.

21 SECTION 8. IC 2-3.5-5-3, AS AMENDED BY P.L.115-2010,
 22 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2012]: Sec. 3. (a) The PERF board shall establish alternative
 24 investment programs within the fund, based on the following
 25 requirements:

26 (1) The PERF board shall maintain at least one (1) alternative
 27 investment program that is an indexed stock fund, one (1)
 28 alternative investment program that is a bond fund, and one (1)
 29 alternative investment program that is a stable value fund. The
 30 PERF board may maintain one (1) or more alternative investment
 31 programs that:

- 32 (A) invest in one (1) or more commingled or pooled funds that
 33 consist in part or entirely of mortgages that qualify as five star
 34 mortgages under the program established by IC 24-5-23.6; or
 35 (B) otherwise invest in mortgages that qualify as five star
 36 mortgages under the program established by IC 24-5-23.6.

37 (2) The programs should represent a variety of investment
 38 objectives.

39 (3) The programs may not permit a member to withdraw money
 40 from the member's account, except as provided in section 6 of this
 41 chapter.

42 (4) All administrative costs of each alternative program shall be

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1 paid from the earnings on that program.

2 (5) A valuation of each member's account must be completed as
3 of:

4 (A) the last day of each quarter; or

5 (B) a time that the board may specify by rule.

6 (b) A member shall direct the allocation of the amount credited to
7 the member among the available alternative investment funds, subject
8 to the following conditions:

9 (1) A member may make a selection or change an existing
10 selection under rules established by the PERF board. The PERF
11 board shall allow a member to make a selection or change any
12 existing selection at least once each quarter.

13 (2) The PERF board shall implement the member's selection
14 beginning on the first day of the next calendar quarter that begins
15 at least thirty (30) days after the selection is received by the PERF
16 board or on an alternate date established by the rules of the board.
17 This date is the effective date of the member's selection.

18 (3) A member may select any combination of the available
19 investment funds, in ten percent (10%) increments or smaller
20 increments that may be established by the rules of the board.

21 (4) A member's selection remains in effect until a new selection
22 is made.

23 (5) On the effective date of a member's selection, the board shall
24 reallocate the member's existing balance or balances in
25 accordance with the member's direction, based on the market
26 value on the effective date.

27 (6) If a member does not make an investment selection of the
28 alternative investment programs, the member's account shall be
29 invested in the PERF board's general investment fund.

30 (7) All contributions to the member's account shall be allocated
31 as of the last day of the quarter in which the contributions are
32 received or at an alternate time established by the rules of the
33 board in accordance with the member's most recent effective
34 direction. The PERF board shall not reallocate the member's
35 account at any other time.

36 (c) When a member transfers the amount credited to the member
37 from one (1) alternative investment program to another alternative
38 investment program, the amount credited to the member shall be
39 valued at the market value of the member's investment, as of the day
40 before the effective date of the member's selection or at an alternate
41 time established by the rules of the board. When a member retires,
42 becomes disabled, dies, or withdraws from the fund, the amount

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1 credited to the member shall be the market value of the member's
2 investment as of the last day of the quarter preceding the member's
3 distribution or annuitization at retirement, disability, death, or
4 withdrawal, plus contributions received after that date or at an alternate
5 time established by the rules of the board.

6 (d) The PERF board shall determine the value of each alternative
7 program in the defined contribution fund, as of the last day of each
8 calendar quarter, as follows:

9 (1) The market value shall exclude the employer contributions
10 and employee contributions received during the quarter ending on
11 the current allocation date.

12 (2) The market value as of the immediately preceding quarter end
13 date shall include the employer contributions and employee
14 contributions received during that preceding quarter.

15 (3) The market value as of the immediately preceding quarter end
16 date shall exclude benefits paid from the fund during the quarter
17 ending on the current quarter end date.

18 SECTION 9. IC 2-3.5-5-5.5, AS ADDED BY P.L.43-2007,
19 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20 JULY 1, 2012]: Sec. 5.5. (a) This section applies to contributions to the
21 defined contribution fund made by the state after December 31, 2008.

22 (b) This subsection applies after December 31, 2008.
23 Notwithstanding IC 2-3.5-2-10, as used in this section, "salary" means
24 the total of the following amounts paid to a participant by the state for
25 performing legislative services in the year in which the amounts are
26 paid, determined without regard to any salary reduction agreement
27 established under Section 125 or Section 457 of the Internal Revenue
28 Code:

29 (1) Salary.

30 (2) Business per diem allowance and allowances paid in lieu of
31 the submission of claims for reimbursement (but excluding any
32 allowances paid for mileage).

33 (3) Allowances paid to officers of the house of representatives
34 and the senate.

35 (c) This subsection applies after December 31, 2008. The state shall
36 make a contribution to the defined contribution fund on behalf of each
37 participant on June 30 of each year. The amount of the contribution is
38 determined by multiplying the participant's salary for that year by a
39 percentage determined for that year by the PERF board under
40 subsection (d).

41 (d) This subsection applies after December 31, 2008. The PERF
42 board shall use the following rates in determining the percentage

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1 described in subsection (c):

2 (1) The rate of the state's normal contribution for its employees to
3 PERF, as determined under IC 5-10.2-2-11.

4 (2) The rate at which the state makes contributions to annuity
5 savings accounts on behalf of state employees who are members
6 of PERF, as specified in IC 5-10.2-3-2 and IC 5-10.3-7-9.

7 (e) This subsection applies after December 31, 2008. The budget
8 agency shall confirm the percentage determined by the PERF board.
9 The percentage confirmed by the budget agency may not exceed the
10 total contribution rate paid that year by the state to PERF for state
11 employees.

12 SECTION 10. IC 2-3.5-5-6 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 6. (a) A participant who
14 terminates service as a member of the general assembly is entitled to
15 withdraw both the participant's employee contribution account and
16 employer contribution account from the defined contribution fund. The
17 withdrawal shall be made not later than the required beginning date
18 under the Internal Revenue Code. The amount available for the
19 withdrawal shall be the fair market value of the participant's accounts
20 on the last day of the quarter preceding the date of withdrawal plus
21 employee contributions deducted and employer contributions made
22 since the last day of the quarter preceding the date of withdrawal.

23 (b) The withdrawal amount shall be paid in a lump sum, a partial
24 lump sum, a monthly annuity as purchased by the PERF board with the
25 remaining amount, or a series of monthly installment payments over
26 sixty (60), one hundred twenty (120), or one hundred eighty (180)
27 months, as elected by the participant. The forms of annuity and
28 installments shall be established by the PERF board by rule, in
29 consultation with the system's actuary. The PERF board shall give
30 participants information on these forms of payments and the effects of
31 various dates of withdrawal.

32 SECTION 11. IC 2-3.5-5-7 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 7. (a) This section
34 applies to a participant who dies while a member of the general
35 assembly, or who dies after terminating service as a member of the
36 general assembly and prior to withdrawing the participant's account
37 from the defined contribution fund. The participant's employee
38 contribution account and the participant's employer contribution
39 account shall be paid to a beneficiary or the beneficiaries designated on
40 a form prescribed by the board. The amount paid shall be the fair
41 market value of the participant's accounts on the last day of the quarter
42 preceding the date of payment, plus employee contributions deducted



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1 and employer contributions made since the last day of the quarter
2 preceding the date of payment. If there is no properly designated
3 beneficiary, or if no beneficiary survives the participant, the
4 participant's accounts shall be paid to:

- 5 (1) the surviving spouse of the participant;
- 6 (2) if there is no surviving spouse, a surviving dependent or the
7 surviving dependents of the participant; or
- 8 (3) if there is no surviving spouse and no surviving dependent, the
9 estate of the participant.

10 (b) Amounts payable under this section shall be paid in a lump sum,
11 a partial lump sum, a monthly annuity as purchased by the PERF board
12 with the remaining amount, or a series of monthly installment payments
13 over sixty (60) months, as elected by the recipient. The forms of
14 annuity and installments available shall be established by the PERF
15 board by rule, in consultation with the system's actuary.

16 SECTION 12. IC 2-3.5-5-11 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 11. Before January 1,
18 2002, the PERF board shall adopt rules establishing procedures for
19 making loans to a participant from the participant's employee
20 contribution account and employer contribution account within the
21 defined contribution fund. Rules adopted under this section must
22 comply with the requirements of Section 72(p) of the Internal Revenue
23 Code and must apply to each participant in the plan, regardless of
24 whether the participant is serving in the general assembly at the time
25 of the loan. A loan made in accordance with rules adopted under this
26 section is not considered the receipt of retirement benefits for purposes
27 of IC 5-10-8-1.

28 SECTION 13. IC 4-1-8-1, AS AMENDED BY P.L.142-2009,
29 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
30 JULY 1, 2012]: Sec. 1. (a) No individual may be compelled by any
31 state agency, board, commission, department, bureau, or other entity of
32 state government (referred to as "state agency" in this chapter) to
33 provide the individual's Social Security number to the state agency
34 against the individual's will, absent federal requirements to the
35 contrary. However, the provisions of this chapter do not apply to the
36 following:

- 37 (1) Department of state revenue.
- 38 (2) Department of workforce development.
- 39 (3) The programs administered by:
 - 40 (A) the division of family resources;
 - 41 (B) the division of mental health and addiction;
 - 42 (C) the division of disability and rehabilitative services;

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- 1 (D) the division of aging; and
- 2 (E) the office of Medicaid policy and planning;
- 3 of the office of the secretary of family and social services.
- 4 (4) Auditor of state.
- 5 (5) State personnel department.
- 6 (6) Secretary of state, with respect to the registration of
- 7 broker-dealers, agents, and investment advisors.
- 8 (7) The legislative ethics commission, with respect to the
- 9 registration of lobbyists.
- 10 (8) Indiana department of administration, with respect to bidders
- 11 on contracts.
- 12 (9) Indiana department of transportation, with respect to bidders
- 13 on contracts.
- 14 (10) Indiana professional licensing agency.
- 15 (11) Department of insurance, with respect to licensing of
- 16 insurance producers.
- 17 (12) The department of child services.
- 18 (13) A pension fund administered by the board of trustees of the
- 19 **Indiana public employees' retirement fund: system.**
- 20 ~~(14) The Indiana state teachers' retirement fund:~~
- 21 ~~(15)~~ **(14)** The state police benefit system.
- 22 ~~(16)~~ **(15)** The alcohol and tobacco commission.
- 23 ~~(17)~~ **(16)** The state department of health, for purposes of licensing
- 24 radiologic technologists under IC 16-41-35-29(c).
- 25 (b) The bureau of motor vehicles may, notwithstanding this chapter,
- 26 require the following:
 - 27 (1) That an individual include the individual's Social Security
 - 28 number in an application for an official certificate of title for any
 - 29 vehicle required to be titled under IC 9-17.
 - 30 (2) That an individual include the individual's Social Security
 - 31 number on an application for registration.
 - 32 (3) That a corporation, limited liability company, firm,
 - 33 partnership, or other business entity include its federal tax
 - 34 identification number on an application for registration.
- 35 (c) The Indiana department of administration, the Indiana
- 36 department of transportation, and the Indiana professional licensing
- 37 agency may require an employer to provide its federal employer
- 38 identification number.
- 39 (d) The department of correction may require a committed offender
- 40 to provide the offender's Social Security number for purposes of
- 41 matching data with the Social Security Administration to determine
- 42 benefit eligibility.

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1 (e) The Indiana gaming commission may, notwithstanding this
2 chapter, require the following:

3 (1) That an individual include the individual's Social Security
4 number:

5 (A) in any application for a riverboat owner's license,
6 supplier's license, or occupational license; or

7 (B) in any document submitted to the commission in the
8 course of an investigation necessary to ensure that gaming
9 under IC 4-32.2, IC 4-33, and IC 4-35 is conducted with
10 credibility and integrity.

11 (2) That a sole proprietorship, a partnership, an association, a
12 fiduciary, a corporation, a limited liability company, or any other
13 business entity include its federal tax identification number on an
14 application for a riverboat owner's license or supplier's license.

15 (f) Notwithstanding this chapter, the department of education
16 established by IC 20-19-3-1 may require an individual who applies to
17 the department for a license or an endorsement to provide the
18 individual's Social Security number. The Social Security number may
19 be used by the department only for conducting a background
20 investigation, if the department is authorized by statute to conduct a
21 background investigation of an individual for issuance of the license or
22 endorsement.

23 SECTION 14. IC 4-1-10-5, AS AMENDED BY P.L.106-2008,
24 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 JULY 1, 2012]: Sec. 5. (a) A state agency may disclose the Social
26 Security number of an individual if any of the following apply:

27 (1) The disclosure of the Social Security number is expressly
28 required by state law, federal law, or a court order.

29 (2) The individual expressly consents in writing to the disclosure
30 of the individual's Social Security number.

31 (3) The disclosure of the Social Security number is:

32 (A) made to comply with:

33 (i) the USA Patriot Act of 2001 (P.L. 107-56); or

34 (ii) Presidential Executive Order 13224; or

35 (B) to a commercial entity for the permissible uses set forth in
36 the:

37 (i) Drivers Privacy Protection Act (18 U.S.C. 2721 et seq.);

38 (ii) Fair Credit Reporting Act (15 U.S.C. 1681 et seq.); or

39 (iii) Financial Modernization Act of 1999 (15 U.S.C. 6801
40 et seq.).

41 (4) The disclosure of the Social Security number is for the
42 purpose of administration of a state agency employee's or the state

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- 1 agency employee's dependent's health benefits.
- 2 (5) The disclosure of the Social Security number is for the
- 3 purpose of administration of:
- 4 (A) a pension fund administered by the board of trustees of the
- 5 **Indiana public employees' retirement fund; system;**
- 6 ~~(B) the Indiana state teachers' retirement fund;~~
- 7 ~~(C) (B) a deferred compensation plan or defined contribution~~
- 8 ~~plan established under IC 5-10-1.1;~~
- 9 ~~(D) (C) a pension plan established by the state police~~
- 10 ~~department under IC 10-12; or~~
- 11 ~~(E) (D) the Uniform Commercial Code (IC 26-1) by the office~~
- 12 ~~of the secretary of state.~~
- 13 (b) A state agency's disclosure of the Social Security number of an
- 14 individual in compliance with subsection (a) does not violate
- 15 IC 5-14-3-4(a)(12).
- 16 SECTION 15. IC 4-10-10-1.5 IS AMENDED TO READ AS
- 17 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1.5. This chapter does
- 18 not apply to benefit checks issued by the Indiana ~~state teachers'~~ **public**
- 19 ~~retirement fund.~~ **system.**
- 20 SECTION 16. IC 4-12-1-14.3 IS AMENDED TO READ AS
- 21 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 14.3. (a) As used in this
- 22 section, "master settlement agreement" has the meaning set forth in
- 23 IC 24-3-3-6.
- 24 (b) There is hereby created the Indiana tobacco master settlement
- 25 agreement fund for the purpose of depositing and distributing money
- 26 received under the master settlement agreement. The fund consists of:
- 27 (1) all money received by the state under the master settlement
- 28 agreement;
- 29 (2) appropriations made to the fund by the general assembly; and
- 30 (3) grants, gifts, and donations intended for deposit in the fund.
- 31 (c) The fund shall be administered by the budget agency.
- 32 Notwithstanding IC 5-13, the treasurer of state shall invest the money
- 33 in the fund not currently needed to meet the obligations of the fund in
- 34 the same manner as money is invested by the **Indiana public**
- 35 ~~employees' retirement fund~~ **system** under IC 5-10.3-5. The treasurer of
- 36 state may contract with investment management professionals,
- 37 investment advisors, and legal counsel to assist in the investment of the
- 38 fund and may pay the state expenses incurred under those contracts
- 39 from the fund. Interest that accrues from these investments shall be
- 40 deposited in the fund. Money in the fund at the end of the state fiscal
- 41 year does not revert to the state general fund.
- 42 (d) The state general fund is not liable for payment of a shortfall in

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1 expenditures, transfers, or distributions from the Indiana tobacco
2 master settlement agreement fund or any other fund due to a delay,
3 reduction, or cancellation of payments scheduled to be received by the
4 state under the master settlement agreement. If such a shortfall occurs
5 in any state fiscal year, the budget agency shall make the full transfer
6 to the regional health facilities construction account and then reduce all
7 remaining expenditures, transfers, and distributions affected by the
8 shortfall.

9 SECTION 17. IC 4-12-4-10, AS AMENDED BY P.L.229-2011,
10 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2012]: Sec. 10. (a) The Indiana tobacco use prevention and
12 cessation trust fund is established. The state department of health may
13 expend money from the fund and make grants from the fund to
14 implement the long range state plan established under this chapter.
15 Administrative expenses necessary to carry out this chapter are also
16 payable from the fund.

17 (b) The fund consists of:

- 18 (1) amounts, if any, that another statute requires to be distributed
- 19 to the fund from the Indiana tobacco master settlement agreement
- 20 fund;
- 21 (2) appropriations to the fund from other sources;
- 22 (3) grants, gifts, and donations intended for deposit in the fund;
- 23 and
- 24 (4) interest that accrues from money in the fund.

25 (c) The fund shall be administered by the state department of health.
26 Notwithstanding IC 5-13, the treasurer of state shall invest the money
27 in the fund not currently needed to meet the obligations of the fund in
28 the same manner as money is invested by the **Indiana public**
29 **employees retirement fund system** under IC 5-10.3-5. The treasurer of
30 state may contract with investment management professionals,
31 investment advisors, and legal counsel to assist in the investment of the
32 fund and may pay the expenses incurred under those contracts from the
33 fund. Money in the fund at the end of a state fiscal year does not revert
34 to the state general fund.

35 (d) All income and assets of the executive board deposited in the
36 fund are for the use of the state department of health after
37 appropriation.

38 SECTION 18. IC 4-12-9-2, AS AMENDED BY P.L.1-2006,
39 SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40 JULY 1, 2012]: Sec. 2. (a) The tobacco farmers and rural community
41 impact fund is established. The fund shall be administered by the
42 director of the department of agriculture. The fund consists of:

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- 1 (1) amounts, if any, that another statute requires to be distributed
- 2 to the fund from the Indiana tobacco master settlement agreement
- 3 fund;
- 4 (2) appropriations to the fund from other sources;
- 5 (3) grants, gifts, and donations intended for deposit in the fund;
- 6 and
- 7 (4) interest that accrues from money in the fund.
- 8 (b) The expenses of administering the fund shall be paid from
- 9 money in the fund.
- 10 (c) Notwithstanding IC 5-13, the treasurer of state shall invest the
- 11 money in the fund not currently needed to meet the obligations of the
- 12 fund in the same manner as money is invested by the **Indiana public**
- 13 **employees retirement fund system** under IC 5-10.3-5. The treasurer of
- 14 state may contract with investment management professionals,
- 15 investment advisors, and legal counsel to assist in the management of
- 16 the fund and may pay the state expenses incurred under those contracts.
- 17 (d) Money in the fund at the end of the state fiscal year does not
- 18 revert to the state general fund and remains available for expenditure.
- 19 SECTION 19. IC 4-13-1-17 IS AMENDED TO READ AS
- 20 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 17. (a) A state agency
- 21 may not purchase insurance to cover loss or damage to property.
- 22 (b) This section does not prohibit any of the following:
- 23 (1) The purchase of title insurance by a state agency.
- 24 (2) The purchase of insurance by a body corporate and politic.
- 25 (3) The purchase of insurance to meet requirements for receipt of
- 26 federal funds by a state agency.
- 27 (4) The requiring of contractors to carry insurance.
- 28 (5) The purchase of insurance to cover loss or damage to real
- 29 property owned by the **Indiana public employees' retirement fund**
- 30 **or the Indiana state teachers' retirement fund: system.**
- 31 (6) The purchase of insurance to cover loss or destruction of
- 32 money or securities under the control of the treasurer of state.
- 33 (7) The purchase of insurance by a state agency to cover loss or
- 34 damage to exhibits, artifacts, or other materials that are loaned to
- 35 the agency.
- 36 (8) The purchase of casualty and liability insurance for foster
- 37 parents (as defined in IC 27-1-30-4) on a group basis.
- 38 SECTION 20. IC 5-10-0.5-1, AS AMENDED BY P.L.2-2006,
- 39 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 40 JULY 1, 2012]: Sec. 1. (a) The prohibitions of Article 11, Section 12
- 41 of the Constitution of the State of Indiana do not apply to:
- 42 (1) the public employees' retirement fund (IC 5-10.3);

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- 1 (2) the Indiana state teachers' retirement fund (IC 5-10.4);
- 2 (3) the Indiana state police pre-1987 benefit system (IC 10-12-3);
- 3 (4) the Indiana state police 1987 benefit system (IC 10-12-4); or
- 4 (5) any other public **pension or** employee retirement fund
- 5 administered by the board of trustees of the Indiana public
- 6 **employees' retirement fund system.**

7 (b) Investments of the funds listed in subsection (a) are subject to
 8 the following limitations and regulations:

9 (1) Investments of the public employees' retirement fund and any
 10 other public **pension or** employee retirement fund administered
 11 by the board of trustees of the Indiana public **employees'**
 12 **retirement fund system** are subject to IC 5-10.3-5-3, including
 13 P.L.37-1996, **and IC 5-10.5-5.**

14 (2) Investments of the Indiana state teachers' retirement fund are
 15 subject to IC 5-10.4-3-10 **and IC 5-10.5-5.**

16 (3) Investments of the Indiana state police benefit system are
 17 subject to IC 10-12-2-2.

18 SECTION 21. IC 5-10-1.1-7.5, AS AMENDED BY P.L.2-2007,
 19 SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 JULY 1, 2012]: Sec. 7.5. (a) As used in this section, "state agency"
 21 means the following:

22 (1) An authority, a board, a branch, a commission, a committee,
 23 a department, a division, or other instrumentality of state
 24 government.

25 (2) A separate corporate body politic that adopts the plan
 26 described in subsection (b).

27 (3) State elected officials and their office staff.

28 (4) The legislative services agency.

29 (5) Legislative staff eligible to participate in the state employees'
 30 deferred compensation plan established by section 1 of this
 31 chapter.

32 However, the term does not include a state educational institution or a
 33 political subdivision.

34 (b) The deferred compensation committee shall adopt provisions in
 35 a defined contribution plan, under Sections 401(a) and 414(d) of the
 36 Internal Revenue Code, for the purpose of converting unused excess
 37 accrued leave to a monetary contribution for employees of a state
 38 agency. These provisions may be part of the plan and trust established
 39 under section 1.5(a) of this chapter.

40 (c) The deferred compensation committee is the trustee of the plan
 41 described in subsection (b). The plan must be a qualified plan, as
 42 determined by the Internal Revenue Service.

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1 (d) The state personnel department shall adopt rules under IC 4-22-2
 2 that it considers appropriate or necessary to implement this section.
 3 The rules adopted by the state personnel department under this section
 4 must:

- 5 (1) be consistent with the plan described in subsection (b);
 6 (2) include provisions concerning:
 7 (A) the type and amount of leave that may be converted to a
 8 monetary contribution;
 9 (B) the conversion formula for valuing any leave that is
 10 converted;
 11 (C) the manner of employee selection of leave conversion; and
 12 (D) the vesting schedule for any leave that is converted; and
 13 (3) apply to all state agencies.

14 (e) The rules adopted by the state personnel department under
 15 subsection (d) specifying the conversion formula must provide for a
 16 conversion rate under which the amount contributed on behalf of a
 17 participating employee for a day of leave that is converted under this
 18 section is equal to at least sixty percent (60%) of the employee's daily
 19 pay as of the date the leave is converted.

20 (f) The deferred compensation committee may adopt the following:

- 21 (1) Plan provisions governing:
 22 (A) the investment of accounts in the plan; and
 23 (B) the accounting for converted leave.
 24 (2) Any other plan provisions that are necessary or appropriate for
 25 operation of the plan.

26 (g) The plan described in subsection (b) may be implemented only
 27 if the deferred compensation committee has received from the Internal
 28 Revenue Service any rulings or determination letters that the
 29 committee considers necessary or appropriate.

30 (h) To the extent allowed by:

- 31 (1) the Internal Revenue Code; and
 32 (2) rules adopted by:
 33 (A) the state personnel department under this section; and
 34 (B) the board of trustees of the **Indiana** public **employees'**
 35 retirement **fund system** under IC 5-10.3-8-14;

36 an employee of a state agency may convert unused excess accrued
 37 leave to a monetary contribution under this section and under
 38 IC 5-10.3-8-14.

39 SECTION 22. IC 5-10-1.7-1, AS AMENDED BY P.L.227-2007,
 40 SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2012]: Sec. 1. (a) The retirement plans covered by this chapter
 42 are:

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- 1 (1) The state excise police, gaming agent, gaming control officer,
- 2 and conservation officers' retirement plan, established under
- 3 IC 5-10-5.5.
- 4 (2) The public employees' retirement fund, established under
- 5 IC 5-10.3-2.
- 6 (3) The trust fund and pension trust of the department of state
- 7 police, established under IC 10-12-2.
- 8 (4) The Indiana state teachers' retirement fund, established under
- 9 IC 5-10.4-2.
- 10 (5) The Indiana judges' retirement fund, established under
- 11 IC 33-38-6.
- 12 (6) The police officers' and firefighters' pension and disability
- 13 fund established under IC 36-8-8-4.
- 14 (b) As used in this chapter, "board" means **both of the following**:
- 15 (1) The board of trustees of a ~~the Indiana public retirement plan~~
- 16 ~~covered by this chapter.~~ **system.**
- 17 (2) **The board of trustees of the state police pension trust.**
- 18 SECTION 23. IC 5-10-5.5-1, AS AMENDED BY P.L.16-2011,
- 19 SECTION 1, AND AS AMENDED BY P.L.23-2011, SECTION 3, IS
- 20 CORRECTED AND AMENDED TO READ AS FOLLOWS
- 21 [EFFECTIVE JULY 1, 2012]: Sec. 1. As used in this chapter and
- 22 unless the context clearly denotes otherwise:
- 23 (1) "Board" refers to the board of trustees of the Indiana public
- 24 retirement system established by IC 5-10.5-3-1.
- 25 ~~(2)~~ (2) "Department" means the Indiana department of natural
- 26 resources.
- 27 ~~(3)~~ (3) "Commission" means the alcohol and tobacco commission.
- 28 ~~(4)~~ (4) "Officer" means any Indiana state excise police officer, any
- 29 Indiana state conservation enforcement officer, any gaming agent,
- 30 or any gaming control officer.
- 31 ~~(5)~~ (5) "Participant" means any officer who has elected to
- 32 participate in the retirement plan created by this chapter.
- 33 ~~(6)~~ (6) "Salary" means the total compensation, exclusive of
- 34 expense allowances, paid to any officer by the department or the
- 35 commission, determined without regard to any salary reduction
- 36 agreement established under Section 125 of the Internal Revenue
- 37 Code.
- 38 ~~(7)~~ (7) "Average annual salary" means the average annual salary
- 39 of an officer during the five (5) years of highest annual salary in
- 40 the ten (10) years immediately preceding an officer's retirement
- 41 date, determined without regard to any salary reduction agreement
- 42 established under Section 125 of the Internal Revenue Code.

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- 1 ~~(g)~~ (8) "Public employees' retirement act" means IC 5-10.3.
- 2 ~~(h)~~ (9) "Public employees' retirement fund" means the public
- 3 employees' retirement fund created by IC 5-10.3-2.
- 4 ~~(i)~~ (10) "Interest" means the ~~same~~ rate of interest ~~as is~~ specified
- 5 ~~under by rule by the board of trustees of the Indiana public~~
- 6 ~~employees' retirement law. fund. system established by~~
- 7 **IC 5-10.5-3-1.**
- 8 ~~(j)~~ (11) "Americans with Disabilities Act" refers to the Americans
- 9 with Disabilities Act (42 U.S.C. 12101 et seq.) and any
- 10 amendments and regulations related to the Act.
- 11 ~~(k)~~ (12) Other words and phrases when used in this chapter shall,
- 12 for the purposes of this chapter, have the meanings respectively
- 13 ascribed to them as set forth in IC 5-10.3-1.

14 SECTION 24. IC 5-10-5.5-12.7, AS AMENDED BY P.L.99-2007,
 15 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JULY 1, 2012]: Sec. 12.7. (a) Upon a petition from a participant, the
 17 department, or the commission, the board of trustees of the **Indiana**
 18 public employees' retirement ~~fund, system,~~ or its designee, shall make
 19 the determinations required by section 13 of this chapter and shall also
 20 determine:

- 21 (1) the degree of impairment of any officer determined to have a
- 22 disability; and
- 23 (2) whether the disability arose in the line of duty (as defined in
- 24 section 13.5 of this chapter).

25 (b) The impairment standards contained in the United States
 26 Department of Veterans Affairs Schedule for Rating Disabilities in
 27 effect at the time the application for disability benefits is filed with the
 28 board of trustees shall be used to determine the degree of impairment.

29 (c) To the extent required by the Americans with Disabilities Act,
 30 the transcripts, reports, records, and other material generated as a result
 31 of a hearing, a review, or an appeal conducted under this chapter to
 32 determine the existence of a disability, the cause of a disability, or the
 33 degree of impairment shall be:

- 34 (1) kept in separate medical files for each member; and
- 35 (2) treated as confidential medical records.

36 SECTION 25. IC 5-10-10-1 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. As used in this
 38 chapter, "board" refers to the board of trustees of the **Indiana** public
 39 employees' retirement ~~fund. system.~~

40 SECTION 26. IC 5-10-11-1 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. As used in this
 42 chapter, "board" refers to the board of trustees of the **Indiana** public

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1 ~~employees' retirement fund; system.~~

2 SECTION 27. IC 5-10.1-1-8 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 8. ~~State Agency.~~ "State
4 agency" as used in this article means the **Indiana public employees'**
5 ~~retirement fund; system.~~

6 SECTION 28. IC 5-10.1-4-6, AS AMENDED BY P.L.2-2007,
7 SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2012]: Sec. 6. (a) The effective date of a modification of the
9 agreement must be determined by resolution of the board of each of the
10 following retirement systems:

11 (1) ~~The applicable pension system administered by the Indiana~~
12 ~~public employees' retirement fund; system.~~

13 ~~(2) the Indiana state teachers' retirement fund; and~~

14 ~~(3) (2) Any retirement system established by a state educational~~
15 ~~institution.~~

16 For political subdivisions the governing body shall determine the
17 effective date by resolution. The effective date may be made retroactive
18 to the extent permitted by federal law.

19 (b) The effective date of a modification for employees of political
20 subdivisions with retirement systems which are not covered by
21 subsection (a) ~~of this section~~ may be January 1, 1955, or any
22 subsequent January 1.

23 SECTION 29. IC 5-10.2-1-6 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 6. ~~Retirement Fund~~
25 ~~Law.~~ "Retirement fund law" as used in this article means the statutes
26 governing:

27 (1) ~~the Indiana state teachers' retirement fund; and the statutes~~
28 ~~governing~~

29 (2) ~~the public employees' retirement fund; and~~

30 (3) ~~the Indiana public retirement system.~~

31 SECTION 30. IC 5-10.2-2-1.5 IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1.5. Each retirement
33 fund covered by this article shall satisfy the qualification requirements
34 in Section 401 of the Internal Revenue Code, as applicable to each
35 retirement fund. In order to meet those requirements, each fund is
36 subject to the following provisions, notwithstanding any other
37 provision of the retirement fund law:

38 (1) ~~Each~~ **The** board shall distribute the corpus and income of the
39 fund to members and their beneficiaries in accordance with the
40 retirement fund law.

41 (2) No part of the corpus or income of a fund may be used for or
42 diverted to any purpose other than the exclusive benefit of the



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1 members and their beneficiaries.
 2 (3) Forfeitures arising from severance of employment, death, or
 3 for any other reason may not be applied to increase the benefits
 4 any member would otherwise receive under the retirement fund
 5 law.
 6 (4) If a fund is terminated, or if all contributions to a fund are
 7 completely discontinued, the rights of each affected member to
 8 the benefits accrued at the date of the termination or
 9 discontinuance, to the extent then funded, are nonforfeitable.
 10 (5) All benefits paid from a retirement fund shall be distributed in
 11 accordance with the requirements of Section 401(a)(9) of the
 12 Internal Revenue Code and the regulations under that section. In
 13 order to meet those requirements, each retirement fund is subject
 14 to the following provisions:
 15 (A) The life expectancy of a member, the member's spouse, or
 16 the member's beneficiary may not be recalculated after the
 17 initial determination for purposes of determining benefits.
 18 (B) If a member dies before the distribution of the member's
 19 benefits has begun, distributions to beneficiaries must begin
 20 no later than December 31 of the calendar year immediately
 21 following the calendar year in which the member died.
 22 (C) The amount of an annuity paid to a member's beneficiary
 23 may not exceed the maximum determined under the incidental
 24 death benefit requirement of the Internal Revenue Code.
 25 (6) The board may not:
 26 (A) determine eligibility for benefits;
 27 (B) compute rates of contribution; or
 28 (C) compute benefits of members or beneficiaries;
 29 in a manner that discriminates in favor of members who are
 30 considered officers, supervisors, or highly compensated, as
 31 prohibited under Section 401(a)(4) of the Internal Revenue Code.
 32 (7) Benefits paid under this chapter may not exceed the maximum
 33 benefits specified by Section 415 of the Internal Revenue Code.
 34 (8) The salary taken into account under this chapter may not
 35 exceed the applicable amount under Section 401(a)(17) of the
 36 Internal Revenue Code.
 37 (9) The board may not engage in a transaction prohibited by
 38 Section 503(b) of the Internal Revenue Code.
 39 SECTION 31. IC 5-10.2-2-2.5, AS AMENDED BY P.L.115-2010,
 40 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2012]: Sec. 2.5. (a) ~~Each~~ **The** board may establish investment
 42 guidelines and limits on all types of investments (including, but not

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1 limited to, stocks and bonds) and take other actions necessary to fulfill
 2 its duty as a fiduciary for all assets under its control, subject to the
 3 limitations and restrictions set forth in section 18 of this chapter,
 4 IC 5-10.3-5-3, ~~and~~ IC 5-10.4-3-10, **and IC 5-10.5-5.**

5 (b) ~~Each~~ **The** board may commingle or pool assets with the assets
 6 of any other persons or entities. This authority includes, but is not
 7 limited to, the power to invest in commingled or pooled funds,
 8 partnerships, or mortgage pools, including pools that consist in part or
 9 entirely of mortgages that qualify as five star mortgages under the
 10 program established by IC 24-5-23.6. In the event of any such
 11 investment, the board shall keep separate detailed records of the assets
 12 invested. Any decision to commingle or pool assets is subject to the
 13 limitations and restrictions set forth in IC 5-10.3-5-3, ~~and~~
 14 IC 5-10.4-3-10, **and IC 5-10.5-5.**

15 SECTION 32. IC 5-10.2-2-3, AS AMENDED BY P.L.115-2010,
 16 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2012]: Sec. 3. (a) The annuity savings account consists of:

- 18 (1) the members' contributions; and
 19 (2) the interest credits on these contributions in the guaranteed
 20 fund or the gain or loss in market value on these contributions in
 21 the alternative investment program, as specified in section 4 of
 22 this chapter.

23 Each member shall be credited individually with the amount of the
 24 member's contributions and interest credits.

25 (b) ~~Each~~ **The** board shall maintain the annuity savings account
 26 program in effect on December 31, 1995 (referred to in this chapter as
 27 the guaranteed program). In addition, the board ~~of the Indiana state~~
 28 ~~teachers' retirement fund~~ shall establish and maintain a guaranteed
 29 program within the 1996 account. ~~Each~~ **The** board may establish
 30 investment guidelines and limits on all types of investments (including,
 31 but not limited to, stocks and bonds) and take other actions necessary
 32 to fulfill its duty as a fiduciary of the annuity savings account, subject
 33 to the limitations and restrictions set forth in IC 5-10.3-5-3, ~~and~~
 34 IC 5-10.4-3-10, **and IC 5-10.5-5.**

35 (c) ~~Each~~ **The** board shall establish alternative investment programs
 36 within the annuity savings account of the public employees' retirement
 37 fund, the pre-1996 account, and the 1996 account, based on the
 38 following requirements:

- 39 (1) ~~Each~~ **The** board shall maintain at least one (1) alternative
 40 investment program that is an indexed stock fund and one (1)
 41 alternative investment program that is a bond fund. ~~Each~~ **The**
 42 board may maintain one (1) or more alternative investment

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- 1 programs that:
- 2 (A) invest in one (1) or more commingled or pooled funds that
- 3 consist in part or entirely of mortgages that qualify as five star
- 4 mortgages under the program established by IC 24-5-23.6; or
- 5 (B) otherwise invest in mortgages that qualify as five star
- 6 mortgages under the program established by IC 24-5-23.6.
- 7 (2) The programs should represent a variety of investment
- 8 objectives under IC 5-10.3-5-3.
- 9 (3) No program may permit a member to withdraw money from
- 10 the member's account except as provided in IC 5-10.2-3 and
- 11 IC 5-10.2-4.
- 12 (4) All administrative costs of each alternative program shall be
- 13 paid from the earnings on that program or as may be determined
- 14 by the rules of ~~each~~ **the** board.
- 15 (5) Except as provided in section 4(e) of this chapter, a valuation
- 16 of each member's account must be completed as of:
- 17 (A) the last day of each quarter; or
- 18 (B) another time as ~~each~~ **the** board may specify by rule.
- 19 (d) The board must prepare, at least annually, an analysis of the
- 20 guaranteed program and each alternative investment program. This
- 21 analysis must:
- 22 (1) include a description of the procedure for selecting an
- 23 alternative investment program;
- 24 (2) be understandable by the majority of members; and
- 25 (3) include a description of prior investment performance.
- 26 (e) A member may direct the allocation of the amount credited to
- 27 the member among the guaranteed fund and any available alternative
- 28 investment funds, subject to the following conditions:
- 29 (1) A member may make a selection or change an existing
- 30 selection under rules established by ~~each~~ **the** board. ~~A~~ **The** board
- 31 shall allow a member to make a selection or change any existing
- 32 selection at least once each quarter.
- 33 (2) The board shall implement the member's selection beginning
- 34 on the first day of the next calendar quarter that begins at least
- 35 thirty (30) days after the selection is received by the board or on
- 36 an alternate date established by the rules of ~~each~~ **the** board. This
- 37 date is the effective date of the member's selection.
- 38 (3) A member may select any combination of the guaranteed fund
- 39 or any available alternative investment funds, in ten percent
- 40 (10%) increments or smaller increments that may be established
- 41 by the rules of ~~each~~ **the** board.
- 42 (4) A member's selection remains in effect until a new selection

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1 is made.

2 (5) On the effective date of a member's selection, the board shall

3 reallocate the member's existing balance or balances in

4 accordance with the member's direction, based on:

5 (A) for an alternative investment program balance, the market

6 value on the effective date; and

7 (B) for any guaranteed program balance, the account balance

8 on the effective date.

9 All contributions to the member's account shall be allocated as of

10 the last day of that quarter or at an alternate time established by

11 the rules of ~~each~~ **the** board in accordance with the member's most

12 recent effective direction. The board shall not reallocate the

13 member's account at any other time.

14 (f) When a member who participates in an alternative investment

15 program transfers the amount credited to the member from one (1)

16 alternative investment program to another alternative investment

17 program or to the guaranteed program, the amount credited to the

18 member shall be valued at the market value of the member's

19 investment, as of the day before the effective date of the member's

20 selection or at an alternate time established by the rules of ~~each~~ **the**

21 board. When a member who participates in an alternative investment

22 program retires, becomes disabled, dies, or suspends membership and

23 withdraws from the fund, the amount credited to the member shall be

24 the market value of the member's investment as of the last day of the

25 quarter preceding the member's distribution or annuitization at

26 retirement, disability, death, or suspension and withdrawal, plus

27 contributions received after that date or at an alternate time established

28 by the rules of ~~each~~ **the** board.

29 (g) When a member who participates in the guaranteed program

30 transfers the amount credited to the member to an alternative

31 investment program, the amount credited to the member in the

32 guaranteed program is computed without regard to market value and is

33 based on the balance of the member's account in the guaranteed

34 program as of the last day of the quarter preceding the effective date of

35 the transfer. However, ~~each~~ **the** board may by rule provide for an

36 alternate valuation date. When a member who participates in the

37 guaranteed program retires, becomes disabled, dies, or suspends

38 membership and withdraws from the fund, the amount credited to the

39 member shall be computed without regard to market value and is based

40 on the balance of the member's account in the guaranteed program as

41 of the last day of the quarter preceding the member's distribution or

42 annuitization at retirement, disability, death, or suspension and

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1 withdrawal, plus any contributions received since that date plus interest
 2 since that date. However, ~~each the~~ board may by rule provide for an
 3 alternate valuation date.

4 SECTION 33. IC 5-10.2-2-4, AS AMENDED BY P.L.165-2009,
 5 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2012]: Sec. 4. (a) Except as provided in subsection (e),
 7 interest shall be credited and compounded at least annually on all
 8 amounts credited to the member in the guaranteed program. For the
 9 guaranteed program, the board shall annually establish an interest
 10 credit rate equal to or less than the investment income earned.

11 (b) Except as provided in subsection (e), the market value of each
 12 alternative investment program shall be allocated at least annually to
 13 the members participating in that program.

14 (c) Contributions to the guaranteed program and the alternative
 15 investment programs shall be invested as of the last day of the quarter
 16 in which the contributions are received or at an alternate time
 17 established by the rules of ~~each the~~ board. Contributions to the
 18 guaranteed program shall begin to accumulate interest at the beginning
 19 of the quarter after the quarter in which the contributions are received
 20 or at an alternate time established by the rules of ~~each the~~ board.

21 (d) When a member retires or withdraws with a balance in the
 22 guaranteed program, a proportional interest credit determined by the
 23 board shall be granted for the period elapsed since the last interest date
 24 on that balance.

25 (e) This subsection applies whenever the board is required to
 26 establish an interest or earnings rate in order to credit interest or
 27 earnings to an omitted contribution to a member's annuity savings
 28 account. As used in this subsection, "omitted contribution" means a
 29 contribution contributed by or on behalf of a member under
 30 IC 5-10.3-7-9 or IC 5-10.4-4-11 that is received by the board after the
 31 time required by IC 5-10.3-7-12.5 or IC 5-10.4-7-6(b)(1).
 32 Notwithstanding any law to the contrary, ~~each the~~ board may by rule
 33 specify:

34 (1) a single composite interest rate and the period to which the
 35 rate applies for the purpose of computing the interest credits on
 36 a member's contributions (including omitted contributions) in the
 37 guaranteed fund; and

38 (2) a single composite earnings rate for the gain or loss in market
 39 value for each alternative investment program and the period to
 40 which the rate applies for the purpose of computing the gain or
 41 loss in market value on a member's contributions (including
 42 omitted contributions) in the alternate investment program.



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1 SECTION 34. IC 5-10.2-2-6, AS AMENDED BY P.L.13-2011,
 2 SECTION 3, AS AMENDED BY P.L.22-2011, SECTION 1, AND AS
 3 AMENDED BY P.L.23-2011, SECTION 9, IS CORRECTED AND
 4 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]:
 5 Sec. 6. (a) The retirement allowance account of the public employees'
 6 retirement fund consists of the retirement fund, exclusive of the annuity
 7 savings account. *The retirement allowance account also includes any*
 8 *amounts received under IC 5-10.3-12-24(b).* For the public employees'
 9 retirement fund, separate accounts within the retirement allowance
 10 account shall be maintained for contributions made by *the state and by*
 11 *each political subdivision.* ~~each contribution rate group.~~

12 (b) The retirement allowance account of the pre-1996 account
 13 consists of the pre-1996 account, exclusive of the annuity savings
 14 account.

15 (c) The retirement allowance account of the 1996 account consists
 16 of the 1996 account, exclusive of the annuity savings account. *For the*
 17 *1996 account, separate accounts within the retirement allowance*
 18 *account shall be maintained for contributions made by the state, by*
 19 *each school corporation, and by each institution.*

20 SECTION 35. IC 5-10.2-2-10 IS AMENDED TO READ AS
 21 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 10. Based on the
 22 actuarial investigation and valuation in section 9 of this chapter, ~~each~~
 23 ~~the~~ board shall adopt mortality, ~~rates~~, service, and such other tables as
 24 the board considers necessary for the implementation of this article.
 25 ~~Each~~ **The** board shall adopt a single mortality table for both men and
 26 women that reasonably reflects each fund's mortality experience.

27 SECTION 36. IC 5-10.2-2-11, AS AMENDED BY P.L.23-2011,
 28 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2012]: Sec. 11. (a) Based on the actuarial investigation and
 30 valuation in section 9 of this chapter, ~~each the~~ board shall determine:

- 31 (1) the normal contribution for each contribution rate group,
 32 which is the amount necessary to fund the pension portion of the
 33 retirement benefit;
- 34 (2) the rate of normal contribution;
- 35 (3) the unfunded accrued liability of the public employees'
 36 retirement fund, the pre-1996 account, and the 1996 account,
 37 which is the excess of total accrued liability over the fund's or
 38 account's total assets, respectively; and
- 39 (4) the period, which must be thirty (30) years or a shorter period,
 40 necessary to amortize the unfunded accrued liability determined
 41 in subdivision (3).

42 (b) Based on the information in subsection (a), ~~each the~~ board may

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1 determine, in its sole discretion, contributions and contribution rates for
2 individual employers or for a group of employers.

3 (c) The board's determinations under subsection (a):

4 (1) are subject to sections 1.5 and 11.5 of this chapter; and

5 (2) for an employer making a contribution to the Indiana state
6 teachers' retirement fund, may not include an amount for a retired
7 member of the Indiana state teachers' retirement fund for whom
8 the employer may not make contributions during the member's
9 period of reemployment as provided under IC 5-10.2-4-8(d).

10 SECTION 37. IC 5-10.2-2-12 IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 12. (a) The general
12 assembly shall appropriate biennially for each fund covered by this
13 article that satisfies the conditions of section 1.5 of this chapter the sum
14 of the following:

15 (1) the state's normal contribution for its employees to the public
16 employees' retirement fund, the pre-1996 account, and the 1996
17 account, as determined in section 11 of this chapter;

18 (2) at least the anticipated increase in the state's unfunded accrued
19 liability in each fund, other than the pre-1996 account, as
20 estimated by ~~each~~ **the** board under the procedures specified in
21 section 11 of this chapter; and

22 (3) the state's obligation as estimated by ~~each~~ **the** board for
23 disability benefits and benefits payable under retirement fund
24 laws in effect before April 1, 1955.

25 The request for this sum for each fund shall be submitted to the budget
26 agency as one (1) item for each fund. ~~Each~~ **The** board shall submit to
27 the agency its actuarial investigation and valuation and any other
28 actuarial information to support the request.

29 (b) The biennial appropriation specified in subsection (a) of this
30 section shall be paid annually to each fund covered by this article that
31 satisfies the conditions of section 1.5 of this chapter in equal
32 installments in July of each year of the biennium.

33 (c) The biennial appropriation under this section shall be deposited
34 in the trust of each fund and used only as provided in section 1.5 of this
35 chapter.

36 SECTION 38. IC 5-10.2-2-13 IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 13. ~~Custodial~~
38 ~~Agreements for Securities; Servicing of Mortgages; Securities Lending~~
39 ~~Program.~~ (a) ~~Each~~ **The** board may enter into a custodial agreement with
40 a trust company or state or national bank to provide for the custody and
41 servicing of the securities and other investments under the control of
42 the board.



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1 (b) The agreement may contain such terms as the board considers
2 desirable including:

- 3 (1) the custody, safeguarding or indemnity, servicing, handling
- 4 and delivery of the securities and other investments; and
- 5 (2) the payment of taxes, fees of the custodian, and other expenses
- 6 and payments required in connection with the securities and
- 7 investments.

8 (c) Any person, firm, limited liability company, or corporation
9 authorized to service mortgage loans guaranteed by the federal housing
10 administration may be authorized by the board to service a mortgage
11 loan held by the fund.

12 (d) ~~Each~~ **The** board may authorize its custodian to enter into a
13 securities lending program agreement, under which the securities held
14 by each fund may be loaned in order to provide revenue to the fund.
15 Such an agreement must require that collateral be pledged in excess of
16 the total market value of the loaned securities.

17 SECTION 39. IC 5-10.2-3-1, AS AMENDED BY P.L.1-2009,
18 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
19 JULY 1, 2012]: Sec. 1. (a) Except as provided in IC 5-10.2-4-8(d), each
20 member's creditable service, for the purpose of computing benefits
21 under this article, consists of all service in a position covered by a
22 retirement fund plus all other service for which the retirement fund law
23 gives credit.

24 (b) No member may be required to pay any contributions for service
25 before the member is covered by this article as a condition precedent
26 to receiving benefits under this article. However, the member must
27 furnish **to the board** proof of the service ~~to the board of in a position~~
28 **covered by** the fund under which the member claims service.

29 (c) A member who has past service as an employee of the state or
30 a participating political subdivision in a position which was not
31 covered by the retirement fund is entitled to credit for this service if the
32 position becomes covered before January 1, 1985, by the Indiana state
33 teachers' retirement fund, the public employees' retirement fund, or the
34 retirement fund for the state board of accounts and if the member
35 submits **to the board** proof of the service ~~to the secretary of in a~~
36 **position covered by** the fund in which the member claims service.

37 (d) A member who has past service in a position that was not
38 covered by the retirement fund is entitled to credit for this service if the
39 position becomes covered after December 31, 1984, by a fund while
40 the member holds that position or another position with the same
41 employer and if the member submits **to the board** proof of the service
42 ~~to the director of in a position covered by~~ the fund in which the

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- 1 member claims service.
- 2 (e) The proof required by this section must:
- 3 (1) be submitted in a form approved by the director;
- 4 (2) contain dates and nature of service and other information
- 5 required by the director; and
- 6 (3) be certified by the governing body or its agent.
- 7 (f) A member who is a state employee is entitled to service credit for
- 8 the time the member is receiving disability benefits under a disability
- 9 plan established under IC 5-10-8-7.
- 10 (g) If a participant in the legislators' defined benefit plan does not
- 11 become entitled to a benefit from that plan, the ~~PERF board or the TRF~~
- 12 board shall include the participant's service in the general assembly in
- 13 the determination of eligibility for, and computation of, benefits under
- 14 PERF or TRF at the time the participant would be eligible to receive
- 15 benefits under PERF or TRF. After benefits commence under PERF or
- 16 TRF with the general assembly service included, the participant's
- 17 general assembly service may not be used for the computation of
- 18 benefits under IC 2-3.5-4.
- 19 (h) A member may receive service credit for all or a part of the
- 20 member's creditable service in another governmental retirement plan
- 21 under IC 5-10.3-7-4.5 and IC 5-10.4-4-4. A member may not receive
- 22 credit for service for which the member receives service credit in
- 23 another retirement plan maintained by a state, a political subdivision,
- 24 or an instrumentality of the state for service that PERF or TRF would
- 25 otherwise give credit.
- 26 (i) A member may use all or a part of the member's creditable
- 27 service under PERF or TRF in another governmental retirement plan
- 28 under the terms of the other plan. Creditable service used under the
- 29 other governmental retirement plan may not be used in PERF or TRF.
- 30 SECTION 40. IC 5-10.2-3-2, AS AMENDED BY P.L.1-2009,
- 31 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 32 JULY 1, 2012]: Sec. 2. (a) Subject to IC 5-10.2-2-1.5, as used in this
- 33 section, "compensation" means:
- 34 (1) the basic salary earned by and paid to the member; plus
- 35 (2) the amount that would have been a part of the basic salary
- 36 earned and paid except for the member's salary reduction
- 37 agreement established under Section 125, 403(b), or 457 of the
- 38 Internal Revenue Code.
- 39 (b) Except in cases where:
- 40 (1) the contribution is made on behalf of the member; or
- 41 (2) a retired member of the Indiana state teachers' retirement fund
- 42 may not make contributions during a period of reemployment as

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1 provided in IC 5-10.2-4-8(d);
 2 each member shall, as a condition of employment, contribute to the
 3 fund three percent (3%) of the member's compensation.

4 (c) Except as provided in IC 5-10.2-4-8(d), a member of a fund may
 5 make contributions to the member's annuity savings account in addition
 6 to the contributions required under subsection (b). The total amount of
 7 contributions that may be made to a member's annuity savings account
 8 with respect to a payroll period under this subsection may not exceed
 9 ten percent (10%) of the member's compensation for that payroll
 10 period. The contributions made under this subsection may be picked-up
 11 and paid by an employer as provided in subsection (d).

12 (d) In compliance with rules adopted by ~~each~~ **the** board, an
 13 employer, under Section 414(h)(2) of the Internal Revenue Code, may
 14 pick-up and pay the contributions under subsection (c), subject to
 15 approval of the board and to the board's receipt of a favorable private
 16 letter ruling from the Internal Revenue Service. The employer shall
 17 reduce the member's compensation by an amount equal to the amount
 18 of the member's contributions under subsection (c) that are picked-up
 19 by the employer. ~~Each~~ **The** board shall by rule establish the procedural
 20 requirements for employers to carry out the pick-up in compliance with
 21 Section 414(h)(2) of the Internal Revenue Code.

22 (e) A member's contributions and interest credits belong to the
 23 member and do not belong to the state or political subdivision.

24 SECTION 41. IC 5-10.2-4-1.3, AS AMENDED BY P.L.115-2008,
 25 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JULY 1, 2012]: Sec. 1.3. (a) A member who files an application for
 27 retirement benefits must provide the following information on the
 28 application form:

- 29 (1) The retirement date chosen by the member.
 30 (2) If the member has not elected to withdraw the entire amount
 31 in the member's annuity savings account under IC 5-10.2-3-6.5,
 32 whether the member chooses:
 33 (A) an annuity purchased from the amount credited to the
 34 member in the annuity savings account;
 35 (B) a total or partial distribution from the annuity savings
 36 account under section 2(b) of this chapter; or
 37 (C) a deferral of the payment of any benefits from the annuity
 38 savings account under section 2(c) of this chapter.
 39 (3) The name of the beneficiary or beneficiaries designated by the
 40 member with respect to the pension portion of the member's
 41 retirement benefit.
 42 (4) The name of the beneficiary or beneficiaries designated by the

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1 member with respect to the annuity portion of the member's
2 retirement benefit, unless the member chooses total distribution
3 under section 2 of this chapter.

4 (b) A member's designation of beneficiaries in the application for
5 retirement benefits supersedes any previous designation of
6 beneficiaries by the member.

7 (c) A member must indicate the name, address, date of birth, and
8 Social Security number of each designated beneficiary and provide
9 proof of birth of each designated beneficiary.

10 (d) ~~Each~~ **The** board shall adopt a form for the application for
11 retirement benefits that meets the requirements of this section.

12 SECTION 42. IC 5-10.2-4-2, AS AMENDED BY P.L.115-2009,
13 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JULY 1, 2012]: Sec. 2. (a) Unless a member elects otherwise under this
15 section or has elected to withdraw the member's annuity savings
16 account under IC 5-10.2-3-6.5, the retirement benefit for each member
17 consists of the sum of a pension provided by employer contributions
18 plus an annuity provided by the amount credited to the member in the
19 annuity savings account. If a member has elected to withdraw the
20 member's annuity savings account under IC 5-10.2-3-6.5, the member's
21 retirement benefit is equal to the pension provided by employer
22 contributions, unless the member has transferred the creditable service
23 earned under the public employees' retirement fund to another
24 governmental retirement plan under IC 5-10.2-3-1(i). Regardless of a
25 member's election under this section, contributions totaling not more
26 than one thousand dollars (\$1,000) that are posted to a member's
27 annuity savings account after the final date on which the member's
28 retirement benefit is processed may be distributed to the member as a
29 lump sum payment.

30 (b) If a member has not elected to withdraw the entire amount in the
31 member's annuity savings account under IC 5-10.2-3-6.5, a member
32 may choose at retirement or upon a disability retirement to receive a
33 distribution of:

- 34 (1) the entire amount credited to the member in the annuity
35 savings account; or
- 36 (2) an amount equal to the member's federal income tax basis in
37 the member's annuity savings account balance as it existed on
38 December 31, 1986.

39 If the member chooses to receive the distribution under subdivision (1),
40 the member is not entitled to an annuity as part of the retirement or
41 disability benefit. If the member chooses to receive the distribution
42 under subdivision (2), the member is entitled to an annuity purchasable

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1 by the amount remaining in the member's annuity savings account after
2 the payment under subdivision (2).

3 (c) Instead of choosing to receive the benefits described in
4 subsection (a) or (b), if a member has not elected to withdraw the entire
5 amount in the member's annuity savings account under IC 5-10.2-3-6.5,
6 a member may choose upon retirement or upon disability retirement to
7 begin receiving a pension provided by employer contributions and to
8 defer receiving in any form the member's annuity savings account. If
9 a member chooses this option, the member:

10 (1) is not entitled to an annuity as part of the member's retirement
11 or disability benefit, and the member's annuity savings account
12 will continue to be invested according to the member's direction
13 under IC 5-10.2-2-3; and

14 (2) may later choose, as of the first day of a month, or an alternate
15 date established by the rules of ~~each~~ **the** board, to receive a
16 distribution of:

17 (A) the entire amount credited to the member in the annuity
18 savings account; or

19 (B) an amount equal to the member's federal income tax basis
20 in the member's annuity savings account balance as it existed
21 on December 31, 1986.

22 If the member chooses to receive the distribution under subdivision
23 (2)(A), the member is not entitled to an annuity as part of the member's
24 retirement or disability benefit. If the member chooses to receive the
25 distribution under subdivision (2)(B), the member is entitled to an
26 annuity purchasable by the amount remaining in the member's annuity
27 savings account after the payment under subdivision (2)(B). If the
28 member does not choose to receive a distribution under this subsection,
29 the member is entitled to an annuity purchasable by the entire amount
30 in the member's annuity savings account, and the form of the annuity
31 shall be as described in subsection (d) unless the member elects an
32 option described in section 7(b)(1), 7(b)(2), or 7(b)(4) of this chapter.
33 The amount to be paid under this section shall be determined in the
34 manner described in IC 5-10.2-2-3. However, ~~each~~ **the** board may by
35 rule provide for an alternate valuation date.

36 (d) Retirement benefits must be distributed in a manner that
37 complies with Section 401(a)(9) of the Internal Revenue Code, as
38 specified in IC 5-10.2-2-1.5.

39 SECTION 43. IC 5-10.2-4-6, AS AMENDED BY P.L.124-2008,
40 SECTION 2, AND AS AMENDED BY P.L.131-2008, SECTION 1, IS
41 CORRECTED AND AMENDED TO READ AS FOLLOWS
42 [EFFECTIVE JULY 1, 2012]: Sec. 6. (a) A member who becomes

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1 disabled while receiving a salary or employer provided income
 2 protection benefits or who is on leave under the Family and Medical
 3 Leave Act may retire for the duration of the member's disability if:

4 (1) the member has at least five (5) years of creditable service
 5 before the:

6 (A) termination of a salary or employer provided income
 7 protection benefits or Family and Medical Leave Act leave; or

8 (B) exhaustion of all worker's compensation benefits;

9 (2) the member has qualified for Social Security disability
 10 benefits and has furnished proof of the Social Security
 11 qualification to the board; and

12 (3) at least once each year until the member reaches age sixty-five

13 (65) a representative of the board verifies the continued disability.

14 For the purposes of this section, a member of the public employees'
 15 retirement fund who has qualified for disability benefits under the
 16 federal civil service system is considered to have met the requirement
 17 of subdivision (2) if the member furnishes proof of the qualification to
 18 the board. ~~of the public employees' retirement fund.~~

19 (b) Benefits for disability shall be paid beginning with the month
 20 following the onset of disability as determined by the Social Security
 21 Administration. The benefit is the retirement benefit specified in
 22 section 4 of this chapter with the pension computed using only the
 23 years of creditable service worked to the date of disability and without
 24 reduction for early retirement. ~~However,~~ The monthly disability
 25 retirement benefit *payable before July 1, 2008*, may not be less than
 26 one hundred ~~eighty~~ dollars ~~(\$100).~~ ~~(\$180).~~ **(\$100)**. *The monthly*
 27 *disability retirement benefit payable after June 30, 2008*, may not be
 28 *less than one hundred eighty dollars (\$180).*

29 (c) The member may have the member's benefit paid under any of
 30 the retirement benefit options specified in section 7 of this chapter,
 31 except that the member may not choose to have the member's disability
 32 retirement benefit paid under the method specified under section
 33 7(b)(3) of this chapter.

34 (d) This section applies to:

35 (1) a member of the public employees' retirement fund who
 36 became disabled after June 30, 1973; and

37 (2) a member of the Indiana state teachers' retirement fund who
 38 becomes disabled after June 30, 1984, and who chooses disability
 39 retirement under this section.

40 (e) To the extent required by the Americans with Disabilities Act
 41 (42 U.S.C. 12101 et seq.) and any amendments and regulations to the
 42 Act, the transcripts, records, and other material compiled to determine

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1 the existence of a disability shall be:

- 2 (1) kept in separate medical files for each member; and
 3 (2) treated as confidential medical records.

4 (f) A member may continue to receive disability benefits from the
 5 public employees' retirement fund or the Indiana state teachers'
 6 retirement fund so long as the member is entitled to receive Social
 7 Security benefits, including periods of trial employment or
 8 rehabilitation under the Social Security guidelines. However, during a
 9 period of trial employment or rehabilitation, service credit may not be
 10 granted under the public employees' retirement fund or the Indiana
 11 state teachers' retirement fund.

12 (g) *If the fund is authorized to make, in the form of a single check*
 13 *or a series of checks, a one (1) time distribution that does not increase*
 14 *the pension portion of the monthly benefit, the distribution must*
 15 *include members eligible for disability benefits. A member eligible for*
 16 *disability benefits is required to meet all additional requirements*
 17 *necessary to receive the check or series of checks issued by the fund*
 18 *under this subsection.*

19 SECTION 44. IC 5-10.2-4-7, AS AMENDED BY P.L.115-2009,
 20 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2012]: Sec. 7. (a) Benefits provided under this section are
 22 subject to IC 5-10.2-2-1.5.

23 (b) A member who retires is entitled to receive monthly retirement
 24 benefits, which are guaranteed for five (5) years or until the member's
 25 death, whichever is later. A member may select in writing any of the
 26 following nonconflicting options for the payment of the member's
 27 retirement benefits instead of the five (5) year guaranteed retirement
 28 benefit payments. The amount of the optional payments shall be
 29 determined under rules of the board and shall be the actuarial
 30 equivalent of the benefit payable under sections 4, 5, and 6 of this
 31 chapter. A member who has elected to withdraw the entire amount in
 32 the member's annuity savings account under IC 5-10.2-3-6.5 may not
 33 select the cash refund annuity option.

34 (1) Joint and Survivor Option.

35 (A) The member receives a decreased retirement benefit
 36 during the member's lifetime, and there is a benefit payable
 37 after the member's death to a designated beneficiary during the
 38 lifetime of the beneficiary, which benefit equals, at the option
 39 of the member, either the full decreased retirement benefit or
 40 two-thirds (2/3) or one-half (1/2) of that benefit.

41 (B) If the member dies before retirement, the designated
 42 beneficiary may receive only the amount credited to the

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- 1 member in the annuity savings account unless the designated
 2 beneficiary is entitled to survivor benefits under IC 5-10.2-3.
 3 (C) If the designated beneficiary dies before the member
 4 retires, the selection is automatically canceled and the member
 5 may make a new beneficiary election and may elect a different
 6 form of benefit under this subsection.
- 7 (2) Benefit with No Guarantee. The member receives an increased
 8 lifetime retirement benefit without the five (5) year guarantee
 9 specified in this subsection.
- 10 (3) Integration with Social Security. If the member retires before
 11 the age of eligibility for Social Security benefits, in order to
 12 provide a level benefit during the member's retirement the
 13 member receives an increased retirement benefit until the age of
 14 Social Security eligibility and decreased retirement benefits after
 15 that age.
- 16 (4) Cash Refund Annuity. The member receives a lifetime annuity
 17 purchasable by the amount credited to the member in the annuity
 18 savings account, and the member's designated beneficiary
 19 receives a refund payment equal to:
- 20 (A) the total amount used in computing the annuity at the
 21 retirement date; minus
- 22 (B) the total annuity payments paid and due to the member
 23 before the member's death.
- 24 (c) This subsection does not apply to a member of the Indiana state
 25 teachers' retirement fund after June 30, 2007, or to a member of the
 26 public employees' retirement fund after June 30, 2008. If:
- 27 (1) the designated beneficiary dies while the member is receiving
 28 benefits; or
- 29 (2) the member is receiving benefits, the member marries, either
 30 for the first time or following the death of the member's spouse,
 31 after the member's first benefit payment is made, and the
 32 member's designated beneficiary is not the member's current
 33 spouse or the member has not designated a beneficiary;
- 34 the member may elect to change the member's designated beneficiary
 35 or form of benefit under subsection (b) and to receive an actuarially
 36 adjusted and recalculated benefit for the remainder of the member's life
 37 or for the remainder of the member's life and the life of the newly
 38 designated beneficiary. The member may not elect to change to a five
 39 (5) year guaranteed form of benefit. If the member's new election is the
 40 joint and survivor option, the member shall indicate whether the
 41 designated beneficiary's benefit shall equal, at the option of the
 42 member, either the member's full recalculated retirement benefit or

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1 two-thirds (2/3) or one-half (1/2) of this benefit. The cost of
 2 recalculating the benefit shall be borne by the member and shall be
 3 included in the actuarial adjustment.

4 (d) Except as provided in subsection (c) or section 7.2 of this
 5 chapter, a member who files for regular or disability retirement may not
 6 change:

7 (1) the member's retirement option under subsection (b);

8 (2) the selection of a lump sum payment under section 2 of this
 9 chapter; or

10 (3) the beneficiary designated on the member's application for
 11 benefits if the member selects the joint and survivor option under
 12 subsection (b)(1);

13 after the first day of the month in which benefit payments are scheduled
 14 to begin. For purposes of this subsection, it is immaterial whether a
 15 benefit check has been sent, received, or negotiated.

16 (e) A member may direct that the member's retirement benefits be
 17 paid to a revocable trust that permits the member unrestricted access
 18 to the amounts held in the revocable trust. The member's direction is
 19 not an assignment or transfer of benefits under IC 5-10.3-8-10 or
 20 IC 5-10.4-5-14.

21 (f) ~~Each~~ **The** board may adopt a policy to permit annual payment of
 22 a member's retirement benefit whenever the amount of the monthly
 23 retirement benefit to be paid to the member is not more than five
 24 dollars (\$5).

25 SECTION 45. IC 5-10.2-4-8, AS AMENDED BY P.L.115-2009,
 26 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2012]: Sec. 8. (a) Subject to subsection (f), if a member who
 28 is receiving retirement benefits becomes reemployed in a position
 29 covered by this article more than thirty (30) days after the member's
 30 retirement, the member's retirement benefit payments continue. Except
 31 for a member of the Indiana state teachers' retirement fund who is
 32 reemployed more than thirty (30) days after the member's retirement in
 33 a position covered by the Indiana state teachers' retirement fund, the
 34 member shall begin making contributions as required in IC 5-10.2-3-2,
 35 and the member's employer shall make contributions throughout the
 36 member's period of reemployment.

37 (b) If a member who is receiving retirement benefits is reemployed
 38 in a position covered by this article not more than thirty (30) days after
 39 the member's retirement, the member's retirement benefits shall stop,
 40 the member shall begin making contributions as required by
 41 IC 5-10.2-3-2, and employer contributions shall be made throughout
 42 the period of reemployment.



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1 (c) This subsection does not apply to a member of the Indiana state
 2 teachers' retirement fund who is reemployed more than thirty (30) days
 3 after the member's retirement in a position covered by the Indiana state
 4 teachers' retirement fund. If a retired member is reemployed in a
 5 position covered by this article, section 10 of this chapter applies to the
 6 member upon the member's retirement from reemployment.

7 (d) Subject to subsection (f), the following apply to a member of the
 8 Indiana state teachers' retirement fund who is reemployed more than
 9 thirty (30) days after the member's retirement in a position covered by
 10 the Indiana state teachers' retirement fund:

11 (1) The member's retirement benefit payments continue during the
 12 member's period of reemployment without regard to the amount
 13 of the member's earnings from the covered position.

14 (2) The member may not make contributions under IC 5-10.2-3-2
 15 or IC 5-10.4-4-11 during the member's period of reemployment.

16 (3) The member's employer may not make contributions under
 17 IC 5-10.2-2-11 or IC 5-10.4-4-11 for or on behalf of the member
 18 during the member's period of reemployment.

19 (4) The member does not earn creditable service under
 20 IC 5-10.2-3-1 for the member's period of reemployment.

21 (5) The member is not entitled to an additional benefit under
 22 sections 9 and 10 of this chapter for the member's period of
 23 reemployment.

24 (e) The thirty (30) day period provided for in this section may be
 25 implemented unless the board of ~~trustees of the fund~~ receives a
 26 determination from the Internal Revenue Service prohibiting the
 27 implementation.

28 (f) After July 31, 2009, if, on or before the date the member files an
 29 application for retirement benefits under this article, a member has a
 30 formal or informal agreement with an employer covered by this article
 31 to become reemployed in a position covered by this article after the
 32 member's retirement, regardless of the time frame between the
 33 member's retirement and the member's reemployment, the member's
 34 application for retirement benefits is void, and the following apply to
 35 the member's continued employment:

36 (1) If a member has received a retirement benefit:

37 (A) the member's retirement benefit shall stop; and

38 (B) the member shall repay the amount of the retirement
 39 benefit received.

40 (2) The member shall make contributions as required by
 41 IC 5-10.2-3-2 throughout the period of the member's continued
 42 employment.

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- 1 (3) Employer contributions shall be made throughout the period
- 2 of the member's continued employment.
- 3 (4) The member shall earn creditable service under IC 5-10.2-3-1
- 4 for the member's continued employment.
- 5 (5) When the period of the member's continued employment
- 6 terminates, the member may again file an application for
- 7 retirement benefits under this chapter.

8 SECTION 46. IC 5-10.2-5-29 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 29. (a) In addition to
 10 any other cost of living provided under this chapter, the pension portion
 11 (plus postretirement increases to the pension portion) provided by
 12 employer contributions of the monthly benefit payable after June 30,
 13 1999, to a member of the public employees' retirement fund or the
 14 Indiana state teachers' retirement fund (or to a survivor or beneficiary
 15 of a member of the public employees' retirement fund or the Indiana
 16 state teachers' retirement fund) who retired or was disabled before July
 17 2, 1960, shall be increased by the amount necessary to ensure that the
 18 purchasing power (as determined by the PERF or TRF board (**as those**
 19 **boards existed before their dissolution on July 1, 2011**), based on
 20 changes in the consumer price index and postretirement increases to
 21 the pension portion) of the member's pension portion is at least equal
 22 to fifty percent (50%) of the purchasing power of the member's pension
 23 portion at the time the member retired, as determined on July 1, 1999.

- 24 (b) The increases specified in this section:
- 25 (1) are based upon the date of the member's latest retirement or
- 26 disability;
- 27 (2) do not apply to benefits payable in a lump sum; and
- 28 (3) are in addition to any other increase provided by law.

29 SECTION 47. IC 5-10.2-5-30 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 30. (a) In addition to
 31 any other cost of living provided under this chapter, the pension portion
 32 (plus postretirement increases to the pension portion) provided by
 33 employer contributions of the monthly benefit payable after June 30,
 34 2000, to a member of the public employees' retirement fund or the
 35 Indiana state teachers' retirement fund (or to a survivor or beneficiary
 36 of a member of the public employees' retirement fund or the Indiana
 37 state teachers' retirement fund) who retired or was disabled before July
 38 2, 1975, shall be increased by the amount necessary to ensure that the
 39 purchasing power (as determined by the PERF or TRF board (**as those**
 40 **boards existed before their dissolution on July 1, 2011**), based on
 41 changes in the consumer price index and postretirement increases to
 42 the pension portion) of the member's pension portion is at least equal

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1 to fifty-seven and four-tenths percent (57.4%) of the purchasing power
 2 of the member's pension portion at the time the member retired, as
 3 determined on July 1, 2000.

4 (b) The increases specified in this section:

5 (1) are based upon the date of the member's latest retirement or
 6 disability;

7 (2) do not apply to benefits payable in a lump sum; and

8 (3) are in addition to any other increase provided by law.

9 SECTION 48. IC 5-10.2-8-2 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 2. ~~Each~~ **The** board may
 11 elect to establish a voluntary supplemental retirement plan for political
 12 subdivisions. A plan established under this chapter shall be governed
 13 by Section 457 of the Internal Revenue Code. A plan established under
 14 this chapter shall be funded through employee salary deductions and
 15 may additionally have employer contributions, subject to the limits and
 16 provisions under Section 457 of the Internal Revenue Code.

17 SECTION 49. IC 5-10.2-9-6, AS ADDED BY P.L.149-2007,
 18 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JULY 1, 2012]: Sec. 6. As used in this chapter, "cost of divestment"
 20 means the sum of the following:

21 (1) The costs associated with the sale, redemption, divestment, or
 22 withdrawal of an investment.

23 (2) The costs associated with the acquisition and maintenance of
 24 a replacement investment.

25 (3) A cost not described in subdivision (1) or (2) that is incurred
 26 by the fund **(before July 1, 2011) or system** in connection with
 27 a divestment transaction.

28 SECTION 50. IC 5-10.2-9-7, AS ADDED BY P.L.149-2007,
 29 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2012]: Sec. 7. As used in this chapter, "direct holdings" means
 31 all securities of a company held directly by the **system on behalf of a**
 32 fund or in an account in which the **system on behalf of a** fund owns all
 33 shares or interests.

34 SECTION 51. IC 5-10.2-9-11, AS ADDED BY P.L.149-2007,
 35 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2012]: Sec. 11. As used in this chapter, "indirect holdings"
 37 means all securities of a company:

38 (1) held in an account or a fund; and

39 (2) managed by one (1) or more persons not employed by the fund
 40 **(before July 1, 2011) or system**, in which the fund **(before July**
 41 **1, 2011) or system** owns shares or interests **on behalf of a fund**
 42 together with other investors not subject to this chapter.

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1 SECTION 52. IC 5-10.2-9-17, AS ADDED BY P.L.149-2007,
 2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2012]: Sec. 17. As used in this chapter, "research firm" means
 4 a reputable, neutral third party research firm not controlled by the fund
 5 **(before July 1, 2011) or system.**

6 SECTION 53. IC 5-10.2-9-20.5 IS ADDED TO THE INDIANA
 7 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 8 [EFFECTIVE JULY 1, 2012]: **Sec. 20.5. As used in this chapter,**
 9 **"system" refers to the Indiana public retirement system**
 10 **established by IC 5-10.5-2-1.**

11 SECTION 54. IC 5-10.2-9-21, AS ADDED BY P.L.149-2007,
 12 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2012]: Sec. 21. (a) Not later than March 30, 2008, **each the**
 14 board shall make a good faith effort to identify all scrutinized
 15 companies in which ~~the a fund administered by the board~~ has direct or
 16 indirect holdings.

17 (b) In carrying out its responsibilities under subsection (a), and at
 18 the board's discretion, **each the** board may use existing research or
 19 contract with a research firm.

20 (c) A board or a research firm with which the board contracts under
 21 subsection (b) may take any of the following actions:

22 (1) Review publicly available information regarding companies
 23 with business operations in Sudan.

24 (2) Contact other institutional investors that invest in companies
 25 with business operations in Sudan.

26 (3) Contact asset managers contracted by the fund that invest in
 27 companies with business operations in Sudan.

28 (d) Not later than the first meeting of the board after March 30,
 29 2008, **each the** board shall compile the names of all scrutinized
 30 companies into a scrutinized company list and indicate whether each
 31 scrutinized company has active or inactive business operations in
 32 Sudan.

33 (e) **Each The** board shall update its scrutinized company list at least
 34 on an annual basis based on evolving information from sources
 35 described in subsections (b) and (c).

36 SECTION 55. IC 5-10.2-9-22, AS ADDED BY P.L.149-2007,
 37 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2012]: Sec. 22. After ~~a the~~ board creates or updates the
 39 scrutinized company list under section 21 of this chapter, the board
 40 shall immediately identify the companies on the scrutinized company
 41 list in which ~~the a fund administered by the board~~ has direct or indirect
 42 holdings.



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1 SECTION 56. IC 5-10.2-9-23, AS ADDED BY P.L.149-2007,
 2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2012]: Sec. 23. (a) Each fund **(before July 1, 2011) or the**
 4 **board** shall send to each scrutinized company:

- 5 (1) that is identified under section 22 of this chapter as one in
 6 which ~~the a~~ fund has direct or indirect holdings; and
 7 (2) that has only inactive business operations;

8 a written notice concerning the contents of this chapter and a statement
 9 encouraging the company to continue to refrain from initiating active
 10 business operations in Sudan until the company is able to avoid
 11 scrutinized business operations altogether.

12 (b) The fund **(before July 1, 2011) or board** shall continue to
 13 correspond on a semiannual basis with scrutinized companies in which
 14 ~~the a~~ fund has direct or indirect holdings and that have only inactive
 15 business operations.

16 SECTION 57. IC 5-10.2-9-24, AS ADDED BY P.L.149-2007,
 17 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2012]: Sec. 24. (a) Each fund **(before July 1, 2011) or the**
 19 **board** shall send to each scrutinized company:

- 20 (1) that is identified under section 22 of this chapter as one in
 21 which ~~the a~~ fund has direct or indirect holdings; and
 22 (2) that has active business operations;

23 a written notice concerning the contents of this chapter and a statement
 24 indicating that ~~the a~~ fund's holdings in the company may become
 25 subject to divestment by the fund **(before July 1, 2011) or system.**

26 (b) A notice sent under this section shall:

- 27 (1) offer the company the opportunity to clarify the company's
 28 Sudan related activities; and
 29 (2) encourage the company, within ninety (90) days after the date
 30 of the written notice, to either:

- 31 (A) cease its scrutinized business operations; or
 32 (B) convert the company's operations to inactive business
 33 operations in order to avoid divestment by the fund **(before**
 34 **July 1, 2011) or system** of ~~the a~~ fund's holdings in the
 35 company.

36 SECTION 58. IC 5-10.2-9-25, AS ADDED BY P.L.149-2007,
 37 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2012]: Sec. 25. (a) If, within ninety (90) days after a fund's
 39 **(before July 1, 2011) or the system's** first engagement with a
 40 company under section 24 of this chapter, the company ceases
 41 scrutinized business operations, the company shall be removed from
 42 ~~the a~~ fund's scrutinized company list and the provisions of sections 26,

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1 27, 28, and 29 of this chapter shall cease to apply to the company
 2 unless the company resumes scrutinized business operations.

3 (b) If, within ninety (90) days after a fund **(before July 1, 2011) or**
 4 **the system** first engages with a company under section 24 of this
 5 chapter, the company converts its scrutinized active business
 6 operations to inactive business operations, the company shall be
 7 subject to the provisions of section 23 of this chapter.

8 SECTION 59. IC 5-10.2-9-26, AS ADDED BY P.L.149-2007,
 9 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2012]: Sec. 26. (a) Except as provided in sections 28 and 29
 11 of this chapter, if, after ninety (90) days after a fund's **(before July 1,**
 12 **2011) or the system's** first engagement with a company under section
 13 24 of this chapter, the company continues to have scrutinized active
 14 business operations, the fund **(before July 1, 2011) or system** shall
 15 sell, redeem, divest, or withdraw all publicly traded securities of the
 16 company that are held by ~~the~~ **a** fund, as follows:

17 (1) At least fifty percent (50%) of such assets shall be removed
 18 from ~~the~~ **a** fund's assets under management within nine (9)
 19 months after the company's appearance on the scrutinized
 20 company list.

21 (2) One hundred percent (100%) of such assets shall be removed
 22 from ~~the~~ **a** fund's assets under management within fifteen (15)
 23 months after the company's appearance on the scrutinized
 24 company list.

25 (b) If a company that ceased scrutinized active business operations
 26 following engagement under section 24 of this chapter resumes
 27 scrutinized active business operations, and only while the company
 28 continues to have active business operations, the company shall
 29 immediately be placed back on the scrutinized company list. **If a fund**
 30 **that** has holdings in the company, **the fund (before July 1, 2011) or**
 31 **the system** shall sell, redeem, divest, or withdraw all publicly traded
 32 securities of the company as provided in subsection (a) based on the
 33 date the company is placed back on the scrutinized company list. The
 34 fund **(before July 1, 2011) or the system** shall send a written notice
 35 to the company indicating that the company was placed back on the
 36 scrutinized company list and is subject to divestment.

37 (c) ~~A~~ **The** board is not required to divest ~~the board's a fund's~~
 38 holdings in a passively managed commingled fund that includes a
 39 scrutinized company with active business operations in Sudan if the
 40 estimated cost of divestment of the commingled fund is greater than ten
 41 percent (10%) of the total value of the scrutinized companies with
 42 active business operations held in the commingled fund. The board

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1 shall include any commingled fund that includes a scrutinized company
 2 that is exempted from divestment under this subsection in the board's
 3 report submitted to the legislative council under section 31 of this
 4 chapter.

5 SECTION 60. IC 5-10.2-9-27, AS ADDED BY P.L.149-2007,
 6 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JULY 1, 2012]: Sec. 27. Except as provided in sections 28 and 29 of
 8 this chapter, a fund **(before July 1, 2011) or the system** shall not
 9 acquire **for a fund** securities of companies on the scrutinized company
 10 list that have active business operations.

11 SECTION 61. IC 5-10.2-9-29, AS ADDED BY P.L.149-2007,
 12 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2012]: Sec. 29. Notwithstanding any provision to the contrary,
 14 sections 26 and 27 of this chapter do not apply to indirect holdings in
 15 actively managed investment funds. However, if a fund has indirect
 16 holdings in actively managed investment funds containing the
 17 securities of scrutinized companies with active business operations, the
 18 fund **(before July 1, 2011) or board** shall submit letters to the
 19 managers of the investment funds requesting that the managers remove
 20 the scrutinized companies with active business operations from the
 21 fund or create a similar actively managed fund with indirect holdings
 22 without scrutinized companies with active business operations. If the
 23 manager creates a similar fund, the fund **(before July 1, 2011) or**
 24 **board** shall replace all applicable investments with investments in the
 25 similar fund in a period consistent with prudent investing standards.

26 SECTION 62. IC 5-10.2-9-31, AS ADDED BY P.L.149-2007,
 27 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2012]: Sec. 31. (a) On or before November 1, 2007, and
 29 thereafter as directed by the legislative council, the board shall submit
 30 a report in an electronic format under IC 5-14-6 to the legislative
 31 council for distribution to the members of the general assembly.

32 (b) The report must include at least the following information, as of
 33 the date of the report:

- 34 (1) A copy of the scrutinized company list.
- 35 (2) A summary of correspondence with companies engaged by the
 36 fund **(before July 1, 2011) or board** under sections 23 and 24 of
 37 this chapter.
- 38 (3) All investments sold, redeemed, divested, or withdrawn in
 39 compliance with section 26 of this chapter.
- 40 (4) All commingled funds that are exempted from divestment
 41 under section 26 of this chapter.
- 42 (5) All prohibited investments under section 27 of this chapter.



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1 (6) Any progress made under section 29 of this chapter.

2 SECTION 63. IC 5-10.2-9-33, AS ADDED BY P.L.149-2007,
3 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2012]: Sec. 33. With respect to actions taken in compliance
5 with this chapter, including all good faith determinations regarding
6 companies on the scrutinized company list, the fund **(before July 1,
7 2011) or system** shall be exempt from any conflicting statutory or
8 common law obligations, including any obligations with respect to
9 choice of asset managers, investment funds, or investments for fund
10 securities portfolios.

11 SECTION 64. IC 5-10.2-9-34, AS ADDED BY P.L.149-2007,
12 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JULY 1, 2012]: Sec. 34. (a) Notwithstanding any provision to the
14 contrary, the fund **(before July 1, 2011) or system** shall be permitted
15 to cease divesting and to reinvest in certain scrutinized companies on
16 the scrutinized company list with active business operations in Sudan
17 if evidence shows that the value for all assets under management by the
18 fund **(before July 1, 2011) or the system on a fund's behalf** becomes
19 equal to or less than ninety-nine and five-tenths percent (99.5%) of the
20 value of all assets under management by the fund **(before July 1,
21 2011) or the system on a fund's behalf**, including the companies
22 divested under section 26 of this chapter.

23 (b) As provided by this section, any cessation of divestment or
24 reinvestment shall be strictly limited to the minimum steps necessary
25 to avoid the contingency set forth in subsection (a).

26 (c) For any cessation of divestment, reinvestment, and subsequent
27 ongoing investment authorized by this section, the fund **(before July
28 1, 2011) or board** shall submit a report in an electronic format under
29 IC 5-14-6 to the legislative council for distribution to the members of
30 the general assembly in advance of any initial reinvestment. The report
31 shall be updated annually thereafter as applicable, setting forth the
32 reasons and justifications for the decision to cease divestment, reinvest,
33 or remain invested with companies with scrutinized active business
34 operations. This section does not apply to companies that have ceased
35 to have scrutinized business operations.

36 SECTION 65. IC 5-10.2-9-35, AS ADDED BY P.L.149-2007,
37 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
38 JULY 1, 2012]: Sec. 35. (a) Both:

39 (1) the state and its officers, agents, and employees; and

40 (2) the fund **(before July 1, 2011) or system** and its board
41 members, executive director, officers, agents, and employees;

42 are immune from civil liability for any act or omission related to the

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1 removal of an asset from ~~the~~ a fund under this chapter.

2 (b) In addition to the immunity provided under subsection (a), both:

3 (1) the officers, agents, and employees of the state; and

4 (2) the board members, executive director, officers, agents, and
5 employees of the fund **(before July 1, 2011) or system;**

6 are entitled to indemnification from the fund **(before July 1, 2011) or**
7 **system** for all losses, costs, and expenses, including reasonable
8 attorney's fees, associated with defending against any claim or suit
9 relating to an act authorized under this chapter.

10 SECTION 66. IC 5-10.2-10-6, AS ADDED BY P.L.67-2009,
11 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2012]: Sec. 6. As used in this chapter, "cost of divestment"
13 means the sum of the following:

14 (1) The costs associated with the sale, redemption, divestment, or
15 withdrawal of an investment.

16 (2) The costs associated with the acquisition and maintenance of
17 a replacement investment.

18 (3) A cost not described in subdivision (1) or (2) that is incurred
19 by the fund **(before July 1, 2011) or system** in connection with
20 a divestment transaction.

21 SECTION 67. IC 5-10.2-10-7, AS ADDED BY P.L.67-2009,
22 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
23 JULY 1, 2012]: Sec. 7. As used in this chapter, "direct holdings" means
24 all securities of a company held directly by a fund **(before July 1,**
25 **2011) or the system on behalf of a fund** or in an account in which the
26 fund **(before July 1, 2011) or the system on behalf of the fund** owns
27 all shares or interests.

28 SECTION 68. IC 5-10.2-10-10, AS ADDED BY P.L.67-2009,
29 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
30 JULY 1, 2012]: Sec. 10. As used in this chapter, "indirect holdings"
31 means all securities of a company that are:

32 (1) held in an account or a fund; and

33 (2) managed by one (1) or more persons:

34 (A) who are not employed by the fund **(before July 1, 2011)**
35 **or system;** and

36 (B) in which the fund **(before July 1, 2011) or the system on**
37 **behalf of the fund** owns shares or interests together with other
38 investors not subject to this chapter.

39 SECTION 69. IC 5-10.2-10-16.5 IS ADDED TO THE INDIANA
40 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
41 [EFFECTIVE JULY 1, 2012]: **Sec. 16.5. As used in this chapter,**
42 **"system" refers to the Indiana public retirement system**

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1 **established by IC 5-10.5-2-1.**

2 SECTION 70. IC 5-10.2-10-17, AS ADDED BY P.L.67-2009,
3 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2012]: Sec. 17. (a) Not later than March 30, 2010, **each the**
5 board shall make a good faith effort to identify all scrutinized
6 companies in which ~~the a fund administered by the board~~ has direct or
7 indirect holdings.

8 (b) In carrying out its responsibilities under subsection (a), **each the**
9 board may use existing research or contract with a research firm.

10 (c) A board or a research firm with which the board contracts under
11 subsection (b) may take any of the following actions:

12 (1) Review publicly available information regarding companies
13 with business operations in states that sponsor terror.

14 (2) Contact other institutional investors that have divested from
15 or invest in companies with business operations in states that
16 sponsor terror.

17 (3) Contact asset managers that are contracted by the fund and
18 that invest in companies with business operations in states that
19 sponsor terror.

20 (d) Not later than the first meeting of the board after March 30,
21 2010, **each the** board shall compile the names of all scrutinized
22 companies into a scrutinized company list and indicate whether each
23 scrutinized company has active or inactive business operations in a
24 state sponsor of terror.

25 (e) ~~Each~~ **The** board shall update its scrutinized company list at least
26 on an annual basis based on evolving information from sources
27 described in subsections (b) and (c).

28 (f) If the Secretary of State of the United States determines that a
29 country is a state sponsor of terror after June 30, 2009, **each the** board
30 shall add any additional scrutinized company resulting from the
31 Secretary of State's determination when **each the** board updates its
32 scrutinized company list under subsection (e).

33 SECTION 71. IC 5-10.2-10-18, AS ADDED BY P.L.67-2009,
34 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2012]: Sec. 18. After ~~a~~ **the** board creates or updates the
36 scrutinized company list under section 17 of this chapter, the board
37 shall immediately identify the companies on the scrutinized company
38 list in which ~~the a fund administered by the board~~ has direct or indirect
39 holdings.

40 SECTION 72. IC 5-10.2-10-19, AS ADDED BY P.L.67-2009,
41 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
42 JULY 1, 2012]: Sec. 19. (a) Each fund **(before July 1, 2011) or the**

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- 1 **board** shall send to each scrutinized company:
- 2 (1) that is identified under section 18 of this chapter as one in
- 3 which ~~the a~~ fund has direct or indirect holdings; and
- 4 (2) that has only inactive business operations;
- 5 a written notice concerning the provisions of this chapter and a
- 6 statement encouraging the company to continue to refrain from
- 7 initiating active business operations in a state sponsor of terror until the
- 8 company is able to avoid scrutinized business operations altogether.
- 9 (b) Each fund **(before July 1, 2011) or the board** shall continue to
- 10 correspond on a semiannual basis with scrutinized companies:
- 11 (1) in which ~~the a~~ fund has direct or indirect holdings; and
- 12 (2) that have only inactive business operations.
- 13 SECTION 73. IC 5-10.2-10-20, AS ADDED BY P.L.67-2009,
- 14 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 15 JULY 1, 2012]: Sec. 20. (a) Each fund **(before July 1, 2011) or the**
- 16 **board** shall send to each scrutinized company:
- 17 (1) that is identified under section 18 of this chapter as one in
- 18 which ~~the a~~ fund has direct or indirect holdings; and
- 19 (2) that has active business operations;
- 20 a written notice concerning the contents of this chapter and a statement
- 21 indicating that ~~the a~~ fund's holdings in the company may become
- 22 subject to divestment by the fund **(before July 1, 2011) or system.**
- 23 (b) A notice sent under this section must:
- 24 (1) offer the company the opportunity to clarify the company's
- 25 state sponsor of terror related activities; and
- 26 (2) encourage the company to:
- 27 (A) cease its scrutinized business operations; or
- 28 (B) convert the company's operations to inactive business
- 29 operations in order to avoid divestment by the fund **(before**
- 30 **July 1, 2011) or system** of ~~the a~~ fund's holdings in the
- 31 company;
- 32 not later than one hundred eighty (180) days after the date of the
- 33 notice.
- 34 SECTION 74. IC 5-10.2-10-21, AS ADDED BY P.L.67-2009,
- 35 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 36 JULY 1, 2012]: Sec. 21. (a) If, within one hundred eighty (180) days
- 37 after a fund **(before July 1, 2011) or the system** first sends written
- 38 notice to a company under section 20 of this chapter, the company
- 39 ceases scrutinized business operations, the company shall be removed
- 40 from ~~the a~~ fund's scrutinized company list, and sections 22, 23, 24, and
- 41 25 of this chapter do not apply to the company unless the company
- 42 resumes scrutinized business operations.

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1 (b) If, within one hundred eighty (180) days after a fund (**before**
 2 **July 1, 2011) or the system** first sends written notice to a company
 3 under section 20 of this chapter, the company converts its scrutinized
 4 active business operations to inactive business operations, the company
 5 is subject to section 19 of this chapter.

6 SECTION 75. IC 5-10.2-10-22, AS ADDED BY P.L.67-2009,
 7 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2012]: Sec. 22. (a) Except as provided in sections 24 and 25
 9 of this chapter, if a company continues to have scrutinized active
 10 business operations one hundred eighty (180) days after a fund (**before**
 11 **July 1, 2011) or the system** first sends written notice to the company
 12 under section 20 of this chapter, the fund shall sell, redeem, divest, or
 13 withdraw all publicly traded securities of the company that are held by
 14 ~~the~~ **a** fund, as follows:

15 (1) At least fifty percent (50%) of the securities shall be removed
 16 from ~~the~~ **a** fund's assets under management within three (3) years
 17 after the company's appearance on the scrutinized company list.

18 (2) At least seventy-five percent (75%) of the securities shall be
 19 removed from ~~the~~ **a** fund's assets under management within four
 20 (4) years after the company's appearance on the scrutinized
 21 company list.

22 (3) One hundred percent (100%) of the securities shall be
 23 removed from ~~the~~ **a** fund's assets under management within five
 24 (5) years after the company's appearance on the scrutinized
 25 company list.

26 (b) If a company that ceased scrutinized active business operations
 27 following engagement under section 20 of this chapter resumes
 28 scrutinized active business operations, the company shall immediately
 29 be placed on the scrutinized company list and shall remain on the
 30 scrutinized company list while the company continues to have active
 31 business operations. **If** a fund ~~that~~ has holdings in the company, **the**
 32 **fund (before July 1, 2011) or the system** shall send a written notice
 33 to the company as described in section 20 of this chapter indicating that
 34 the company has been placed on the scrutinized company list and is
 35 subject to divestment. The fund (**before July 1, 2011) or system** shall
 36 sell, redeem, divest, or withdraw all publicly traded securities of the
 37 company as provided in subsection (a) based on the date the company
 38 is placed back on the scrutinized company list.

39 (c) ~~A~~ **The** board is not required to divest the board's holdings in a
 40 passively managed commingled fund that includes a scrutinized
 41 company with active business operations in a state sponsor of terror if
 42 the estimated cost of divestment of the commingled fund is greater than



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1 ten percent (10%) of the total value of the scrutinized companies with
 2 active business operations held in the commingled fund. The board
 3 shall include any commingled fund that includes a scrutinized company
 4 that is exempted from divestment under this subsection in the board's
 5 report submitted to the legislative council under section 26 of this
 6 chapter.

7 SECTION 76. IC 5-10.2-10-23, AS ADDED BY P.L.67-2009,
 8 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2012]: Sec. 23. Except as provided in sections 24 and 25 of
 10 this chapter:

11 **(1) before July 1, 2011, a fund shall not acquire; and**

12 **(2) after June 30, 2011, the system shall not acquire for a**
 13 **fund;**

14 securities of companies on the scrutinized company list that have active
 15 business operations.

16 SECTION 77. IC 5-10.2-10-25.5, AS ADDED BY P.L.67-2009,
 17 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2012]: Sec. 25.5. Notwithstanding any provision to the
 19 contrary, sections 22 and 23 of this chapter do not apply to indirect
 20 holdings in actively managed investment funds. However, if a fund has
 21 indirect holdings in actively managed investment funds containing the
 22 securities of scrutinized companies with active business operations, the
 23 fund **(before July 1, 2011) or board** shall submit letters to the
 24 managers of the investment funds requesting that the managers remove
 25 the scrutinized companies with active business operations from the
 26 fund or create a similar actively managed fund with indirect holdings
 27 without scrutinized companies with active business operations. If the
 28 manager creates a similar fund, the fund **(before July 1, 2011) or**
 29 **board** shall replace all applicable investments with investments in the
 30 similar fund in a period consistent with prudent investing standards.

31 SECTION 78. IC 5-10.2-10-26, AS ADDED BY P.L.67-2009,
 32 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 2012]: Sec. 26. (a) On or before November 1, 2010, and
 34 thereafter as directed by the legislative council, ~~each~~ **the** board shall
 35 submit a report in an electronic format under IC 5-14-6 to the
 36 legislative council. Notwithstanding IC 5-14-6-4(b)(2), the submission
 37 of a report under this subsection to the executive director of the
 38 legislative services agency fulfills the board's requirement to send a
 39 copy of the report to each member of the general assembly using the
 40 member's senate or house of representatives electronic mail address.

41 (b) A report submitted by the board ~~of a fund~~ under this section
 42 must include at least the following information, as of the date of the

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- 1 report:
- 2 (1) A copy of the fund's scrutinized company list.
- 3 (2) A summary of correspondence between the **fund board** and
- 4 companies under sections 19 and 20 of this chapter.
- 5 (3) All investments sold, redeemed, divested, or withdrawn by the
- 6 **fund board** in compliance with section 22 of this chapter.
- 7 (4) All commingled funds that are exempted from divestment
- 8 under section 22 of this chapter.
- 9 (5) All companies whose securities the **fund system** is prohibited
- 10 from acquiring under section 23 of this chapter.
- 11 (6) Any progress made under section 21 of this chapter.
- 12 SECTION 79. IC 5-10.2-10-28, AS ADDED BY P.L.67-2009,
- 13 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 14 JULY 1, 2012]: Sec. 28. With respect to actions taken in compliance
- 15 with this chapter, including all good faith determinations regarding
- 16 companies on the scrutinized company list, a fund (**before July 1,**
- 17 **2011) or the system** is exempt from any conflicting statutory or
- 18 common law obligations, including any obligations with respect to
- 19 choice of asset managers, investment funds, or investments for fund
- 20 securities portfolios.
- 21 SECTION 80. IC 5-10.2-10-29, AS ADDED BY P.L.67-2009,
- 22 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 23 JULY 1, 2012]: Sec. 29. (a) Both:
- 24 (1) the state and its officers, agents, and employees; and
- 25 (2) each fund (**before July 1, 2011) or the system** and its board
- 26 members, executive director, officers, agents, and employees;
- 27 are immune from civil liability for any act or omission related to the
- 28 removal of an asset from ~~the~~ a fund under this chapter.
- 29 (b) In addition to the immunity provided under subsection (a), both:
- 30 (1) the officers, agents, and employees of the state; and
- 31 (2) the board members, executive director, officers, agents, and
- 32 employees of a fund (**before July 1, 2011) or the system;**
- 33 are entitled to indemnification from the fund for all losses, costs, and
- 34 expenses, including reasonable attorney's fees, associated with
- 35 defending against any claim or suit relating to an act authorized under
- 36 this chapter.
- 37 SECTION 81. IC 5-10.3-7-1 IS AMENDED TO READ AS
- 38 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. (a) This section does
- 39 not apply to:
- 40 (1) members of the general assembly; or
- 41 (2) employees covered by section 3 of this chapter.
- 42 (b) An employee of the state or of a participating political

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- 1 subdivision who:
- 2 (1) became a full-time employee of the state or of a participating
- 3 political subdivision in a covered position; and
- 4 (2) had not become a member of the fund;
- 5 before April 1, 1988, shall on April 1, 1988, become a member of the
- 6 fund unless the employee is excluded from membership under section
- 7 2 of this chapter.
- 8 (c) Any individual who becomes a full-time employee of the state
- 9 or of a participating political subdivision in a covered position after
- 10 March 31, 1988, becomes a member of the fund on the date the
- 11 individual's employment begins unless the individual is excluded from
- 12 membership under section 2 of this chapter.
- 13 (d) For the purposes of this section, "employees of the state"
- 14 includes:
- 15 (1) employees of the judicial circuits whose compensation is paid
- 16 from state funds;
- 17 (2) elected and appointed state officers;
- 18 (3) prosecuting attorneys and deputy prosecuting attorneys of the
- 19 judicial circuits, whose compensation is paid in whole or in part
- 20 from state funds, including participants in the prosecuting
- 21 attorneys retirement fund established under IC 33-39-7;
- 22 (4) employees in the classified service;
- 23 (5) employees of any state department, institution, board,
- 24 commission, office, agency, court, or division of state government
- 25 receiving state appropriations and having the authority to certify
- 26 payrolls from appropriations or from a trust fund held by the
- 27 treasurer of state or by any department;
- 28 (6) employees of any state agency which is a body politic and
- 29 corporate;
- 30 (7) **except as provided under IC 5-10.5-7-4**, employees of the
- 31 board of trustees of the **Indiana public employees' retirement**
- 32 **fund; system;**
- 33 (8) persons who:
- 34 (A) are employed by the state;
- 35 (B) have been classified as federal employees by the Secretary
- 36 of Agriculture of the United States; and
- 37 (C) are excluded from coverage as federal employees by the
- 38 federal Social Security program under 42 U.S.C. 410;
- 39 (9) the directors and employees of county offices of family and
- 40 children; and
- 41 (10) employees of the center for agricultural science and heritage
- 42 (the barn).

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1 SECTION 82. IC 5-10.3-8-14, AS AMENDED BY P.L.44-2007,
 2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2012]: Sec. 14. (a) This section applies to employees of the
 4 state (as defined in IC 5-10.3-7-1(d)) who are members of the fund.

5 (b) The board shall adopt provisions to establish a retirement
 6 medical benefits account within the fund under Section 401(h) or as a
 7 separate fund under another applicable section of the Internal Revenue
 8 Code for the purpose of converting unused excess accrued leave to a
 9 monetary contribution for an employee of the state to fund on a pretax
 10 basis benefits for sickness, accident, hospitalization, and medical
 11 expenses for the employee and the spouse and dependents of the
 12 employee after the employee's retirement. The state may match all or
 13 a portion of an employee's contributions to the retirement medical
 14 benefits account established under this section.

15 (c) The board is the trustee of the account described in subsection
 16 (b). The account must be qualified, as determined by the Internal
 17 Revenue Service, as a separate account within the fund whose benefits
 18 are subordinate to the retirement benefits provided by the fund.

19 (d) The board may adopt rules under ~~IC 5-10.3-3-8~~ **IC 5-10.5-4-2**
 20 that it considers appropriate or necessary to implement this section
 21 after consulting with the state personnel department. The rules adopted
 22 by the board under this section must:

- 23 (1) be consistent with the federal and state law that applies to:
 24 (A) the account described in subsection (b); and
 25 (B) the fund; and
 26 (2) include provisions concerning:
 27 (A) the type and amount of leave that may be converted to a
 28 monetary contribution;
 29 (B) the conversion formula for valuing any leave that is
 30 converted;
 31 (C) the manner of employee selection of leave conversion; and
 32 (D) the vesting schedule for any leave that is converted.

33 (e) The board may adopt the following:

- 34 (1) Account provisions governing:
 35 (A) the investment of amounts in the account; and
 36 (B) the accounting for converted leave.
 37 (2) Any other provisions that are necessary or appropriate for
 38 operation of the account.

39 (f) The account described in subsection (b) may be implemented
 40 only if the board has received from the Internal Revenue Service any
 41 rulings or determination letters that the board considers necessary or
 42 appropriate.

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1 (g) To the extent allowed by:

2 (1) the Internal Revenue Code; and

3 (2) rules adopted by:

4 (A) the board under this section; and

5 (B) the state personnel department under IC 5-10-1.1-7.5;

6 employees of the state may convert unused excess accrued leave to a
7 monetary contribution under this section and under IC 5-10-1.1-7.5.

8 (h) To the extent allowed by the Internal Revenue Code, the account
9 described in subsection (b) must include provisions that:

10 (1) require an employee of the state to convert to a monetary
11 contribution to the account at retirement the balance, but not more
12 than thirty (30) days, of unused vacation leave for which the state
13 would otherwise pay an employee in good standing at separation
14 from service (as determined by state personnel department rule);
15 and

16 (2) allow the state to contribute to the account on the employee's
17 behalf an amount not to exceed two (2) times the amount of the
18 employee's contribution under subdivision (1).

19 SECTION 83. IC 5-10.3-11-2 IS AMENDED TO READ AS
20 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 2. The state board
21 shall:

22 (1) make payments from the pension relief fund;

23 (2) administer the pension relief fund in accordance with the
24 powers and duties granted it in ~~IC 5-10.3-3-7, IC 5-10.3-3-8, and~~
25 IC 5-10.3-5-3 through IC 5-10.3-5-6, **IC 5-10.5-4, and**
26 **IC 5-10.5-6**; and

27 (3) provide by rule and regulation for the implementation of this
28 chapter.

29 SECTION 84. IC 5-10.3-12-21, AS ADDED BY P.L.22-2011,
30 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2012]: Sec. 21. (a) The plan consists of the following:

32 (1) Each member's contributions to the plan under section 23 of
33 this chapter.

34 (2) Contributions made by an employer to the plan on behalf of
35 each member under section 24 of this chapter.

36 (3) Rollovers to the plan by a member under section 29 of this
37 chapter.

38 (4) All earnings on investments or deposits of the plan.

39 (5) All contributions or payments to the plan made in the manner
40 provided by the general assembly.

41 (b) The plan shall establish an account for each member. A
42 member's account consists of two (2) subaccounts credited individually

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1 as follows:

- 2 (1) The member contribution subaccount consists of:
 3 (A) the member's contributions to the plan under section 23 of
 4 this chapter; and
 5 (B) the net earnings on the contributions described in clause
 6 (A) as determined under section 22 of this chapter.
 7 (2) The employer contribution subaccount consists of:
 8 (A) the employer's contributions made on behalf of the
 9 member to the plan under section 24 of this chapter; and
 10 (B) the earnings on the contributions described in clause (A)
 11 as determined under section 22 of this chapter.

12 The board may combine the two **(2)** subaccounts established under this
 13 subsection into a single account, if the board determines that a single
 14 account is administratively appropriate and permissible under
 15 applicable law.

16 (c) If a member makes rollover contributions under section ~~30~~ **29** of
 17 this chapter, the plan shall establish a rollover account as a separate
 18 subaccount within the member's account.

19 SECTION 85. IC 5-10.4-1-6, AS ADDED BY P.L.2-2006,
 20 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2012]: Sec. 6. "Director" refers to the ~~chief administrative~~
 22 ~~officer of the fund:~~ **director of the Indiana public retirement system**
 23 **established by IC 5-10.5-2-1.**

24 SECTION 86. IC 5-10.4-1-16, AS ADDED BY P.L.2-2006,
 25 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JULY 1, 2012]: Sec. 16. "Trustee" means a member of the board. ~~of the~~
 27 ~~fund.~~

28 SECTION 87. IC 5-10.4-2-3, AS ADDED BY P.L.2-2006,
 29 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2012]: Sec. 3. **(a)** The board shall:

- 31 (1) prorate the expenses of administration of the fund ~~and the~~
 32 ~~bond of the director~~ between the retirement allowance accounts;
 33 and
 34 (2) pay the prorated expenses from those accounts.

35 **(b) The board shall pay the expenses for the administration of**
 36 **the system as provided in IC 5-10.5-6-5.**

37 SECTION 88. IC 5-10.4-2-5, AS ADDED BY P.L.2-2006,
 38 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2012]: Sec. 5. (a) The pension stabilization fund is
 40 established. The pension stabilization fund is a part of the pre-1996
 41 account and shall be administered by the board in accordance with the
 42 powers and duties granted to the board by ~~IC 5-10.4-3-6, IC 5-10.4-3-8,~~

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1 and IC 5-10.4-3-10 through IC 5-10.4-3-14, **IC 5-10.5-4, and**
 2 **IC 5-10.5-6.**

3 (b) The following shall be deposited in the pension stabilization
 4 fund:

5 (1) Amounts allocated to the pension stabilization fund under
 6 IC 4-30-16-3.

7 (2) A part of the employer reserve balance as determined by the
 8 budget director so that the employer reserve is sufficient for the
 9 cash flow needs.

10 (3) Other amounts appropriated to the pension stabilization fund
 11 by the general assembly.

12 (c) Payments from the pension stabilization fund must equal the
 13 pre-1996 account liabilities for the current fiscal year minus the prior
 14 year's state general fund payments for the pre-1996 account multiplied
 15 by the pension stabilization percentage set forth in subsection (d).

16 (d) The pension stabilization percentage is one hundred six percent
 17 (106%). The budget agency, after review by the budget committee and
 18 with the approval of the governor, may change the pension stabilization
 19 percentage so that the present value of future payments from the fund
 20 equal the fund's balance plus the present value of future receipts to the
 21 fund, but the payments may not allow the fund balance to be negative.

22 (e) Money in the pension stabilization fund at the end of a state
 23 fiscal year does not revert to the state general fund.

24 SECTION 89. IC 5-11-19-1 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. (a) All powers,
 26 duties, liabilities, records, property, and employees of the field
 27 examiners retirement board (referred to as FERF in this chapter) are
 28 transferred to the board of trustees of the public employees' retirement
 29 fund (referred to as PERF in this chapter) **(as the board existed before**
 30 **its abolishment on July 1, 2011)** as the successor agency. The assets
 31 of FERF are transferred to PERF.

32 (b) Rules of the FERF board of trustees filed with the secretary of
 33 state before July 1, 1986, shall be treated after June 30, 1986, as though
 34 they had been adopted by the PERF board of trustees **(as the board**
 35 **existed before its abolishment on July 1, 2011).**

36 SECTION 90. IC 5-11-19-2, AS AMENDED BY P.L.1-2009,
 37 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2012]: Sec. 2. (a) After June 30, 1986, field examiners and
 39 other employees of the state board of accounts shall be included as
 40 members of PERF and shall be treated as though they were members
 41 of PERF during their employment with the state board of accounts.
 42 Creditable service that was properly allowed by the FERF board of

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1 trustees as of June 30, 1986, shall be recognized by the ~~PERF~~ board of
 2 trustees **of the Indiana public retirement system** as creditable
 3 service.

4 (b) Notwithstanding subsection (a), the members of FERF who were
 5 members on April 1, 1967, are entitled to receive retirement, survivor,
 6 disability, and all other benefits as provided by IC 5-11-15-13
 7 (repealed) before July 1, 1986.

8 SECTION 91. IC 5-13-5-5 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 5. (a) The fiscal body
 10 of any political subdivision may by ordinance or resolution authorize
 11 the proper legal officers of the political subdivision to transact the
 12 political subdivision's business with a financial institution or a **public**
 13 **pension or** retirement fund administered by the **Indiana public**
 14 **employees' retirement fund system** through the use of electronic funds
 15 transfer.

16 (b) The ordinance or resolution must:

17 (1) specify the types of transactions that may be conducted by
 18 electronic funds transfer; and

19 (2) require the proper officers to maintain adequate
 20 documentation of the transactions so that they may be audited as
 21 provided by law.

22 SECTION 92. IC 5-13-12-4, AS AMENDED BY P.L.115-2010,
 23 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2012]: Sec. 4. (a) The secretary-investment manager shall
 25 administer, manage, and direct the affairs and activities of the board
 26 under the policies and under the control and direction of the board. In
 27 carrying out these duties, the secretary-investment manager has the
 28 power to do the following:

29 (1) Approve all accounts for salaries and allowable expenses of
 30 the board, including, but not limited to:

31 (A) the employment of general or special attorneys,
 32 consultants, and employees and agents as may be necessary to
 33 assist the secretary-investment manager in carrying out the
 34 duties of that office and to assist the board in its consideration
 35 of applications for a guarantee of an industrial development
 36 obligation or credit enhancement obligation guarantee; and

37 (B) the setting of compensation of persons employed under
 38 clause (A).

39 (2) Approve all expenses incidental to the operation of the public
 40 deposit insurance fund.

41 (3) Perform other duties and functions that may be delegated to
 42 the secretary-investment manager by the board or that are

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- 1 necessary to carry out the duties of the secretary-investment
2 manager under this chapter.
- 3 (b) The secretary-investment manager shall keep a record of the
4 proceedings of the board, and shall maintain and be custodian of all
5 books, documents, and papers filed with the board, and its official seal.
6 The secretary-investment manager may make copies of all minutes and
7 other records and documents of the board, and may give certificates
8 under seal of the board to the effect that the copies are true copies. All
9 persons dealing with the board may rely upon the certificates.
- 10 (c) Each year, beginning in 2001 and ending in 2021, after the
11 treasurer of state prepares the annual report required by IC 4-8.1-2-14,
12 the secretary-investment manager shall determine:
- 13 (1) the amount of interest earned by the public deposit insurance
14 fund during the state fiscal year ending on the preceding June 30,
15 after deducting:
- 16 (A) all expenses and other costs of the board for depositories
17 that were not paid from other sources during that state fiscal
18 year; and
19 (B) all expenses and other costs associated with the Indiana
20 education savings authority that were not paid from other
21 sources during that state fiscal year; and
- 22 (2) the amount of interest earned during the state fiscal year
23 ending on the preceding June 30 by the pension distribution fund
24 established by subsection (e).
- 25 (d) Subject to subsection (g), on or before the last business day of
26 December of each year, beginning in 2001 and ending in 2021, the
27 secretary-investment manager shall provide to the auditor of state a
28 check payable from the public deposit insurance fund to the pension
29 distribution fund established by subsection (e) in an amount equal to
30 the amount determined under subsection (c)(1).
- 31 (e) The pension distribution fund is established. The pension
32 distribution fund shall be administered by the treasurer of state. The
33 treasurer of state shall invest money in the pension distribution fund
34 not currently needed to meet the obligations of the pension distribution
35 fund in the same manner as other public money may be invested.
36 Interest that accrues from these investments shall be deposited in the
37 pension distribution fund. Money in the pension distribution fund at the
38 end of a state fiscal year does not revert to the state general fund.
- 39 (f) Subject to subsection (g), before June 30 and after June 30 and
40 before October 1 of each year, beginning in 2002 and ending in 2022,
41 the auditor of state shall distribute in two (2) equal installments from
42 the pension distribution fund to the **Indiana public employees'**

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1 retirement ~~fund system~~ for deposit in the pension relief fund,
2 established by IC 5-10.3-11-1, the following:

3 (1) The amount determined under subsection (c)(2).

4 (2) The amount deposited in the pension distribution fund in
5 December of the preceding year under subsection (d).

6 The installments shall be used for distributions to units of local
7 government under IC 5-10.3-11-4.7.

8 (g) Before providing a check to the auditor of state under subsection
9 (d) in December of any year, the secretary-investment manager shall
10 determine:

11 (1) the total amount of payments made from the public deposit
12 insurance fund under IC 5-13-13-3 after June 30, 2001;

13 (2) the total amount of payments received by the board for
14 depositories and deposited in the public deposit insurance fund
15 under IC 5-13-13-3 after June 30, 2001; and

16 (3) the total amount of interest earned by the public deposit
17 insurance fund after the first of the payments described in
18 subdivision (1).

19 If the total amount of payments determined under subdivision (1) less
20 the total amount of payments determined under subdivision (2)
21 (referred to in this subsection as the "net draw on the fund") exceeds
22 ten million dollars (\$10,000,000) and also exceeds the total amount of
23 interest determined under subdivision (3), the secretary-investment
24 manager may not provide a check to the auditor of state under
25 subsection (d) and a distribution may not be made from the pension
26 distribution fund under subsection (f) in the following calendar year
27 until the total amount of interest earned by the public deposit insurance
28 fund equals the net draw on the fund. A check may not be provided
29 under subsection (d) and a distribution may not be made under
30 subsection (d) in any subsequent calendar year if a study conducted by
31 the board under section 7(b) of this chapter demonstrates that payment
32 of the distribution would reduce the balance of the public deposit
33 insurance fund to a level insufficient to ensure the safekeeping and
34 prompt payment of public funds to the extent they are not covered by
35 insurance of any federal deposit insurance agency.

36 SECTION 93. IC 7.1-4-11-1 IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. The sums realized
38 from the collection of the biennial license fees imposed by
39 IC 7.1-4-4.1-3 shall be paid first, and are hereby appropriated, to the
40 state excise police, **gaming agent, gaming control officer, and**
41 **conservation enforcement officers'** retirement ~~fund~~; **plan established**
42 **by IC 5-10-5.5-2 (referred to as "retirement plan" in this section).**

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1 The board of trustees of the **Indiana public employees' retirement fund**
 2 **system** shall determine the amount to be appropriated. The amount to
 3 be appropriated shall be sufficient, when added to the funds already
 4 held by the retirement ~~fund~~, **plan**, for the payment of benefits to
 5 enforcement officers to pay the aggregate liability of the retirement
 6 ~~fund plan~~ for the payment of benefits and administration costs to the
 7 end of the fiscal year. The appropriation of funds shall be credited to
 8 the ~~state excise police retirement fund plan~~ in equal installments at the
 9 end of each month during each fiscal year.

10 SECTION 94. IC 8-1-13.1-10, AS ADDED BY P.L.151-2009,
 11 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2012]: Sec. 10. (a) The alternative energy incentive fund is
 13 established for the purpose of providing funds to corporations for use
 14 in the development of alternative energy projects. The fund shall be
 15 administered by the office.

16 (b) The fund consists of:

- 17 (1) money appropriated to the fund by the general assembly;
- 18 (2) money received from state or federal grants or programs for
 19 alternative energy projects; and
- 20 (3) donations, gifts, and money received from any other source,
 21 including transfers from other funds or accounts.

22 (c) Money in the fund is continuously appropriated for the purposes
 23 of this section.

24 (d) Money in the fund may be spent only in accordance with this
 25 chapter and to carry out the purposes of this chapter.

26 (e) The expenses of administering the fund shall be paid from
 27 money in the fund.

28 (f) Notwithstanding IC 5-13, the treasurer of state shall invest the
 29 money in the fund not currently needed to meet the obligations of the
 30 fund in the same manner as money is invested by the **Indiana public**
 31 **employees retirement fund system** under IC 5-10.3-5. The treasurer of
 32 state may contract with investment management professionals,
 33 investment advisers, and legal counsel to assist in the investment of the
 34 fund and may pay the expenses incurred under those contracts from the
 35 fund. Interest that accrues from these investments shall be deposited in
 36 the fund.

37 (g) Money in the fund at the end of a state fiscal year does not revert
 38 to the state general fund.

39 SECTION 95. IC 8-14-14-5, AS AMENDED BY P.L.203-2007,
 40 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2012]: Sec. 5. (a) The major moves construction fund is
 42 established for the purpose of:

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- 1 (1) funding projects, other than passenger or freight railroad
 2 systems as described in IC 8-15.7-2-14(a)(4), under IC 8-15.7 or
 3 IC 8-15-3;
 4 (2) funding other projects in the department's transportation plan;
 5 and
 6 (3) funding distributions under sections 6 and 7 of this chapter.
 7 (b) The fund shall be administered by the department.
 8 (c) Notwithstanding IC 5-13, the treasurer of state shall invest the
 9 money in the fund not currently needed to meet the obligations of the
 10 fund in the same manner as money is invested by the **Indiana** public
 11 ~~employees' retirement fund system~~ **fund system** under IC 5-10.3-5. However, the
 12 treasurer of state may not invest the money in the fund in equity
 13 securities. The treasurer of state may contract with investment
 14 management professionals, investment advisors, and legal counsel to
 15 assist in the investment of the fund and may pay the state expenses
 16 incurred under those contracts from the fund. Interest that accrues from
 17 these investments shall be deposited in the fund.
 18 (d) The fund consists of the following:
 19 (1) Distributions to the fund from the toll road fund under
 20 IC 8-15.5-11.
 21 (2) Distributions to the fund from the next generation trust fund
 22 under IC 8-14-15.
 23 (3) Appropriations to the fund.
 24 (4) Gifts, grants, loans, bond proceeds, and other money received
 25 for deposit in the fund.
 26 (5) Revenues arising from:
 27 (A) a tollway under IC 8-15-3 or IC 8-23-7-22; or
 28 (B) a toll road under IC 8-15-2 or IC 8-23-7-23;
 29 that the department designates as part of, and deposits in, the
 30 fund.
 31 (6) Payments, other than payments for passenger or freight
 32 railroad systems as described in IC 8-15.7-2-14(a)(4), made to the
 33 authority or the department from operators under IC 8-15.7.
 34 (7) Interest, premiums, or other earnings on the fund.
 35 (e) The fund is considered a trust fund for purposes of IC 4-9.1-1-7.
 36 Money may not be transferred, assigned, or otherwise removed from
 37 the fund by the state board of finance, the budget agency, or any other
 38 state agency.
 39 (f) Money in the fund at the end of a state fiscal year does not revert
 40 to the state general fund.
 41 (g) Money in the fund must be appropriated by the general assembly
 42 to be available for expenditure.

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1 SECTION 96. IC 8-14-14-8, AS ADDED BY P.L.47-2006,
2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2012]: Sec. 8. (a) The total amount of distributions from the
4 fund for projects or purposes that benefit a county traversed by the
5 Indiana Toll Road may not be less than thirty-four percent (34%) of:

- 6 (1) the money that is transferred to the fund from the toll road
- 7 fund under IC 8-15.5-11; plus
- 8 (2) the amount initially set aside in the administration account of
- 9 the toll road fund to establish an escrow account to implement a
- 10 written agreement entered into under IC 8-15.5-7-6 to fund
- 11 reductions in, or refunds of, user fees imposed on Class 2
- 12 vehicles.

13 (b) The budget agency shall determine the amount of distributions
14 required by this section. In making the determination, the budget
15 agency shall include the following amounts:

- 16 (1) Amounts distributed to counties traversed by the Indiana Toll
- 17 Road under section 6(a)(1) of this chapter.
- 18 (2) Money distributed to the northwest Indiana regional
- 19 development authority under this chapter.
- 20 (3) Money distributed under section 6(a)(3) of this chapter.
- 21 (4) Projects carried out by the department in counties traversed by
- 22 the Indiana Toll Road and funded with money distributed under
- 23 section 6(a)(4) of this chapter.
- 24 (5) The amount initially set aside in the administration account of
- 25 the toll road fund to establish an escrow account to implement a
- 26 written agreement entered into under IC 8-15.5-7-6 to fund
- 27 reductions in, or refunds of, user fees imposed on Class 2
- 28 vehicles.
- 29 (6) Money transferred to the administration account of the toll
- 30 road fund under section 6(a)(5) of this chapter.
- 31 (7) Payments to the **Indiana public employees'** retirement fund
- 32 **system** required by section 6(a)(6) of this chapter.

33 SECTION 97. IC 8-14-15-8, AS ADDED BY P.L.47-2006,
34 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2012]: Sec. 8. (a) The trustee shall:

- 36 (1) administer and manage the trust;
- 37 (2) invest the money in the trust; and
- 38 (3) deposit in the trust any interest that accrues from the
- 39 investment of these funds.

40 (b) Notwithstanding IC 5-13, the trustee shall invest the money in
41 the trust not currently needed to meet the obligations of the trust in the
42 same manner as money is invested by the **Indiana public employees'**

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1 retirement ~~fund~~ **system** under IC 5-10.3-5. However, the trustee may
 2 not invest the money in the trust in equity securities. The trustee shall
 3 also comply with the prudent investor rule set forth in IC 30-4-3.5. The
 4 trustee may contract with investment management professionals,
 5 investment advisors, and legal counsel to assist in the investment of the
 6 trust and may pay the state expenses incurred under those contracts
 7 from the trust.

8 (c) IC 4-9.1-1-8 and IC 4-9.1-1-9 do not apply to a trust established
 9 under this chapter.

10 (d) Money in the trust at the end of a state fiscal year does not revert
 11 to the state general fund.

12 SECTION 98. IC 8-14-17-4, AS ADDED BY P.L.203-2007,
 13 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2012]: Sec. 4. (a) The alternative transportation construction
 15 fund is established for the purpose of:

16 (1) funding projects under IC 8-15.7 for passenger and freight
 17 railroad systems as described in IC 8-15.7-2-14(a)(4); and

18 (2) funding distributions under section 5 of this chapter.

19 (b) The fund shall be administered by the department.

20 (c) Notwithstanding IC 5-13, the treasurer of state shall invest the
 21 money in the fund not currently needed to meet the obligations of the
 22 fund in the same manner as money is invested by the **Indiana public**
 23 **employees'** retirement ~~fund~~ **system** under IC 5-10.3-5. However, the
 24 treasurer of state may not invest the money in the fund in equity
 25 securities. The treasurer of state may contract with investment
 26 management professionals, investment advisors, and legal counsel to
 27 assist in the investment of the fund and may pay the state expenses
 28 incurred under those contracts from the fund. Interest that accrues from
 29 these investments shall be deposited in the fund.

30 (d) The fund consists of the following:

31 (1) Appropriations to the fund.

32 (2) Gifts, grants, loans, bond proceeds, and other money received
 33 for deposit in the fund.

34 (3) Payments made to the authority or the department from
 35 operators under IC 8-15.7 concerning passenger and freight
 36 railroad systems as described in IC 8-15.7-2-14(a)(4).

37 (4) Interest, premiums, or other earnings on the fund.

38 (e) The fund is considered a trust fund for purposes of IC 4-9.1-1-7.
 39 Money may not be transferred, assigned, or otherwise removed from
 40 the fund by the state board of finance, the budget agency, or any other
 41 state agency.

42 (f) Money in the fund at the end of a state fiscal year does not revert

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1 to the state general fund.
 2 (g) Money in the fund must be appropriated by the general assembly
 3 to be available for expenditure.
 4 SECTION 99. IC 15-11-10-3, AS ADDED BY P.L.2-2008,
 5 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2012]: Sec. 3. (a) The tobacco farmers and rural community
 7 impact fund is established. The fund shall be administered by the
 8 director. The fund consists of:
 9 (1) amounts, if any, that another statute requires to be distributed
 10 to the fund from the Indiana tobacco master settlement agreement
 11 fund;
 12 (2) appropriations to the fund from other sources;
 13 (3) grants, gifts, and donations intended for deposit in the fund;
 14 and
 15 (4) interest that accrues from money in the fund.
 16 (b) The expenses of administering the fund shall be paid from
 17 money in the fund.
 18 (c) Notwithstanding IC 5-13, the treasurer of state shall invest the
 19 money in the fund not currently needed to meet the obligations of the
 20 fund in the same manner as money is invested by the **Indiana public**
 21 **employees retirement fund system** under IC 5-10.3-5. The treasurer of
 22 state may contract with investment management professionals,
 23 investment advisers, and legal counsel to assist in the management of
 24 the fund and may pay the state expenses incurred under those contracts.
 25 (d) Money in the fund at the end of the state fiscal year does not
 26 revert to the state general fund and remains available for expenditure.
 27 SECTION 100. IC 16-22-3-11 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 11. A governing board
 29 may do the following:
 30 (1) Adopt an employee benefit program that may include a
 31 vacation policy and employee discounts.
 32 (2) Authorize expenditure of hospital funds for payment of
 33 advertising and placement fees for personnel and physicians.
 34 (3) Expend hospital funds in an amount not to exceed one-half
 35 percent (0.5%) of hospital revenues for the preceding calendar
 36 year for a program that directly contributes to the productivity or
 37 morale of personnel, volunteers, or physicians. However, this
 38 subdivision does not apply to:
 39 (A) an employee benefit program under subdivision (1); or
 40 (B) an employee compensation arrangement, including a
 41 productivity bonus.
 42 (4) Adopt a plan that provides for hospital employee sickness or

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- 1 accident disability and contract for and purchase insurance plans
- 2 from an insurance company licensed to transact business in
- 3 Indiana.
- 4 (5) Contract for and purchase adequate pension and retirement
- 5 plans for hospital personnel from the **Indiana public employees'**
- 6 **retirement fund of Indiana system** or from any company
- 7 authorized to do such business in Indiana.
- 8 (6) Enter into deferred compensation agreements with employees
- 9 and other contractual personnel and fund deferred obligations by
- 10 contracting with insurance companies licensed to transact
- 11 business in Indiana.
- 12 (7) Expend hospital funds to pay dues of the executive director
- 13 and department heads for memberships in local, state, or national
- 14 hospital or professional associations or organizations that the
- 15 board determines are of direct benefit to the hospital.
- 16 (8) Establish and operate employee registries for part-time or
- 17 temporary hospital employees.
- 18 (9) Pay a part or all of the costs of these plans out of hospital
- 19 funds.
- 20 (10) Expend hospital funds for reasonable expenses incurred by
- 21 persons and their spouses who are interviewed for employment or
- 22 for medical staff appointment and for reasonable moving
- 23 expenses for the persons and their spouses if employed or
- 24 appointed to the hospital medical staff.
- 25 (11) Expend hospital funds, advance tuition payments, or
- 26 establish a tuition refund program for the education or
- 27 professional improvement of nurses and other professional or
- 28 technical employees of the hospital for inservice training and
- 29 attending seminars or other special courses of instruction when
- 30 the board determines that the expenditures directly benefit the
- 31 hospital.
- 32 (12) Conduct business in a state adjacent to Indiana.

33 SECTION 101. IC 20-24-6-7, AS AMENDED BY P.L.234-2007,
 34 SECTION 226, IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2012]: Sec. 7. (a) A charter school may
 36 participate in any of the following:

- 37 (1) The Indiana state teachers' retirement fund in accordance with
- 38 IC 5-10.4.
- 39 (2) The public employees' retirement fund in accordance with
- 40 IC 5-10.3.
- 41 (3) Another employee pension or retirement fund.
- 42 (b) Except as provided in subsection (e), a person who teaches in a

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1 charter school is a member of the Indiana state teachers' retirement
 2 fund. Service in a charter school is creditable service for purposes of
 3 IC 5-10.4.

4 (c) Except as provided in subsection (e), a person who:

5 (1) is a local school employee of a charter school; and

6 (2) is not eligible to participate in the Indiana state teachers'
 7 retirement fund;

8 is a member of the public employees' retirement fund.

9 (d) ~~The boards of the Indiana state teachers' retirement fund and~~
 10 ~~board of trustees of the Indiana public employees' retirement fund~~
 11 ~~system~~ shall implement this section through the organizer of the
 12 charter school, subject to and conditioned upon receiving any approvals
 13 ~~either the board considers appropriate from the Internal Revenue~~
 14 ~~Service and the United States Department of Labor.~~

15 (e) Charter school employees may participate in a private pension
 16 or retirement program, if the organizer of the charter school offers the
 17 opportunity to participate in the program.

18 SECTION 102. IC 20-26-4-1, AS ADDED BY P.L.1-2005,
 19 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 JULY 1, 2012]: Sec. 1. (a) As used in this section, "electronic funds
 21 transfer" means a transfer of funds, other than a transaction originated
 22 by check, draft, or similar paper instrument, that is initiated through an
 23 electronic terminal, telephone, or computer or magnetic tape to order,
 24 instruct, or authorize a financial institution to debit or credit an
 25 account.

26 (b) The governing body of each school corporation shall organize by
 27 electing:

28 (1) a president;

29 (2) a vice president; and

30 (3) a secretary;

31 each of whom is a different member, not more than fifteen (15) days
 32 after the commencement date of the members' terms of office, as
 33 provided in section 4 of this chapter.

34 (c) A governing body shall, at the time that officers are elected
 35 under subsection (b), appoint a treasurer of the governing body and of
 36 the school corporation who is a person, other than the superintendent
 37 of schools, who is not a member of the governing body. The treasurer
 38 may, with the approval of the governing body, appoint a deputy who
 39 must be a person, other than the superintendent of schools, who is not
 40 a member of the governing body and who has the same powers and
 41 duties as the treasurer, or lesser duties as provided by the governing
 42 body by rule.

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1 (d) The treasurer is the official custodian of all funds of the school
2 corporation and is responsible for the proper safeguarding and
3 accounting for the funds. The treasurer shall:

- 4 (1) issue a receipt for money received by the treasurer;
5 (2) deposit money described in subdivision (1) in accordance with
6 the laws governing the deposit of public funds; and
7 (3) issue all warrants in payment of expenses lawfully incurred on
8 behalf of the school corporation. However, except as otherwise
9 provided by law, warrants described in this subdivision must be
10 issued only after proper allowance or approval by the governing
11 body. The governing body may not require an allowance or
12 approval for amounts lawfully due in payment of indebtedness or
13 payments due the state, the United States government, or agencies
14 and instrumentalities of the state or the United States government.

15 A verification, other than a properly itemized invoice, may not be
16 required for any claim of one hundred dollars (\$100) or less. A claim
17 that exceeds one hundred dollars (\$100) is sufficient as to form if the
18 bill or statement for the claim has printed or stamped on the face of the
19 bill or statement a verification of the bill or statement in language
20 approved by the state board of accounts.

21 (e) Notwithstanding subsection (d), a treasurer may transact school
22 corporation financial business with a financial institution or a public
23 retirement fund through the use of electronic funds transfer. The
24 treasurer must provide adequate documentation to the governing body
25 of transfers made under this subsection. This subsection applies only
26 to agreements for joint investment of money under IC 5-13-9 and to
27 payments to **the Indiana public retirement system for:**

- 28 (1) the Indiana state teachers' retirement fund; or
29 (2) the public employees' retirement fund;

30 from participating employers.

31 (f) A treasurer is not personally liable for an act or omission
32 occurring in connection with the performance of the duties set forth in
33 this section, unless the act or omission constitutes gross negligence or
34 an intentional disregard of the treasurer's duties.

35 (g) A governing body may establish the position of executive
36 secretary to the governing body. The executive secretary:

- 37 (1) must be an employee of the school corporation;
38 (2) may not be a member of the governing body; and
39 (3) must be appointed by the governing body upon the
40 recommendation of the superintendent of the school corporation.

41 The governing body shall determine the duties of the executive
42 secretary, which may include all or part of the duties of the secretary of

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1 the board.

2 SECTION 103. IC 33-38-6-23, AS AMENDED BY P.L.13-2011,
3 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2012]: Sec. 23. (a) The board of trustees of the **Indiana** public
5 **employees' retirement fund system (referred to as "the system" in**
6 **this section)** shall administer the fund, which may be commingled for
7 **investment purposes** with the public employees' retirement fund for
8 **investment purposes: any public pension and retirement fund**
9 **administered by the system.**

10 (b) The board shall do the following:

11 (1) Determine eligibility for and make payments of benefits under
12 IC 33-38-7 and IC 33-38-8.

13 (2) In accordance with the powers and duties granted it in
14 ~~IC 5-10.3-3-7; IC 5-10.3-3-7.1, IC 5-10.3-3-8; and IC 5-10.3-5-3~~
15 through IC 5-10.3-5-6, **IC 5-10.5-4, and IC 5-10.5-6**, administer
16 the fund.

17 (3) Provide by rule for the implementation of this chapter and
18 IC 33-38-7 and IC 33-38-8.

19 (4) Authorize deposits.

20 (c) A determination by the board may be appealed under the
21 procedures in IC 4-21.5.

22 (d) The powers and duties of:

23 (1) the director and the actuary of the board; and

24 (2) the attorney general;

25 with respect to the fund are those specified in IC 5-10.3-3, and
26 IC 5-10.3-4, **IC 5-10.5-4, and IC 5-10.5-6.**

27 (e) The board may hire additional personnel, including hearing
28 officers, to assist it in the implementation of this chapter.

29 (f) Fund records of individual participants and participants'
30 information are confidential, except for the name and years of service
31 of a fund participant.

32 SECTION 104. IC 33-38-6.9-1, AS ADDED BY P.L.220-2011,
33 SECTION 541, IS AMENDED TO READ AS FOLLOWS
34 [EFFECTIVE JULY 1, 2012]: Sec. 1. As used in this chapter, "board"
35 refers to the board of trustees of the **Indiana** public **employees'**
36 **retirement fund: system.**

37 SECTION 105. IC 33-39-7-11, AS AMENDED BY P.L.13-2011,
38 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
39 JULY 1, 2012]: Sec. 11. (a) The board shall administer the fund, which
40 may be commingled with **any public pension and retirement fund**
41 **administered by the Indiana** public **employees' retirement fund**
42 **system** for investment purposes.

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- 1 (b) The board shall do the following:
- 2 (1) Determine eligibility for and make payments of benefits under
- 3 this chapter.
- 4 (2) In accordance with the powers and duties granted the board in
- 5 ~~IC 5-10.3-3-7~~; IC 5-10.3-3-7.1, ~~IC 5-10.3-3-8~~; and IC 5-10.3-5-3
- 6 through IC 5-10.3-5-6, **IC 5-10.5-4, and IC 5-10.5-6**, administer
- 7 the fund.
- 8 (3) Provide by rule for the implementation of this chapter.
- 9 (4) Authorize deposits.
- 10 (c) A determination by the board may be appealed under IC 4-21.5.
- 11 (d) The powers and duties of:
- 12 (1) the director and the actuary of the board; and
- 13 (2) the attorney general;
- 14 with respect to the fund are those specified in IC 5-10.3-3, ~~and~~
- 15 **IC 5-10.3-4, IC 5-10.5-4, and IC 5-10.5-6.**
- 16 (e) The board may hire additional personnel, including hearing
- 17 officers, to assist in the implementation of this chapter.
- 18 (f) Fund records of individual participants and participants'
- 19 information are confidential, except for the name and years of service
- 20 of a fund participant.
- 21 SECTION 106. IC 34-13-3-20 IS AMENDED TO READ AS
- 22 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 20. (a) A political
- 23 subdivision may purchase insurance to cover the liability of itself or its
- 24 employees, including a member of a board, a committee, a commission,
- 25 an authority, or another instrumentality of a governmental entity. Any
- 26 liability insurance so purchased shall be purchased by invitation to and
- 27 negotiation with providers of insurance and may be purchased with
- 28 other types of insurance. If such a policy is purchased, the terms of the
- 29 policy govern the rights and obligations of the political subdivision and
- 30 the insurer with respect to the investigation, settlement, and defense of
- 31 claims or suits brought against the political subdivision or its
- 32 employees covered by the policy. However, the insurer may not enter
- 33 into a settlement for an amount that exceeds the insurance coverage
- 34 without the approval of the mayor, if the claim or suit is against a city,
- 35 or the governing body of any other political subdivision, if the claim or
- 36 suit is against such political subdivision.
- 37 (b) The state may not purchase insurance to cover the liability of the
- 38 state or its employees. This subsection does not prohibit any of the
- 39 following:
- 40 (1) The requiring of contractors to carry insurance.
- 41 (2) The purchase of insurance to cover losses occurring on real
- 42 property owned by:

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1 (A) the ~~Indiana public employees' retirement fund or the~~
 2 ~~Indiana state teachers' retirement fund~~ system; or
 3 **(B) a public pension and retirement fund administered by**
 4 **the Indiana public retirement system.**

5 (3) The purchase of insurance by a separate body corporate and
 6 politic to cover the liability of itself or its employees.

7 (4) The purchase of casualty and liability insurance for foster
 8 parents (as defined in IC 27-1-30-4) on a group basis.

9 SECTION 107. IC 35-33-8-3.2, AS AMENDED BY P.L.94-2010,
 10 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2012]: Sec. 3.2. (a) A court may admit a defendant to bail and
 12 impose any of the following conditions to assure the defendant's
 13 appearance at any stage of the legal proceedings, or, upon a showing
 14 of clear and convincing evidence that the defendant poses a risk of
 15 physical danger to another person or the community, to assure the
 16 public's physical safety:

- 17 (1) Require the defendant to:
- 18 (A) execute a bail bond with sufficient solvent sureties;
 - 19 (B) deposit cash or securities in an amount equal to the bail;
 - 20 (C) execute a bond secured by real estate in the county, where
 - 21 thirty-three hundredths (0.33) of the true tax value less
 - 22 encumbrances is at least equal to the amount of the bail;
 - 23 (D) post a real estate bond; or
 - 24 (E) perform any combination of the requirements described in
 - 25 clauses (A) through (D).

26 If the court requires the defendant to deposit cash or cash and
 27 another form of security as bail, the court may require the
 28 defendant and each person who makes the deposit on behalf of the
 29 defendant to execute an agreement that allows the court to retain
 30 all or a part of the cash to pay publicly paid costs of
 31 representation and fines, costs, fees, and restitution that the court
 32 may order the defendant to pay if the defendant is convicted. The
 33 defendant must also pay the fee required by subsection (d).

- 34 (2) Require the defendant to execute:
- 35 (A) a bail bond by depositing cash or securities with the clerk
 - 36 of the court in an amount not less than ten percent (10%) of
 - 37 the bail; and
 - 38 (B) an agreement that allows the court to retain all or a part of
 - 39 the cash or securities to pay fines, costs, fees, and restitution
 - 40 that the court may order the defendant to pay if the defendant
 - 41 is convicted.

42 A portion of the deposit, not to exceed ten percent (10%) of the

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1 monetary value of the deposit or fifty dollars (\$50), whichever is
 2 the lesser amount, may be retained as an administrative fee. The
 3 clerk shall also retain from the deposit under this subdivision
 4 fines, costs, fees, and restitution as ordered by the court, publicly
 5 paid costs of representation that shall be disposed of in
 6 accordance with subsection (b), and the fee required by
 7 subsection (d). In the event of the posting of a real estate bond,
 8 the bond shall be used only to insure the presence of the
 9 defendant at any stage of the legal proceedings, but shall not be
 10 foreclosed for the payment of fines, costs, fees, or restitution. The
 11 individual posting bail for the defendant or the defendant
 12 admitted to bail under this subdivision must be notified by the
 13 sheriff, court, or clerk that the defendant's deposit may be
 14 forfeited under section 7 of this chapter or retained under
 15 subsection (b).

16 (3) Impose reasonable restrictions on the activities, movements,
 17 associations, and residence of the defendant during the period of
 18 release.

19 (4) Except as provided in section 3.6 of this chapter, require the
 20 defendant to refrain from any direct or indirect contact with an
 21 individual and, if the defendant has been charged with an offense
 22 under IC 35-46-3, any animal belonging to the individual,
 23 including if the defendant has not been released from lawful
 24 detention.

25 (5) Place the defendant under the reasonable supervision of a
 26 probation officer, pretrial services agency, or other appropriate
 27 public official. If the court places the defendant under the
 28 supervision of a probation officer or pretrial services agency, the
 29 court shall determine whether the defendant must pay the pretrial
 30 services fee under section 3.3 of this chapter.

31 (6) Release the defendant into the care of a qualified person or
 32 organization responsible for supervising the defendant and
 33 assisting the defendant in appearing in court. The supervisor shall
 34 maintain reasonable contact with the defendant in order to assist
 35 the defendant in making arrangements to appear in court and,
 36 where appropriate, shall accompany the defendant to court. The
 37 supervisor need not be financially responsible for the defendant.

38 (7) Release the defendant on personal recognizance unless:
 39 (A) the state presents evidence relevant to a risk by the
 40 defendant:
 41 (i) of nonappearance; or
 42 (ii) to the physical safety of the public; and

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- 1 (B) the court finds by a preponderance of the evidence that the
2 risk exists.
- 3 (8) Require a defendant charged with an offense under IC 35-46-3
4 to refrain from owning, harboring, or training an animal.
- 5 (9) Impose any other reasonable restrictions designed to assure
6 the defendant's presence in court or the physical safety of another
7 person or the community.
- 8 (b) Within thirty (30) days after disposition of the charges against
9 the defendant, the court that admitted the defendant to bail shall order
10 the clerk to remit the amount of the deposit remaining under subsection
11 (a)(2) to the defendant. The portion of the deposit that is not remitted
12 to the defendant shall be deposited by the clerk in the supplemental
13 public defender services fund established under IC 33-40-3.
- 14 (c) For purposes of subsection (b), "disposition" occurs when the
15 indictment or information is dismissed or the defendant is acquitted or
16 convicted of the charges.
- 17 (d) Except as provided in subsection (e), the clerk of the court shall:
18 (1) collect a fee of five dollars (\$5) from each bond or deposit
19 required under subsection (a)(1); and
20 (2) retain a fee of five dollars (\$5) from each deposit under
21 subsection (a)(2).
- 22 The clerk of the court shall semiannually remit the fees collected under
23 this subsection to the board of trustees of the **Indiana public**
24 **employees' retirement fund system** for deposit in the special death
25 benefit fund. The fee required by subdivision (2) is in addition to the
26 administrative fee retained under subsection (a)(2).
- 27 (e) With the approval of the clerk of the court, the county sheriff
28 may collect the bail posted under this section. The county sheriff shall
29 remit the bail to the clerk of the court by the following business day
30 and remit monthly the five dollar (\$5) special death benefit fee to the
31 county auditor.
- 32 (f) When a court imposes a condition of bail described in subsection
33 (a)(4):
34 (1) the clerk of the court shall comply with IC 5-2-9; and
35 (2) the prosecuting attorney shall file a confidential form
36 prescribed or approved by the division of state court
37 administration with the clerk.
- 38 SECTION 108. IC 36-8-3.2-2 IS AMENDED TO READ AS
39 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 2. A person who is an
40 applicant to become a firefighter or police officer must, before being
41 hired, be certified by the local board to the board of trustees of the
42 **Indiana public employees' retirement fund (PERF) system** as having

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1 passed the minimum agility and aptitude tests outlined in this chapter.

2 SECTION 109. IC 36-8-5-2, AS AMENDED BY P.L.130-2008,
3 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2012]: Sec. 2. (a) The police chief or fire chief may be granted
5 a leave of absence by the authority who appointed the police chief or
6 fire chief. This appointing authority may also grant a leave of absence
7 to any other full-time, fully paid police officer or firefighter.

8 (b) A leave of absence under subsection (a) shall be granted for
9 service in the Indiana general assembly. A leave of absence under
10 subsection (a) may also be granted for service in any other elected
11 office or for one (1) of the following reasons:

- 12 (1) Sickness.
13 (2) Disability.
14 (3) Sabbatical purposes.

15 However, a leave of absence because of disability may not be granted
16 to a member of the 1977 fund under this subsection unless a leave
17 granted under subsection (g) has expired without disability benefits
18 having been paid from the 1977 fund. In the case of such an expiration,
19 a leave for purposes of disability may be granted under this subsection
20 but only until the member's eligibility for disability benefits is finally
21 determined.

22 (c) Before a leave of absence may be granted for sabbatical
23 purposes, the member must submit a written request explaining and
24 justifying the leave to the appointing authority. Sabbatical purposes
25 must be related to the improvement of the member's professional
26 performance and skills, such as education, special training, work
27 related experience, and exchange programs.

28 (d) This subsection applies to leaves of absence granted under
29 subsection (b)(1), (b)(2), or (b)(3). A leave of absence may extend for
30 a period of not more than one (1) year, determined by the appointing
31 authority, and may be renewed upon written request of the member.

32 (e) This subsection applies to leaves of absence granted for service
33 in an elected office. A police officer or firefighter who serves in the
34 general assembly shall be granted a leave for the time spent in this
35 service, including the time spent for committee or legislative council
36 meetings. A police officer or firefighter who serves in any other elected
37 office may be granted a leave for the time spent in this service. Leave
38 for service in an elected office does not diminish a police officer's or
39 firefighter's rights under the police officer's or firefighter's retirement
40 or pension fund, except as provided in section 10 of this chapter, or
41 advancement on the police officer's or firefighter's department salary
42 schedule. For these purposes, the police officer or firefighter is, despite

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1 the leave, considered to be a member of the department during that
2 time.

3 (f) This subsection applies to leaves of absence granted under
4 subsection (b)(1), (b)(2), or (b)(3). A member on leave may receive
5 compensation in an amount determined by the appointing authority, up
6 to a maximum amount that equals the member's salary before the leave
7 began.

8 (g) This subsection applies only to members of the 1977 fund. The
9 local board may grant a leave of absence for purposes of disability to
10 full-time, fully paid police officers or firefighters (including the police
11 chief or fire chief). The leave is subject to the following conditions:

12 (1) The police chief or fire chief must make a written
13 determination that there is no suitable and available work on the
14 appropriate department for which the fund member is or may be
15 capable of becoming qualified.

16 (2) The leave must be approved by the local board after a hearing
17 conducted under IC 36-8-8-12.7.

18 (3) The leave may not begin until the police officer or firefighter
19 has exhausted all paid leave for sickness.

20 (4) The leave shall continue until disability benefits are paid from
21 the 1977 fund. However, the leave may not continue for more
22 than six (6) months.

23 (5) During the leave, the police officer or firefighter is entitled to
24 receive compensation in an amount equal to fifty percent (50%)
25 of the salary of a first class patrolman or first class firefighter on
26 the date the leave begins.

27 Payments of compensation under this subsection may not be made from
28 the 1925 fund, the 1937 fund, the 1953 fund, or the 1977 fund.

29 (h) Determinations under subsection (g) are not reviewable by the
30 board of trustees of the **Indiana public employees' retirement fund**
31 **system.**

32 (i) This subsection applies to leaves of absence granted under
33 subsection (a) or (b). An appointing authority shall establish a policy
34 in writing that specifies whether a police officer or firefighter is
35 entitled, during a leave of absence, to participate in any promotional
36 process or earn seniority. A policy established under this subsection is
37 subject to a department's existing disciplinary procedures. An
38 appointing authority shall reinstate a police officer or firefighter
39 returning from a leave at the merit or permanent rank determined under
40 the policy established under this subsection. However, except as
41 otherwise provided by federal law, an appointing authority is not
42 required to reinstate a police officer or firefighter in the job that the



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1 police officer or firefighter held at the time the police officer's or
2 firefighter's leave began.

3 SECTION 110. IC 36-8-6-20 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 20. (a) As used in this
5 section, "dies in the line of duty" has the meaning set forth in section
6 10.1 of this chapter.

7 (b) A special death benefit of seventy-five thousand dollars
8 (\$75,000) for a fund member who dies in the line of duty before
9 January 1, 1998, and one hundred fifty thousand dollars (\$150,000) for
10 a fund member who dies in the line of duty after December 31, 1997,
11 shall be paid in a lump sum by the **Indiana** public ~~employees'~~
12 retirement ~~fund~~ **system** from the pension relief fund established under
13 IC 5-10.3-11 to the following relative of a fund member who dies in the
14 line of duty:

15 (1) To the surviving spouse.

16 (2) If there is no surviving spouse, to the surviving children (to be
17 shared equally).

18 (3) If there is no surviving spouse and there are no surviving
19 children, to the parent or parents in equal shares.

20 (c) The benefit provided by this section is in addition to any other
21 benefits provided under this chapter.

22 SECTION 111. IC 36-8-7-26 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 26. (a) As used in this
24 section, "dies in the line of duty" has the meaning set forth in section
25 12.4 of this chapter.

26 (b) A special death benefit of seventy-five thousand dollars
27 (\$75,000) for a fund member who dies in the line of duty before
28 January 1, 1998, and one hundred fifty thousand dollars (\$150,000) for
29 a fund member who dies in the line of duty after December 31, 1997,
30 shall be paid in a lump sum by the **Indiana** public ~~employees'~~
31 retirement ~~fund~~ **system** from the pension relief fund established under
32 IC 5-10.3-11 to the following relative of a fund member who dies in the
33 line of duty:

34 (1) To the surviving spouse.

35 (2) If there is no surviving spouse, to the surviving children (to be
36 shared equally).

37 (3) If there is no surviving spouse and there are no surviving
38 children, to the parent or parents in equal shares.

39 (c) The benefit provided by this section is in addition to any other
40 benefits provided under this chapter.

41 SECTION 112. IC 36-8-7.5-22 IS AMENDED TO READ AS
42 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 22. (a) As used in this

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1 section, "dies in the line of duty" has the meaning set forth in section
2 14.1 of this chapter.

3 (b) A special death benefit of seventy-five thousand dollars
4 (\$75,000) for a fund member who dies in the line of duty before
5 January 1, 1998, and one hundred fifty thousand dollars (\$150,000) for
6 a fund member who dies in the line of duty after December 31, 1997,
7 shall be paid in a lump sum by the **Indiana** public ~~employees'~~
8 retirement ~~fund~~ **system** from the pension relief fund established under
9 IC 5-10.3-11 to the following relative of a fund member who dies in the
10 line of duty:

11 (1) To the surviving spouse.

12 (2) If there is no surviving spouse, to the surviving children (to be
13 shared equally).

14 (3) If there is no surviving spouse and there are no surviving
15 children, to the parent or parents in equal shares.

16 (c) The benefit provided by this section is in addition to any other
17 benefits provided under this chapter.

18 SECTION 113. IC 36-8-8-2.3 IS ADDED TO THE INDIANA
19 CODE AS A NEW SECTION TO READ AS FOLLOWS
20 [EFFECTIVE JULY 1, 2012]: **Sec. 2.3. As used in this chapter,**
21 **"system board" refers to the board of trustees of the Indiana**
22 **public retirement system established by IC 5-10.5-3-1.**

23 SECTION 114. IC 36-8-8-2.5 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 2.5. (a) As used in this
25 chapter, "Internal Revenue Code":

26 (1) means the Internal Revenue Code of 1954, as in effect on
27 September 1, 1974, if permitted with respect to governmental
28 plans; or

29 (2) to the extent not inconsistent with subdivision (1), has the
30 meaning set forth in IC 6-3-1-11.

31 (b) The 1977 fund shall satisfy the qualification requirements in
32 Section 401 of the Internal Revenue Code, as applicable to the 1977
33 fund. In order to meet those requirements, the 1977 fund is subject to
34 the following provisions, notwithstanding any other provision of this
35 chapter:

36 (1) The ~~PERF~~ **system** board shall distribute the corpus and
37 income of the 1977 fund to members and their beneficiaries in
38 accordance with this chapter.

39 (2) No part of the corpus or income of the 1977 fund may be used
40 or diverted to any purpose other than the exclusive benefit of the
41 members and their beneficiaries.

42 (3) Forfeitures arising from severance of employment, death, or

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1 for any other reason may not be applied to increase the benefits
2 any member would otherwise receive under this chapter.

3 (4) If the 1977 fund is terminated, or if all contributions to the
4 1977 fund are completely discontinued, the rights of each affected
5 member to the benefits accrued at the date of the termination or
6 discontinuance, to the extent then funded, are nonforfeitable.

7 (5) All benefits paid from the 1977 fund shall be distributed in
8 accordance with the requirements of Section 401(a)(9) of the
9 Internal Revenue Code and the regulations under that section. In
10 order to meet those requirements, the 1977 fund is subject to the
11 following provisions:

12 (A) The life expectancy of a member, the member's spouse, or
13 the member's beneficiary shall not be recalculated after the
14 initial determination, for purposes of determining benefits.

15 (B) If a member dies before the distribution of the member's
16 benefits has begun, distributions to beneficiaries must begin
17 no later than December 31 of the calendar year immediately
18 following the calendar year in which the member died.

19 (C) The amount of an annuity paid to a member's beneficiary
20 may not exceed the maximum determined under the incidental
21 death benefit requirement of the Internal Revenue Code.

22 (6) The **PERF system** board may not:

23 (A) determine eligibility for benefits;

24 (B) compute rates of contribution; or

25 (C) compute benefits of members or beneficiaries;

26 in a manner that discriminates in favor of members who are
27 considered officers, supervisors, or highly compensated, as
28 prohibited under Section 401(a)(4) of the Internal Revenue Code.

29 (7) Benefits paid under this chapter may not exceed the maximum
30 benefit specified by Section 415 of the Internal Revenue Code.

31 (8) The salary taken into account under this chapter may not
32 exceed the applicable amount under Section 401(a)(17) of the
33 Internal Revenue Code.

34 (9) The trustee may not engage in a transaction prohibited by
35 Section 503(b) of the Internal Revenue Code.

36 SECTION 115. IC 36-8-8-3 IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 3. (a) If a town
38 establishes a board of metropolitan police commissioners, or if a town
39 becomes a city, the municipality shall participate in the 1977 fund.
40 However, if a police officer or former marshal is a member of the
41 public employees' retirement fund, ~~he~~ **the police officer or former**
42 **marshal** may continue as a member of that fund instead of the 1977

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1 fund. Notwithstanding the age requirements under section 7(a) of this
 2 chapter, a police officer or former marshal employed by a municipality
 3 at the time the municipality enters the 1977 fund under this section
 4 shall be a member of the 1977 fund unless the police officer or former
 5 marshal elects to continue as a member of the public employees'
 6 retirement fund. A person may become a member of the 1977 fund
 7 under this subsection without meeting the age limitation under section
 8 7(a) of this chapter only if the person satisfies:

- 9 (1) any aptitude, physical agility, or physical and mental standards
 10 established by a local board under IC 36-8-3.2; and
 11 (2) the minimum standards that are:
 12 (A) adopted by the ~~PERF~~ **system** board under section 19 of
 13 this chapter; and
 14 (B) in effect on the date the person becomes a member of the
 15 1977 fund.

16 Credit for prior service of a person who becomes a member of the 1977
 17 fund under this subsection shall be determined under section 18 or 18.1
 18 of this chapter. No service credit beyond that allowed under section 18
 19 or 18.1 of this chapter may be recognized under the 1977 fund.

20 (b) If a unit did not establish a 1937 fund for its firefighters, the unit
 21 may participate in the public employees' retirement fund or it may
 22 participate in the 1977 fund. If a unit established a 1937 fund for its
 23 firefighters, the unit is and shall remain a participant in the 1977 fund.

24 (c) A unit that:

- 25 (1) has not established a pension fund for its firefighters; or
 26 (2) is participating in the public employees' retirement fund under
 27 subsection (b);

28 may participate in the 1977 fund upon approval by the fiscal body,
 29 notwithstanding IC 5-10.3-6-8. A unit that participates in the 1977 fund
 30 under this subsection must comply with section 21 of this chapter.
 31 However, if a firefighter is a member of the public employees'
 32 retirement fund, the firefighter may continue as a member of that fund
 33 instead of the 1977 fund.

34 SECTION 116. IC 36-8-8-4, AS AMENDED BY P.L.23-2011,
 35 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2012]: Sec. 4. (a) There is established a police officers' and
 37 firefighters' pension and disability fund to be known as the 1977 fund.
 38 The 1977 fund consists of fund member and employer contributions,
 39 plus the earnings on them, to be used to make benefit payments to fund
 40 members and their survivors in the amounts and under the conditions
 41 specified in this chapter.

42 (b) The board of trustees of the Indiana public retirement system

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1 (referred to in this chapter as the "system board") **system board** shall
 2 administer the 1977 fund, which may be commingled **for investment**
 3 **purposes** with **other funds administered by the Indiana** public
 4 **employees' retirement fund for investment purposes. system.** All
 5 actuarial data shall be computed on the total membership of the fund,
 6 and the cost of participation is the same for all employers in the fund.
 7 The fund member and employer contributions shall be recorded
 8 separately for each employer.

9 (c) ~~Any reference or cross-reference to the 1977 fund advisory~~
 10 ~~committee in the Indiana Code shall be treated after June 30, 2011, as~~
 11 ~~a reference or cross-reference to the system board.~~

12 SECTION 117. IC 36-8-8-5, AS AMENDED BY P.L.99-2010,
 13 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2012]: Sec. 5. (a) The **PERF system** board shall:

- 15 (1) determine eligibility for and make payments of benefits,
 16 except as provided in section 12 of this chapter;
 17 (2) in accordance with the powers and duties granted it in
 18 ~~IC 5-10.3-3-7, IC 5-10.3-3-8, and IC 5-10.3-5-3~~ through
 19 **IC 5-10.3-5-6, IC 5-10.5-4, and IC 5-10.5-5**, administer the 1977
 20 fund;
 21 (3) provide by rule for the implementation of this chapter; and
 22 (4) authorize deposits.

23 (b) A determination by the **PERF system** board may be appealed
 24 under the procedures in IC 4-21.5.

25 (c) The powers and duties of the director ~~and~~ **appointed by the**
 26 **system board**, the actuary of the **PERF system** board, **and** the attorney
 27 general, **and the auditor of state**, with respect to the 1977 fund, are
 28 those specified in ~~IC 5-10.3-3, and IC 5-10.3-4, and IC 5-10.5.~~

29 (d) The **PERF system** board may hire additional personnel,
 30 including hearing officers, to assist it in the implementation of this
 31 chapter.

32 (e) The 1977 fund records of individual members and membership
 33 information are confidential, except for the name and years of service
 34 of a 1977 fund member.

35 SECTION 118. IC 36-8-8-6, AS AMENDED BY P.L.13-2011,
 36 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2012]: Sec. 6. (a) Each employer shall annually on March 31,
 38 June 30, September 30, and December 31, for the calendar quarters
 39 ending on those dates, or an alternate date established by the rules of
 40 the **PERF system** board, pay into the 1977 fund an amount determined
 41 by the **PERF system** board:

- 42 (1) for administration expenses; and

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1 (2) sufficient to maintain level cost funding during the period of
 2 employment on an actuarial basis for members hired after April
 3 30, 1977.

4 (b) After December 31, 2011, each employer shall submit the
 5 payments required by subsection (a) by electronic funds transfer.

6 (c) If an employer fails to make the payments required by subsection
 7 (a) or fails to send the fund members' contributions required by section
 8 8(a) of this chapter, the amount payable, on request of the **PERF**
 9 **system** board, may be withheld by the auditor of state from money
 10 payable to the employer and transferred to the fund. In the alternative,
 11 the amount payable may be recovered in the circuit or superior court of
 12 the county in which the employer is located, in an action by the state on
 13 the relation of the **PERF system** board, prosecuted by the attorney
 14 general.

15 SECTION 119. IC 36-8-8-7, AS AMENDED BY P.L.1-2006,
 16 SECTION 575, IS AMENDED TO READ AS FOLLOWS
 17 [EFFECTIVE JULY 1, 2012]: Sec. 7. (a) Except as provided in
 18 subsections (d), (e), (f), (g), (h), (k), (l), and (m):

19 (1) a police officer; or

20 (2) a firefighter;

21 who is less than thirty-six (36) years of age and who passes the baseline
 22 statewide physical and mental examinations required under section 19
 23 of this chapter shall be a member of the 1977 fund and is not a member
 24 of the 1925 fund, the 1937 fund, or the 1953 fund.

25 (b) A police officer or firefighter with service before May 1, 1977,
 26 who is hired or rehired after April 30, 1977, may receive credit under
 27 this chapter for service as a police officer or firefighter prior to entry
 28 into the 1977 fund if the employer who rehires the police officer or
 29 firefighter chooses to contribute to the 1977 fund the amount necessary
 30 to amortize the police officer's or firefighter's prior service liability over
 31 a period of not more than forty (40) years, the amount and the period
 32 to be determined by the **PERF system** board. If the employer chooses
 33 to make the contributions, the police officer or firefighter is entitled to
 34 receive credit for the police officer's or firefighter's prior years of
 35 service without making contributions to the 1977 fund for that prior
 36 service. In no event may a police officer or firefighter receive credit for
 37 prior years of service if the police officer or firefighter is receiving a
 38 benefit or is entitled to receive a benefit in the future from any other
 39 public pension plan with respect to the prior years of service.

40 (c) Except as provided in section 18 of this chapter, a police officer
 41 or firefighter is entitled to credit for all years of service after April 30,
 42 1977, with the police or fire department of an employer covered by this

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- 1 chapter.
- 2 (d) A police officer or firefighter with twenty (20) years of service
- 3 does not become a member of the 1977 fund and is not covered by this
- 4 chapter, if the police officer or firefighter:
- 5 (1) was hired before May 1, 1977;
- 6 (2) did not convert under IC 19-1-17.8-7 or IC 19-1-36.5-7 (both
- 7 of which were repealed September 1, 1981); and
- 8 (3) is rehired after April 30, 1977, by the same employer.
- 9 (e) A police officer or firefighter does not become a member of the
- 10 1977 fund and is not covered by this chapter if the police officer or
- 11 firefighter:
- 12 (1) was hired before May 1, 1977;
- 13 (2) did not convert under IC 19-1-17.8-7 or IC 19-1-36.5-7 (both
- 14 of which were repealed September 1, 1981);
- 15 (3) was rehired after April 30, 1977, but before February 1, 1979;
- 16 and
- 17 (4) was made, before February 1, 1979, a member of a 1925,
- 18 1937, or 1953 fund.
- 19 (f) A police officer or firefighter does not become a member of the
- 20 1977 fund and is not covered by this chapter if the police officer or
- 21 firefighter:
- 22 (1) was hired by the police or fire department of a unit before May
- 23 1, 1977;
- 24 (2) did not convert under IC 19-1-17.8-7 or IC 19-1-36.5-7 (both
- 25 of which were repealed September 1, 1981);
- 26 (3) is rehired by the police or fire department of another unit after
- 27 December 31, 1981; and
- 28 (4) is made, by the fiscal body of the other unit after December
- 29 31, 1981, a member of a 1925, 1937, or 1953 fund of the other
- 30 unit.
- 31 If the police officer or firefighter is made a member of a 1925, 1937, or
- 32 1953 fund, the police officer or firefighter is entitled to receive credit
- 33 for all the police officer's or firefighter's years of service, including
- 34 years before January 1, 1982.
- 35 (g) As used in this subsection, "emergency medical services" and
- 36 "emergency medical technician" have the meanings set forth in
- 37 IC 16-18-2-110 and IC 16-18-2-112. A firefighter who:
- 38 (1) is employed by a unit that is participating in the 1977 fund;
- 39 (2) was employed as an emergency medical technician by a
- 40 political subdivision wholly or partially within the department's
- 41 jurisdiction;
- 42 (3) was a member of the public employees' retirement fund during

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1 the employment described in subdivision (2); and
2 (4) ceased employment with the political subdivision and was
3 hired by the unit's fire department due to the reorganization of
4 emergency medical services within the department's jurisdiction;
5 shall participate in the 1977 fund. A firefighter who participates in the
6 1977 fund under this subsection is subject to sections 18 and 21 of this
7 chapter.

8 (h) A police officer or firefighter does not become a member of the
9 1977 fund and is not covered by this chapter if the individual was
10 appointed as:

- 11 (1) a fire chief under a waiver under IC 36-8-4-6(c); or
- 12 (2) a police chief under a waiver under IC 36-8-4-6.5(c);

13 unless the executive of the unit requests that the 1977 fund accept the
14 individual in the 1977 fund and the individual previously was a
15 member of the 1977 fund.

16 (i) A police matron hired or rehired after April 30, 1977, and before
17 July 1, 1996, who is a member of a police department in a second or
18 third class city on March 31, 1996, is a member of the 1977 fund.

19 (j) A park ranger who:

- 20 (1) completed at least the number of weeks of training at the
21 Indiana law enforcement academy or a comparable law
22 enforcement academy in another state that were required at the
23 time the park ranger attended the Indiana law enforcement
24 academy or the law enforcement academy in another state;
- 25 (2) graduated from the Indiana law enforcement academy or a
26 comparable law enforcement academy in another state; and
- 27 (3) is employed by the parks department of a city having a
28 population of more than one hundred twenty thousand (120,000)
29 but less than one hundred fifty thousand (150,000);

30 is a member of the fund.

31 (k) Notwithstanding any other provision of this chapter, a police
32 officer or firefighter:

- 33 (1) who is a member of the 1977 fund before a consolidation
34 under IC 36-3-1-5.1 or IC 36-3-1-6.1;
- 35 (2) whose employer is consolidated into the consolidated law
36 enforcement department or the fire department of a consolidated
37 city under IC 36-3-1-5.1 or IC 36-3-1-6.1; and
- 38 (3) who, after the consolidation, becomes an employee of the
39 consolidated law enforcement department or the consolidated fire
40 department under IC 36-3-1-5.1 or IC 36-3-1-6.1;

41 is a member of the 1977 fund without meeting the requirements under
42 sections 19 and 21 of this chapter.

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- 1 (l) Notwithstanding any other provision of this chapter, if:
 2 (1) before a consolidation under IC 8-22-3-11.6, a police officer
 3 or firefighter provides law enforcement services or fire protection
 4 services for an entity in a consolidated city;
 5 (2) the provision of those services is consolidated into the law
 6 enforcement department or fire department of a consolidated city;
 7 and
 8 (3) after the consolidation, the police officer or firefighter
 9 becomes an employee of the consolidated law enforcement
 10 department or the consolidated fire department under
 11 IC 8-22-3-11.6;
 12 the police officer or firefighter is a member of the 1977 fund without
 13 meeting the requirements under sections 19 and 21 of this chapter.
 14 (m) A police officer or firefighter who is a member of the 1977 fund
 15 under subsection (k) or (l) may not be:
 16 (1) retired for purposes of section 10 of this chapter; or
 17 (2) disabled for purposes of section 12 of this chapter;
 18 solely because of a change in employer under the consolidation.
 19 SECTION 120. IC 36-8-8-7.2, AS ADDED BY P.L.180-2007,
 20 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2012]: Sec. 7.2. (a) This section applies to an individual:
 22 (1) who becomes a member of the 1977 fund under section 7(h)
 23 of this chapter;
 24 (2) whose appointment as a fire chief or police chief ends after
 25 June 30, 2007; and
 26 (3) who is not eligible to receive a benefit from the 1977 fund at
 27 the end of the individual's appointment as a fire chief or police
 28 chief.
 29 (b) A fund member described in subsection (a) may elect:
 30 (1) to receive the fund member's contributions to the 1977 fund
 31 under section 8 of this chapter; or
 32 (2) to transfer the fund member's service credit earned as a fire
 33 chief or police chief to PERF under subsection (c).
 34 (c) If a fund member makes the election described in subsection
 35 (b)(2), the PERF **system** board shall:
 36 (1) grant to the fund member service credit in PERF for all
 37 service earned as a fire chief or police chief in the 1977 fund; and
 38 (2) transfer from the 1977 fund to PERF:
 39 (A) the fund member's contributions made during the fund
 40 member's appointment as a fire chief or police chief to the
 41 1977 fund; plus
 42 (B) the present value of the unreduced benefit that would be

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1 payable to the transferring fund member upon retirement
2 under section 10 of this chapter.

3 (d) The **PERF system** board shall deposit the amounts transferred
4 to PERF under subsection (c) as follows:

5 (1) The fund member's contributions to the 1977 fund shall be
6 credited to the fund member's PERF annuity savings account.

7 (2) The present value of the unreduced benefit that would be
8 payable to the transferring fund member upon retirement under
9 section 10 of this chapter shall be credited to PERF's retirement
10 allowance account.

11 (e) For a fund member who makes the election described in
12 subsection (b)(2), all credit for service as a fire chief or police chief in
13 the 1977 fund is waived.

14 SECTION 121. IC 36-8-8-8, AS AMENDED BY P.L.13-2011,
15 SECTION 17, AND AS AMENDED BY P.L.16-2011, SECTION 13,
16 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
17 [EFFECTIVE JULY 1, 2012]: Sec. 8. (a) Each fund member shall
18 contribute during the period of the fund member's employment or for
19 thirty-two (32) years, whichever is shorter, an amount equal to six
20 percent (6%) of the salary of a first class patrolman or firefighter.
21 However, the employer may pay all or a part of the contribution for the
22 member. The amount of the contribution, other than contributions paid
23 on behalf of a member, shall be deducted each pay period from each
24 fund member's salary by the disbursing officer of the employer. The
25 employer shall send to the **PERF system** board each year on March 31,
26 June 30, September 30, and December 31, for the calendar quarters
27 ending on those dates, *or an alternate date established by the rules of*
28 *the **PERF system** board*, a certified list of fund members and a warrant
29 issued by the employer for the total amount deducted for fund
30 members' contributions.

31 (b) *After December 31, 2011, an employer shall submit:*

32 (1) *the list described in subsection (a) in a uniform format*
33 *through a secure connection over the Internet or through other*
34 *electronic means specified by the **PERF system** board; and*

35 (2) *the contributions paid by or on behalf of a member under*
36 *subsection (a) by electronic funds transfer.*

37 ~~(b)~~ (c) Except as provided in section 7.2 of this chapter, if a fund
38 member ends the fund member's employment other than by death or
39 disability before the fund member completes twenty (20) years of
40 active service, the **PERF system** board shall return to the fund member
41 in a lump sum the fund member's contributions plus interest ~~as~~
42 *determined at a rate specified by rule by the **PERF system** board.* If the

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1 fund member returns to service, the fund member is entitled to credit
2 for the years of service for which the fund member's contributions were
3 refunded if the fund member repays the amount refunded to the fund
4 member in either a lump sum or a series of payments determined by the
5 **PERF system** board.

6 SECTION 122. IC 36-8-8-8.3, AS ADDED BY P.L.19-2009,
7 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2012]: Sec. 8.3. (a) This section applies to a fund member
9 who, after June 30, 2009, completes service for which the 1977 fund
10 gives credit.

11 (b) A fund member may purchase not more than two (2) years of
12 service credit for the fund member's service on active duty in the armed
13 services if the fund member meets the following conditions:

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

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

18 (3) The fund member receives an honorable discharge from the
19 armed services.

20 (4) Before the fund member retires, the fund member makes
21 contributions to the fund as follows:

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

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

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

33 (iii) The number of years of service credit the fund member
34 intends to purchase.

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

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

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- 1 purchased under this section.
- 2 (d) A fund member may not receive service credit under this
3 section:
- 4 (1) for service credit received under IC 36-8-5-7; or
5 (2) if the military service for which the fund member requests
6 credit also qualifies the fund member for a benefit in a military or
7 another governmental retirement system.
- 8 (e) A fund member who:
- 9 (1) terminates service before satisfying the eligibility
10 requirements necessary to receive a retirement benefit payment
11 from the 1977 fund; or
12 (2) receives a retirement benefit for the same service from another
13 retirement system, other than under the federal Social Security
14 Act;
- 15 may withdraw the fund member's contributions made under this section
16 plus accumulated interest after submitting to the fund a properly
17 completed application for a refund.
- 18 (f) The following apply to the purchase of service credit under this
19 section:
- 20 (1) The **PERF system** board may allow a fund member to make
21 periodic payments of the contributions required for the purchase
22 of the service credit. The **PERF system** board shall determine the
23 length of the period during which the payments must be made.
- 24 (2) The **PERF system** board may deny an application for the
25 purchase of service credit if the purchase would exceed the
26 limitations under Section 415 of the Internal Revenue Code.
- 27 (3) A fund member may not claim the service credit for purposes
28 of determining eligibility or computing benefits unless the fund
29 member has made all payments required for the purchase of the
30 service credit.
- 31 (g) To the extent permitted by the Internal Revenue Code and
32 applicable regulations, the 1977 fund may accept, on behalf of a fund
33 member who is purchasing service credit under this section, a rollover
34 of a distribution from any of the following:
- 35 (1) A qualified plan described in Section 401(a) or Section 403(a)
36 of the Internal Revenue Code.
- 37 (2) An annuity contract or account described in Section 403(b) of
38 the Internal Revenue Code.
- 39 (3) An eligible plan that is maintained by a state, a political
40 subdivision of a state, or an agency or instrumentality of a state or
41 a political subdivision of a state under Section 457(b) of the
42 Internal Revenue Code.

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- 1 (4) An individual retirement account or annuity described in
 2 Section 408(a) or 408(b) of the Internal Revenue Code.
- 3 (h) To the extent permitted by the Internal Revenue Code and the
 4 applicable regulations, the 1977 fund may accept, on behalf of a fund
 5 member who is purchasing service credit under this section, a trustee
 6 to trustee transfer from any of the following:
- 7 (1) An annuity contract or account described in Section 403(b) of
 8 the Internal Revenue Code.
- 9 (2) An eligible deferred compensation plan under Section 457(b)
 10 of the Internal Revenue Code.
- 11 SECTION 123. IC 36-8-8-8.5, AS ADDED BY P.L.70-2010,
 12 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2012]: Sec. 8.5. (a) This section applies to a fund member
 14 who, after June 30, 2010, completes service for which the 1977 fund
 15 gives credit.
- 16 (b) As used in this section, "public retirement fund" refers to any of
 17 the following, either singly or collectively:
- 18 (1) The public employees' retirement fund (IC 5-10.3).
 19 (2) The Indiana state teachers' retirement fund (IC 5-10.4).
 20 (3) The state excise police, gaming agent, gaming control officer,
 21 and conservation enforcement officers' retirement fund
 22 (IC 5-10-5.5).
 23 (4) The state police pension trust (IC 10-12).
 24 (5) A sheriff's pension trust (IC 36-8-10-12).
- 25 (c) Subject to this section, a fund member may purchase service
 26 credit for the fund member's prior service in a position covered by a
 27 public retirement fund.
- 28 (d) To purchase the service credit described in subsection (c), a fund
 29 member must meet the following requirements:
- 30 (1) The fund member has at least one (1) year of creditable
 31 service in the 1977 fund.
- 32 (2) The fund member has not attained vested status in and is not
 33 an active member in the public retirement fund from which the
 34 fund member is purchasing service credit.
- 35 (3) Before the fund member retires, the fund member makes
 36 contributions to the 1977 fund as follows:
- 37 (A) Contributions that are equal to the product of the
 38 following:
- 39 (i) The salary of a first class patrolman or firefighter at the
 40 time the fund member actually makes a contribution for the
 41 service credit.
- 42 (ii) A rate, determined by the actuary for the 1977 fund, that

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1 is based on the age of the fund member at the time the fund
 2 member actually makes a contribution for the service credit
 3 and that is computed to result in a contribution amount that
 4 approximates the actuarial present value of the retirement
 5 benefit attributable to the service credit purchased.

6 (iii) The number of years of service credit the fund member
 7 intends to purchase.

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

12 (e) At the request of the fund member purchasing service credit
 13 under this section, the amount a fund member is required to contribute
 14 under subsection (d)(3) may be reduced by a trustee to trustee transfer
 15 from the public retirement fund in which the fund member has an
 16 account that contains amounts attributable to member contributions
 17 (plus any credited earnings) to the 1977 fund. The fund member may
 18 direct the transfer of an amount only to the extent necessary to fund the
 19 service purchase under subsection (d)(3). The fund member shall
 20 complete any forms required by the public retirement fund from which
 21 the fund member is requesting a transfer or the 1977 fund before the
 22 transfer is made.

23 (f) A fund member must have at least twenty (20) years of service
 24 in the 1977 fund before a fund member may receive a retirement
 25 benefit based on service credit purchased under this section. A fund
 26 member's years of service may not exceed thirty-two (32) years with
 27 the inclusion of the service credit purchased under this section.

28 (g) A fund member who:

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

32 (2) receives a retirement benefit for the same service from another
 33 tax supported governmental retirement plan other than the federal
 34 Social Security Act;

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

38 (h) The following apply to the purchase of service credit under this
 39 section:

40 (1) The **PERF system** board may allow a fund member to make
 41 periodic payments of the contributions required for the purchase
 42 of the service credit. The **PERF system** board shall determine the

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1 length of the period during which the payments may be made.
2 (2) The **PERF system** board may deny an application for the
3 purchase of service credit if the purchase would exceed the
4 limitations under Section 415 of the Internal Revenue Code.
5 (3) A fund member may not claim the service credit for purposes
6 of determining eligibility or computing benefits unless the fund
7 member has made all payments required for the purchase of the
8 service credit.
9 (i) To the extent permitted by the Internal Revenue Code and
10 applicable regulations, the 1977 fund may accept, on behalf of a fund
11 member who is purchasing service credit under this section, a rollover
12 of a distribution from any of the following:
13 (1) A qualified plan described in Section 401(a) or 403(a) of the
14 Internal Revenue Code.
15 (2) An annuity contract or account described in Section 403(b) of
16 the Internal Revenue Code.
17 (3) An eligible plan that is maintained by a state, a political
18 subdivision of a state, or an agency or instrumentality of a state or
19 a political subdivision of a state under Section 457(b) of the
20 Internal Revenue Code.
21 (4) An individual retirement account or annuity described in
22 Section 408(a) or 408(b) of the Internal Revenue Code.
23 (j) To the extent permitted by the Internal Revenue Code and
24 applicable regulations, the 1977 fund may accept, on behalf of a fund
25 member who is purchasing service credit under this section, a trustee
26 to trustee transfer from any of the following:
27 (1) An annuity contract or account described in Section 403(b) of
28 the Internal Revenue Code.
29 (2) An eligible deferred compensation plan under Section 457(b)
30 of the Internal Revenue Code.
31 (k) The fund member's employer may pay all or a part of the fund
32 member's contributions required for the purchase of service credit
33 under this section. In that event, the actuary shall determine the
34 amortization, and subsections (g), (h)(1), (h)(3), and (i) do not apply.
35 SECTION 124. IC 36-8-8-8.8, AS ADDED BY P.L.88-2010,
36 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
37 JULY 1, 2012]: Sec. 8.8. (a) This section applies to a fund member
38 who, after June 30, 2010, completes service for which the 1977 fund
39 gives credit.
40 (b) As used in this section, "out-of-state service" means service in
41 another state in a comparable position for which the fund member
42 would receive service credit in the 1977 fund if the service had been

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- 1 performed in Indiana.
- 2 (c) Subject to subsections (d) through (g), a fund member may
- 3 purchase out-of-state service credit if the fund member meets the
- 4 following requirements:
- 5 (1) The fund member has at least one (1) year of credited service
- 6 in the 1977 fund.
- 7 (2) Before the fund member retires, the fund member makes
- 8 contributions to the 1977 fund as follows:
- 9 (A) Contributions that are equal to the product of the
- 10 following:
- 11 (i) The salary of a first class patrolman or firefighter at the
- 12 time the fund member makes a contribution for the service
- 13 credit.
- 14 (ii) A rate, determined by the actuary for the 1977 fund, that
- 15 is based on the age of the fund member at the time the fund
- 16 member makes a contribution for the service credit and that
- 17 is computed to result in a contribution amount that
- 18 approximates the actuarial present value of the retirement
- 19 benefit attributable to the service credit purchased.
- 20 (iii) The number of years of out-of-state service credit the
- 21 fund member intends to purchase.
- 22 (B) Contributions for any accrued interest, at a rate determined
- 23 by the actuary for the 1977 fund, for the period from the fund
- 24 member's initial membership in the 1977 fund to the date
- 25 payment is made by the fund member.
- 26 (3) The fund member has received verification from the 1977
- 27 fund that the out-of-state service is, as of the date payment is
- 28 made by the fund member, valid.
- 29 (d) A fund member must have at least twenty (20) years of service
- 30 before the fund member may receive a benefit based on service credit
- 31 purchased under this section. A fund member's years of service may not
- 32 exceed thirty-two (32) years with the inclusion of service credit
- 33 purchased under this section.
- 34 (e) A fund member may not receive service credit under this section
- 35 if the service for which the fund member requests credit also qualifies
- 36 the fund member for a benefit in another governmental retirement
- 37 system.
- 38 (f) A fund member who:
- 39 (1) terminates service before satisfying the eligibility
- 40 requirements necessary to receive a retirement benefit payment
- 41 from the 1977 fund; or
- 42 (2) receives a retirement benefit for the same service from another

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1 retirement system, other than under the federal Social Security
2 Act;
3 may withdraw the fund member's contributions made under this section
4 plus accumulated interest after submitting to the 1977 fund a properly
5 completed application for a refund.

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

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

12 (2) The **PERF system** board may deny an application for the
13 purchase of service credit if the purchase would exceed the
14 limitations under Section 415 of the Internal Revenue Code.

15 (3) The fund member may not claim the service credit for
16 purposes of determining eligibility or computing benefits unless
17 the fund member has made all payments required for the purchase
18 of the service credit.

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

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

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

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

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

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

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

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

41 SECTION 125. IC 36-8-8-11.5, AS ADDED BY P.L.130-2008,
42 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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1 JULY 1, 2012]: Sec. 11.5. (a) Not less than thirty (30) days after a fund
 2 member retires from a position covered by this chapter, the fund
 3 member may:

4 (1) be rehired by the same unit that employed the fund member in
 5 a position covered by this chapter for a position not covered by
 6 this chapter; and

7 (2) continue to receive the fund member's retirement benefit
 8 under this chapter.

9 (b) This section may be implemented unless the **PERF system** board
 10 receives from the Internal Revenue Service a determination that
 11 prohibits the implementation.

12 SECTION 126. IC 36-8-8-12, AS AMENDED BY P.L.13-2011,
 13 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2012]: Sec. 12. (a) Benefits paid under this section are subject
 15 to sections 2.5 and 2.6 of this chapter.

16 (b) If an active fund member has a covered impairment, as
 17 determined under sections 12.3 through 13.1 of this chapter, the
 18 member is entitled to receive the benefit prescribed by section 13.3 or
 19 13.5 of this chapter. A member who has had a covered impairment and
 20 returns to active duty with the department shall not be treated as a new
 21 applicant seeking to become a member of the 1977 fund.

22 (c) If a retired fund member who has not yet reached the member's
 23 fifty-second birthday is found by the **PERF system** board to be
 24 permanently or temporarily unable to perform all suitable work for
 25 which the member is or may be capable of becoming qualified, the
 26 member is entitled to receive during the disability the retirement
 27 benefit payments payable at fifty-two (52) years of age. During a
 28 reasonable period in which a fund member with a disability is
 29 becoming qualified for suitable work, the member may continue to
 30 receive disability benefit payments. However, benefits payable for
 31 disability under this subsection are reduced by amounts for which the
 32 fund member is eligible from:

33 (1) a plan or policy of insurance providing benefits for loss of
 34 time because of disability;

35 (2) a plan, fund, or other arrangement to which the fund member's
 36 employer has contributed or for which the fund member's
 37 employer has made payroll deductions, including a group life
 38 policy providing installment payments for disability, a group
 39 annuity contract, or a pension or retirement annuity plan other
 40 than the fund established by this chapter;

41 (3) the federal Social Security Act (42 U.S.C. 401 et seq.), the
 42 Railroad Retirement Act (45 U.S.C. 231 et seq.), the United States

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1 Department of Veterans Affairs, or another federal, state, local, or
2 other governmental agency;

3 (4) worker's compensation payable under IC 22-3; and

4 (5) a salary or wage, including overtime and bonus pay and extra
5 or additional remuneration of any kind, the fund member receives
6 or is entitled to receive from the member's employer.

7 For the purposes of this subsection, a retired fund member is
8 considered eligible for benefits from subdivisions (1) through (5)
9 whether or not the member has made application for the benefits.

10 (d) Notwithstanding any other law, a plan, policy of insurance, fund,
11 or other arrangement:

12 (1) delivered, issued for delivery, amended, or renewed after
13 April 9, 1979; and

14 (2) described in subsection (c)(1) or (c)(2);

15 may not provide for a reduction or alteration of benefits as a result of
16 benefits for which a fund member may be eligible from the 1977 fund
17 under subsection (c).

18 (e) Time spent receiving disability benefits, not to exceed twenty
19 (20) years, is considered active service for the purpose of determining
20 retirement benefits. A fund member's retirement benefit shall be based
21 on:

22 (1) the member's years of active service; plus

23 (2) if applicable, the period, not to exceed twenty (20) years,
24 during which the member received disability benefits.

25 (f) A fund member who is receiving disability benefits:

26 (1) under section 13.3(d) of this chapter; or

27 (2) based on a determination under this chapter that the fund
28 member has a Class 3 impairment;

29 shall be transferred from disability to regular retirement status when the
30 member becomes fifty-two (52) years of age.

31 (g) A fund member who is receiving disability benefits:

32 (1) under section 13.3(c) of this chapter; or

33 (2) based on a determination under this chapter that the fund
34 member has a Class 1 or Class 2 impairment;

35 is entitled to receive a disability benefit for the remainder of the fund
36 member's life in the amount determined under the applicable sections
37 of this chapter.

38 SECTION 127. IC 36-8-8-12.3 IS AMENDED TO READ AS
39 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 12.3. (a) Upon a
40 request from a fund member or from the safety board of the appropriate
41 police or fire department, the local board shall conduct a hearing under
42 section 12.7 of this chapter to determine whether the fund member has

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- 1 a covered impairment.
- 2 (b) A covered impairment is an impairment that permanently or
- 3 temporarily makes a fund member unable to perform the essential
- 4 function of the member's duties, considering reasonable
- 5 accommodation to the extent required by the Americans with
- 6 Disabilities Act, with the police or fire department. However, a covered
- 7 impairment does not include an impairment:
- 8 (1) resulting from an intentionally self-inflicted injury or
- 9 attempted suicide while sane or insane;
- 10 (2) resulting from the fund member's commission or attempted
- 11 commission of a felony;
- 12 (3) that begins within two (2) years after a fund member's entry or
- 13 reentry into active service with the department and that was
- 14 caused or contributed to by a mental or physical condition that
- 15 manifested itself before the fund member entered or reentered
- 16 active service. Notwithstanding this subdivision, a fund member
- 17 may not be required to satisfy more than one (1) such two (2) year
- 18 period for the same mental or physical condition; or
- 19 (4) that is occasioned, in whole or in part, by the fund member
- 20 currently engaging (as defined in 29 CFR 1630.3, Appendix) in
- 21 any of the following:
- 22 (A) Use of a controlled substance (as defined in the Controlled
- 23 Substances Act (21 U.S.C. 812)).
- 24 (B) Unlawful use of a prescription drug.
- 25 (c) Notwithstanding subsection (b), this subsection applies to the
- 26 following:
- 27 (1) A fund member who is hired after March 1, 1992.
- 28 (2) A fund member who was admitted to the 1977 fund after
- 29 having been covered by another public pension plan as a police
- 30 officer or firefighter.
- 31 For a fund member who is determined by the ~~PERF~~ **system** board to
- 32 have a Class 3 excludable condition under IC 36-8-8-13.6, a covered
- 33 impairment does not include an impairment that would be classified as
- 34 a Class 3 impairment that begins at any time after the fund member's
- 35 entry or reentry into active service with the department and is related
- 36 in any manner to the Class 3 excludable condition.
- 37 (d) If the local board determines that a covered impairment exists,
- 38 the chief of the police or fire department shall submit to the local board
- 39 written determinations of the following:
- 40 (1) Whether there is suitable and available work on the
- 41 appropriate department for which the fund member is or may be
- 42 capable of becoming qualified, considering reasonable

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1 accommodation to the extent required by the Americans with
2 Disabilities Act.

3 (2) For a fund member covered by sections 12.5 and 13.5 of this
4 chapter, the fund member's years of service with the department.

5 SECTION 128. IC 36-8-8-12.4 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 12.4. A fund member
7 who is hired for the first time before January 1, 1990, may choose to be
8 covered by sections 12.5 and 13.5 of this chapter (instead of section
9 13.3 of this chapter) if the fund member files an election with the ~~PERF~~
10 **system** board before January 1, 1991. However, an election may not be
11 filed after the fund member has a covered impairment. An election
12 filed under this section is irrevocable.

13 SECTION 129. IC 36-8-8-12.7, AS AMENDED BY P.L.29-2006,
14 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 JULY 1, 2012]: Sec. 12.7. (a) This section applies to hearings
16 conducted by local boards concerning determinations of impairment
17 under this chapter or of disability under IC 36-8-5-2(g), IC 36-8-6,
18 IC 36-8-7, and IC 36-8-7.5.

19 (b) At least five (5) days before the hearing, the local board shall
20 give notice to the fund member and the safety board of the time, date,
21 and place of the hearing.

22 (c) The local board must hold a hearing not more than ninety (90)
23 days after the fund member requests the hearing.

24 (d) At the hearing, the local board shall permit the fund member and
25 the safety board to:

- 26 (1) be represented by any individual;
- 27 (2) through witnesses and documents, present evidence;
- 28 (3) conduct cross-examination; and
- 29 (4) present arguments.

30 (e) At the hearing, the local board shall require all witnesses to be
31 examined under oath, which may be administered by a member of the
32 local board.

33 (f) The local board shall, at the request of the fund member or the
34 safety board, issue:

- 35 (1) subpoenas;
- 36 (2) discovery orders; and
- 37 (3) protective orders;

38 in accordance with the Indiana Rules of Trial Procedure that govern
39 discovery, depositions, and subpoenas in civil actions.

40 (g) The local board shall have the hearing recorded so that a
41 transcript may be made of the proceedings.

42 (h) After the hearing, the local board shall make its determinations,

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1 including findings of fact, in writing and shall provide copies of its
 2 determinations to the fund member and the safety board not more than
 3 thirty (30) days after the hearing.

4 (i) If the local board:

5 (1) does not hold a hearing within the time required under
 6 subsection (c); or

7 (2) does not issue its determination within the time required under
 8 subsection (h);

9 the fund member shall be considered to be totally impaired for
 10 purposes of section 13.5 of this chapter and, if the issue before the local
 11 board concerns the class of the member's impairment, the member shall
 12 be considered to have a Class 1 impairment. The ~~PERF~~ **system** board
 13 shall review an impairment determined under this subsection as
 14 provided in section 13.1 of this chapter.

15 (j) The local board may on its own motion issue:

16 (1) subpoenas;

17 (2) discovery orders; and

18 (3) protective orders;

19 in accordance with the Indiana Rules of Trial Procedure that govern
 20 discovery, depositions, and subpoenas in civil actions.

21 (k) At the hearing, the local board may exclude evidence that is
 22 irrelevant, immaterial, unduly repetitious, or excludable on the basis of
 23 evidentiary privilege recognized by the courts.

24 (l) At the hearing, the local board may request the testimony of
 25 witnesses and the production of documents.

26 (m) If a subpoena or order is issued under this section, the party
 27 seeking the subpoena or order shall serve it in accordance with the
 28 Indiana Rules of Trial Procedure. However, if the subpoena or order is
 29 on the local board's own motion, the sheriff of the county in which the
 30 subpoena or order is to be served shall serve it. A subpoena or order
 31 under this section may be enforced in the circuit or superior court of
 32 the county in which the subpoena or order is served.

33 (n) With respect to a hearing conducted for purposes of determining
 34 disability under IC 36-8-6, IC 36-8-7, or IC 36-8-7.5, the determination
 35 of the local board after a hearing is final and may be appealed to the
 36 court.

37 (o) With respect to a hearing conducted for purposes of determining
 38 impairment or class of impairment under this chapter, the fund member
 39 may appeal the local board's determinations. An appeal under this
 40 subsection:

41 (1) must be made in writing;

42 (2) must state the class of impairment and the degree of

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1 impairment that is claimed by the fund member;
 2 (3) must include a written determination by the chief of the police
 3 or fire department stating that there is no suitable and available
 4 work; and
 5 (4) must be filed with the local board and the **PERF system**
 6 board's director no later than thirty (30) days after the date on
 7 which the fund member received a copy of the local board's
 8 determinations.

9 (p) To the extent required by the Americans with Disabilities Act,
 10 the transcripts, records, reports, and other materials generated as a
 11 result of a hearing, review, or appeal conducted to determine an
 12 impairment under this chapter or a disability under IC 36-8-6,
 13 IC 36-8-7, or IC 36-8-7.5 must be:

- 14 (1) retained in the separate medical file created for the member;
- 15 and
- 16 (2) treated as a confidential medical record.

17 (q) If a local board determines that a fund member described in
 18 section 13.3(a) of this chapter has a covered impairment, the local
 19 board shall also make a recommendation to the ~~1977 fund advisory~~
 20 **committee system board** concerning whether the covered impairment
 21 is an impairment described in section 13.3(c) of this chapter or whether
 22 it is an impairment described in section 13.3(d) of this chapter. The
 23 local board shall forward its recommendation to the ~~1977 fund advisory~~
 24 **committee. system board.**

25 (r) The ~~1977 fund advisory committee system board~~ shall review
 26 the local board's recommendation not later than forty-five (45) days
 27 after receiving the recommendation and shall then issue an initial
 28 determination of whether the disability is in the line of duty or not in
 29 the line of duty. The ~~1977 fund advisory committee system board~~ shall
 30 notify the local board, the safety board, and the fund member of its
 31 initial determination.

32 (s) The fund member, the safety board, or the local board may object
 33 in writing to the ~~1977 fund advisory committee's system board's~~ initial
 34 determination under subsection (r) not later than fifteen (15) days after
 35 the initial determination is issued. If a written objection is not filed, the
 36 ~~1977 fund advisory committee's system board's~~ initial determination
 37 becomes final. If a timely written objection is filed, the ~~1977 fund~~
 38 ~~advisory committee system board~~ shall issue a final determination
 39 after a hearing. The final determination must be issued not later than
 40 one hundred eighty (180) days after the date of receipt of the local
 41 board's recommendation.

42 SECTION 130. IC 36-8-8-13.1, AS AMENDED BY HEA

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1 1009-2012, SECTION 252, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE UPON PASSAGE]: Sec. 13.1. (a) If:

3 (1) the local board has determined under this chapter that a
 4 covered impairment exists and the safety board has determined
 5 that there is no suitable and available work within the department,
 6 considering reasonable accommodation to the extent required by
 7 the Americans with Disabilities Act; or

8 (2) the fund member has filed an appeal under section 12.7(o) of
 9 this chapter;

10 the local board shall submit the local board's determinations and the
 11 safety board's determinations to the system board's director.

12 (b) Whenever a fund member is determined to have an impairment
 13 under section 12.7(i) of this chapter, the system board's director shall
 14 initiate a review of the default award not later than sixty (60) days after
 15 the director learns of the default award.

16 (c) After the system board's director receives the determinations
 17 under subsection (a) or initiates a review under subsection (b), the fund
 18 member must submit to an examination by a medical authority selected
 19 by the system board. The authority shall determine if there is a covered
 20 impairment. With respect to a fund member who is covered by sections
 21 12.5 and 13.5 of this chapter, the authority shall determine the degree
 22 of impairment. The system board shall adopt rules to establish
 23 impairment standards, such as the impairment standards contained in
 24 the United States Department of Veterans Affairs Schedule for Rating
 25 Disabilities. The report of the examination shall be submitted to the
 26 system board's director. If a fund member refuses to submit to an
 27 examination, the authority may find that no impairment exists.

28 (d) The system board's director shall review the medical authority's
 29 report and the local board's determinations and issue an initial
 30 determination within sixty (60) days after receipt of the local board's
 31 determinations. The system board's director shall notify the local board,
 32 the safety board, and the fund member of the initial determination. The
 33 following provisions apply if the system board's director does not issue
 34 an initial determination within sixty (60) days and if the delay is not
 35 attributable to the fund member or the safety board:

36 (1) In the case of a review initiated under subsection ~~(b)~~: **(a)(1)**:

37 (A) the determinations of the local board and the chief of the
 38 police or fire department are considered to be the initial
 39 determination; and

40 (B) for purposes of section 13.5(d) of this chapter, the fund
 41 member is considered to be totally impaired.

42 (2) In the case of an appeal submitted under subsection (a)(2), the

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- 1 statements made by the fund member under section 12.7(o) of this
 2 chapter are considered to be the initial determination.
- 3 (3) In the case of a review initiated under subsection (b), the
 4 initial determination is the impairment determined under section
 5 12.7(i) of this chapter.
- 6 (e) The fund member, the safety board, or the local board may
 7 object in writing to the director's initial determination within fifteen
 8 (15) days after the determination is issued. If no written objection is
 9 filed, the initial determination becomes the final order of the system
 10 board. If a timely written objection is filed, the system board shall issue
 11 the final order after a hearing. Unless an administrative law judge
 12 orders a waiver or an extension of the period for cause shown, the final
 13 order shall be issued not later than one hundred eighty (180) days after
 14 the date of receipt of the local board's determination or the date the
 15 system board's director initiates a review under subsection (b). The
 16 following provisions apply if a final order is not issued within the time
 17 limit described in this subsection and if the delay is not attributable to
 18 the fund member or the chief of the police or fire department:
- 19 (1) In the case of a review initiated under subsection ~~(b)~~: **(a)(1)**:
 20 (A) the determinations of the local board and the chief of the
 21 police or fire department are considered to be the final order;
 22 and
 23 (B) for purposes of section 13.5(d) of this chapter, the fund
 24 member is considered to be totally impaired.
- 25 (2) In the case of an appeal submitted under subsection (a)(2), the
 26 statements made by the fund member under section 12.7(o) of this
 27 chapter are considered to be the final order.
- 28 (3) In the case of a review initiated under subsection (b), the
 29 impairment determined under section 12.7(i) of this chapter is
 30 considered to be the final order.
- 31 (f) If the system board approves the director's initial determination,
 32 then the system board shall issue a final order adopting the initial
 33 determination. The local board and the chief of the police or fire
 34 department shall comply with the initial determination. If the system
 35 board does not approve the initial determination, the system board may
 36 receive additional evidence on the matter before issuing a final order.
- 37 (g) Appeals of the system board's final order may be made under
 38 IC 4-21.5.
- 39 (h) The transcripts, records, reports, and other materials compiled
 40 under this section must be retained in accordance with the procedures
 41 specified in section 12.7(p) of this chapter.
- 42 SECTION 131. IC 36-8-8-13.4, AS ADDED BY P.L.177-2011,

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1 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2012]: Sec. 13.4. (a) This section applies only to a fund
3 member or survivor of a fund member who is receiving a disability
4 benefit under section 13.3(b) of this chapter.

5 (b) A fund member or survivor of a fund member described in
6 subsection (a) may file an application, in accordance with this section,
7 requesting a determination that:

8 (1) the member's covered impairment, as determined under
9 section 13.3(b) of this chapter, was:

10 (A) the direct result of:

11 (i) a personal injury that occurred while the fund member
12 was on duty;

13 (ii) a personal injury that occurred while the fund member
14 was off duty and was responding to an offense or a reported
15 offense, in the case of a police officer, or an emergency or
16 reported emergency for which the fund member was trained,
17 in the case of a firefighter; or

18 (iii) an occupational disease (as defined in IC 22-3-7-10),
19 including a duty related disease that is also included within
20 clause (B);

21 (B) a duty related disease, which for purposes of this section,
22 means a disease arising out of the fund member's employment.
23 A disease is considered to arise out of the fund member's
24 employment if it is apparent to the rational mind, upon
25 consideration of all of the circumstances, that:

26 (i) there is a connection between the conditions under which
27 the fund member's duties are performed and the disease;

28 (ii) the disease can be seen to have followed as a natural
29 incident of the fund member's duties as a result of the
30 exposure occasioned by the nature of the fund member's
31 duties; and

32 (iii) the disease can be traced to the fund member's
33 employment as the proximate cause; or

34 (C) a disability presumed incurred in the line of duty under
35 IC 5-10-13 or IC 5-10-15; or

36 (2) the member's covered impairment, as determined under
37 section 13.3(b) of this chapter, was not a covered impairment
38 described in subsection (b)(1).

39 The application must be filed with the local board that made the
40 determination of a covered impairment resulting in a disability benefit
41 under section 13.3(b) of this chapter. The application form shall be
42 prepared by the **PERF system** board or its designee and be made

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1 available to a fund member or survivor of a fund member described in
2 subsection (a) upon request.

3 (c) A fund member or survivor of a fund member who files an
4 application under this section has the burden of presenting sufficient
5 evidence to support a finding that the member's covered impairment,
6 as determined under section 13.3(b) of this chapter, satisfies the
7 standard provided in subsection (b)(1). Such evidence may include any
8 documents, materials, or other evidence provided in connection with
9 the original hearing and determination of a covered impairment as
10 determined under section 13.3(b) of this chapter, including any
11 transcript from that proceeding. A fund member or a survivor of a fund
12 member may include with an application any additional probative
13 evidence that is relevant to the determination under subsection (b)(1).
14 The local board may establish reasonable procedures with respect to
15 the application process and may engage a medical authority to provide
16 opinions relevant to making its determination. The local board may
17 hold a hearing with respect to an application filed under this section if
18 the fund member or survivor of a fund member shows good cause that
19 documents or other probative evidence sufficient to make the showing
20 required under this subsection is not reasonably obtainable and that
21 holding a hearing would be reasonably likely to provide such probative
22 evidence. If the local board conducts a hearing, it shall be subject to the
23 provisions of section 12.7 of this chapter relating to the conduct of
24 hearings on the determinations of covered impairments under this
25 chapter.

26 (d) The local board shall make its recommendation, including
27 findings of fact, in writing and shall provide copies of its
28 recommendation to the fund member or survivor of the fund member
29 ~~the 1977 fund advisory committee~~, and the **PERF system board** ~~no not~~
30 later than thirty (30) days after the:

- 31 (1) filing of the application, if no hearing is held; or
32 (2) hearing, if held.

33 (e) If the local board does not issue its recommendation within the
34 time required under subsection (d), the member's covered impairment
35 shall be considered to be a covered impairment described under
36 subsection (b)(1) for purposes of the local board's recommendation.

37 (f) The ~~1977 fund advisory committee~~ **system board** shall review
38 the local board's recommendation, or the considered recommendation
39 under subsection (e), not later than forty-five (45) days after receiving
40 the recommendation and shall then issue an initial determination of
41 whether the covered impairment is one described under subsection
42 (b)(1). The ~~1977 fund advisory committee~~ **system board** shall notify

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1 the ~~PERF board~~, the local board and the fund member or survivor of
2 the fund member of its initial determination. ~~and the PERF board or its~~
3 ~~designee will issue a final determination to the local board and the fund~~
4 ~~member or survivor of the fund member. If no objection is made to the~~
5 ~~initial determination under subsection (g) or (h) the PERF board must~~
6 ~~issue a final determination not later than thirty (30) days after receiving~~
7 ~~an initial determination.~~

8 (g) The fund member or survivor of the fund member or the local
9 board may object in writing to the ~~1977 fund advisory committee's~~
10 **system board's** initial determination under subsection (f) not later than
11 fifteen (15) days after the initial determination is issued by filing an
12 objection with the **PERF system** board. If a written objection is not
13 filed, the ~~1977 advisory committee's~~ **system board's** initial
14 determination becomes final. If a timely written objection is filed, the
15 **PERF system** board shall issue a final determination after a hearing.
16 Unless an administrative law judge orders a waiver or an extension of
17 the period for cause shown, the final determination must be issued not
18 later than one hundred eighty (180) days after the date of receipt of the
19 local board's recommendation.

20 (h) If the ~~1977 fund advisory committee~~ **system board** fails to issue
21 an initial determination within forty-five (45) days after receiving the
22 local board's recommendation, the default determination on whether
23 the covered impairment is one described under subsection (b)(1) will
24 be the determination made by ~~PERF's~~ **the system board's** medical
25 authority. An objection to this determination may be filed in
26 accordance with the provisions of subsection (g).

27 (i) A determination that a member's covered impairment is one
28 described under subsection (b)(1) will apply only on a prospective
29 basis beginning on January 1 of the calendar year in which the
30 determination is made. The amount of the benefit will not be changed
31 as a result of this determination.

32 (j) A fund member or survivor of a fund member described in
33 subsection (a) must file an application under this section no later than
34 two (2) years after the date the **PERF system** board notifies the fund
35 members and survivors described in subsection (a) that the board has
36 received a favorable ruling from the Internal Revenue Service. The
37 **PERF system** board will provide notice of receipt of a favorable ruling
38 within thirty (30) days of its receipt.

39 (k) This section expires July 1, 2021.

40 SECTION 132. IC 36-8-8-13.5, AS AMENDED BY P.L.34-2009,
41 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
42 JULY 1, 2012]: Sec. 13.5. (a) This section applies only to a fund

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1 member who:

- 2 (1) is hired for the first time after December 31, 1989;
 3 (2) chooses coverage by this section and section 12.5 of this
 4 chapter under section 12.4 of this chapter; or
 5 (3) is described in section 12.3(c)(2) of this chapter.

6 (b) A fund member who is determined to have a Class 1 impairment
 7 and for whom it is determined that there is no suitable and available
 8 work within the fund member's department, considering reasonable
 9 accommodation to the extent required by the Americans with
 10 Disabilities Act, is entitled to a monthly base benefit equal to forty-five
 11 percent (45%) of the monthly salary of a first class patrolman or
 12 firefighter in the year of the local board's determination of impairment.

13 (c) A fund member who is determined to have a Class 2 impairment
 14 and for whom it is determined that there is no suitable and available
 15 work within the fund member's department, considering reasonable
 16 accommodation to the extent required by the Americans with
 17 Disabilities Act, is entitled to a monthly base benefit equal to
 18 twenty-two percent (22%) of the monthly salary of a first class
 19 patrolman or firefighter in the year of the local board's determination
 20 of impairment plus one-half percent (0.5%) of that salary for each year
 21 of service, up to a maximum of thirty (30) years of service.

22 (d) For applicants hired before March 2, 1992, a fund member who
 23 is determined to have a Class 3 impairment and for whom it is
 24 determined that there is no suitable and available work within the fund
 25 member's department, considering reasonable accommodation to the
 26 extent required by the Americans with Disabilities Act, is entitled to a
 27 monthly base benefit equal to the product of the member's years of
 28 service (not to exceed thirty (30) years of service) multiplied by one
 29 percent (1%) of the monthly salary of a first class patrolman or
 30 firefighter in the year of the local board's determination of impairment.

31 (e) For applicants hired after March 1, 1992, or described in section
 32 12.3(c)(2) of this chapter, a fund member who is determined to have a
 33 Class 3 impairment and for whom it is determined that there is no
 34 suitable and available work within the fund member's department,
 35 considering reasonable accommodation to the extent required by the
 36 Americans with Disabilities Act, is entitled to the following benefits
 37 instead of benefits provided under subsection (d):

- 38 (1) If the fund member did not have a Class 3 excludable
 39 condition under section 13.6 of this chapter at the time the fund
 40 member entered or reentered the fund, the fund member is
 41 entitled to a monthly base benefit equal to the product of the
 42 member's years of service, not to exceed thirty (30) years of

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1 service, multiplied by one percent (1%) of the monthly salary of
 2 a first class patrolman or firefighter in the year of the local board's
 3 determination of impairment.
 4 (2) Except as provided in subdivision (5), a fund member is
 5 entitled to receive the benefits set forth in subdivision (1) if:
 6 (A) the fund member had a Class 3 excludable condition under
 7 section 13.6 of this chapter at the time the fund member
 8 entered or reentered the fund;
 9 (B) the fund member has a Class 3 impairment that is not
 10 related in any manner to the Class 3 excludable condition
 11 described in clause (A); and
 12 (C) the Class 3 impairment described in clause (B) occurs after
 13 the fund member has completed four (4) years of service with
 14 the employer after the date the fund member entered or
 15 reentered the fund.
 16 (3) Except as provided in subdivision (5), a fund member is not
 17 entitled to a monthly base benefit for a Class 3 impairment if:
 18 (A) the fund member had a Class 3 excludable condition under
 19 section 13.6 of this chapter at the time the fund member
 20 entered or reentered the fund; and
 21 (B) the Class 3 impairment occurs before the fund member has
 22 completed four (4) years of service with the employer after the
 23 date the fund member entered or reentered the fund.
 24 (4) A fund member is not entitled to a monthly base benefit for a
 25 Class 3 impairment if:
 26 (A) the fund member had a Class 3 excludable condition under
 27 section 13.6 of this chapter at the time the fund member
 28 entered or reentered the fund; and
 29 (B) the Class 3 impairment is related in any manner to the
 30 Class 3 excludable condition.
 31 (5) If, during the first four (4) years of service with the employer:
 32 (A) a fund member with a Class 3 excludable condition is
 33 determined to have a Class 3 impairment; and
 34 (B) the Class 3 impairment is attributable to an accidental
 35 injury that is not related in any manner to the fund member's
 36 Class 3 excludable condition;
 37 the member is entitled to receive the benefits provided in
 38 subdivision (1) with respect to the accidental injury. For purposes
 39 of this subdivision, the local board shall make the initial
 40 determination of whether an impairment is attributable to an
 41 accidental injury. The local board shall forward the initial
 42 determination to the director of the PERF system board for a final

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- 1 determination by the **PERF system** board or the **PERF system**
- 2 board's designee.
- 3 (f) If a fund member is entitled to a monthly base benefit under
- 4 subsection (b), (c), (d), or (e), the fund member is also entitled to a
- 5 monthly amount that is no less than ten percent (10%) and no greater
- 6 than forty-five percent (45%) of the monthly salary of a first class
- 7 patrolman or firefighter in the year of the local board's determination
- 8 of impairment. The additional monthly amount shall be determined by
- 9 the **PERF Indiana public retirement system** medical authority based
- 10 on the degree of impairment.
- 11 (g) Benefits for a Class 1 impairment as determined under this
- 12 section are payable for the remainder of the fund member's life.
- 13 (h) Benefits for a Class 2 impairment are payable:
- 14 (1) for a period equal to the years of service of the member, if the
- 15 member's total disability benefit is less than thirty percent (30%)
- 16 of the monthly salary of a first class patrolman or firefighter in the
- 17 year of the local board's determination of impairment and the
- 18 member has fewer than four (4) years of service; or
- 19 (2) for the remainder of the fund member's life if the fund
- 20 member's benefit is:
- 21 (A) equal to or greater than thirty percent (30%) of the
- 22 monthly salary of a first class patrolman or firefighter in the
- 23 year of the local board's determination of impairment; or
- 24 (B) less than thirty percent (30%) of the monthly salary of a
- 25 first class patrolman or firefighter in the year of the local
- 26 board's determination of impairment if the member has at least
- 27 four (4) years of service.
- 28 (i) Benefits for a Class 3 impairment are payable:
- 29 (1) for a period equal to the years of service of the member, if the
- 30 member's total disability benefit is less than thirty percent (30%)
- 31 of the monthly salary of a first class patrolman or firefighter in the
- 32 year of the local board's determination of impairment and the
- 33 member has fewer than four (4) years of service; or
- 34 (2) until the member becomes fifty-two (52) years of age if the
- 35 member's benefit is:
- 36 (A) equal to or greater than thirty percent (30%) of the
- 37 monthly salary of a first class patrolman or firefighter in the
- 38 year of the local board's determination of impairment; or
- 39 (B) less than thirty percent (30%) of the monthly salary of a
- 40 first class patrolman or firefighter in the year of the local
- 41 board's determination of impairment if the member has at least
- 42 four (4) years of service.

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1 (j) Upon becoming fifty-two (52) years of age, a fund member with
 2 a Class 2 impairment determined under subsection (h)(1) is entitled to
 3 receive the retirement benefit payable to a fund member with:
 4 (1) twenty (20) years of service; or
 5 (2) the total years of service (including both active service and the
 6 period, not to exceed twenty (20) years, during which the member
 7 received disability benefits) and salary, as of the year the member
 8 becomes fifty-two (52) years of age, that the fund member would
 9 have earned if the fund member had remained in active service
 10 until becoming fifty-two (52) years of age;
 11 whichever is greater.

12 (k) Upon becoming fifty-two (52) years of age, a fund member who
 13 is receiving or has received a Class 3 impairment benefit that is:
 14 (1) equal to or greater than thirty percent (30%) of the monthly
 15 salary of a first class patrolman or firefighter in the year of the
 16 local board's determination of impairment; or
 17 (2) less than thirty percent (30%) of the monthly salary of a first
 18 class patrolman or firefighter in the year of the local board's
 19 determination of impairment if the member has at least four (4)
 20 years of service;

21 is entitled to receive the retirement benefit payable to a fund member
 22 with twenty (20) years of service.

23 (l) Notwithstanding section 12.3 of this chapter and any other
 24 provision of this section, a member who:
 25 (1) has had a covered impairment;
 26 (2) recovers and returns to active service with the department; and
 27 (3) within two (2) years after returning to active service has an
 28 impairment that, except for section 12.3(b)(3) of this chapter,
 29 would be a covered impairment;

30 is entitled to the benefit under this subsection if the impairment
 31 described in subdivision (3) results from the same condition or
 32 conditions (without an intervening circumstance) that caused the
 33 covered impairment described in subdivision (1). The member is
 34 entitled to receive the monthly disability benefit amount paid to the
 35 member at the time of the member's return to active service plus any
 36 adjustments under section 15 of this chapter that would have been
 37 applicable during the member's period of reemployment.

38 SECTION 133. IC 36-8-8-13.7 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 13.7. (a) No more than
 40 once every twelve (12) months after the final determination of covered
 41 impairment under this chapter:

42 (1) a petition for review of the fund member's impairment may be

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1 filed with the local board by the fund member, the safety board,
 2 or the **PERF system** board; or
 3 (2) the local board may on its own motion seek a review of a fund
 4 member's impairment.

5 (b) The review may include a review of whether a covered
 6 impairment continues to exist, whether the degree of impairment has
 7 changed, and any other matter considered appropriate by the local
 8 board.

9 (c) The local board shall conduct a hearing under section 12.7 of
 10 this chapter to determine the matters raised in the petition for review.
 11 The local board's determination shall be submitted to the **PERF system**
 12 board, and the procedures specified in section 13.1 of this chapter
 13 apply.

14 (d) The costs of a medical examination required by the local board
 15 shall be paid by the party who filed the petition for review.

16 SECTION 134. IC 36-8-8-15, AS AMENDED BY P.L.99-2010,
 17 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2012]: Sec. 15. Each year the **PERF system** board shall
 19 determine if there has been an increase or decrease in the consumer
 20 price index (United States city average) prepared by the United States
 21 Department of Labor by comparing the arithmetic mean of the
 22 consumer price index for January, February, and March of that year
 23 with the arithmetic mean for the same three (3) months of the
 24 preceding year. If there has been an increase, or a decrease, it shall be
 25 stated as a percentage of the arithmetic mean for the preceding three
 26 (3) month period. The percentage shall be rounded to the nearest
 27 one-tenth of one percent (0.1%) and may not exceed three percent
 28 (3%). If there is a percentage increase of the arithmetic mean for the
 29 preceding three (3) month period, a fund member's or survivor's
 30 monthly benefit, beginning with the July payment, shall be increased
 31 by an amount equal to the June payment times the percentage increase.
 32 However, a fund member's or survivor's monthly benefit may not be
 33 increased under this section until July of the year following the year of
 34 the first monthly benefit payment to the fund member or survivor. In
 35 computing a fund member's benefit, the increase is based only on those
 36 years for which the fund member was eligible for benefit payments
 37 under this chapter. A monthly benefit may not be reduced if there is a
 38 percentage decrease of the arithmetic mean for the preceding three (3)
 39 month period.

40 SECTION 135. IC 36-8-8-17.2 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 17.2. (a)
 42 Notwithstanding any other provision of this chapter, a person receiving

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1 a disability, retirement, or survivor monthly benefit under this chapter
2 may, after June 30, 2004, authorize the **PERF system** board to make a
3 deduction from the benefit.

4 (b) An authorization for a deduction from a disability, retirement, or
5 survivor monthly benefit paid under this chapter is valid only if all the
6 following requirements are met:

7 (1) The authorization is:

8 (A) in writing;

9 (B) signed personally by the person receiving the benefit;

10 (C) revocable at any time by the person receiving the benefit
11 upon written notice to the **PERF system** board; and

12 (D) agreed to in writing by the **PERF system** board.

13 (2) An executed copy of the authorization is delivered to the
14 **PERF system** board within ten (10) days after its execution.

15 (3) The deduction is made for a purpose described in subsection
16 (c).

17 (c) A deduction under this section may be made for the purpose of
18 paying any of the following:

19 (1) A premium on a policy of insurance for medical, surgical,
20 hospitalization, dental, vision, long term care, or Medicare
21 supplement coverage offered to retired fund members by the fund
22 member's former employer, the state, or the **PERF system** board.

23 (2) A pledge or contribution to a charitable or nonprofit
24 organization.

25 (3) Dues payable by the person receiving the benefit to a labor
26 organization of which the person is a member.

27 SECTION 136. IC 36-8-8-18, AS AMENDED BY P.L.13-2011,
28 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2012]: Sec. 18. (a) Except as provided in subsection (b), if a
30 unit becomes a participant in the 1977 fund, credit for prior service by
31 police officers (including prior service as a full-time, fully paid town
32 marshal or full-time, fully paid deputy town marshal by a police officer
33 employed by a metropolitan board of police commissioners) or by
34 firefighters before the date of participation may be given by the **PERF**
35 **system** board only if:

36 (1) the unit contributes to the 1977 fund the amount necessary to
37 amortize prior service liability over a period of not more than
38 forty (40) years, the amount and period to be determined by the
39 **PERF system** board; and

40 (2) the police officers or firefighters pay, either in a lump sum or
41 in a series of payments determined by the **PERF system** board,
42 the amount that they would have contributed if they had been

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1 members of the 1977 fund during their prior service.
2 If the requirements of subdivisions (1) and (2) are not met, a fund
3 member is entitled to credit only for years of service after the date of
4 participation.

5 (b) If a unit becomes a participant in the 1977 fund under section
6 3(c) of this chapter, or if a firefighter becomes a member of the 1977
7 fund under section 7(g) of this chapter, credit for prior service before
8 the date of participation or membership shall be given by the PERF
9 system board as follows:

10 (1) For a member who will accrue twenty (20) years of service
11 credit in the 1977 fund by the time the member reaches the
12 earliest retirement age under the fund at the time of the member's
13 date of participation in the 1977 fund, the member will be given
14 credit in the 1977 fund for one-third (1/3) of the member's years
15 of participation in PERF as a police officer, a firefighter, or an
16 emergency medical technician.

17 (2) For a member who will not accrue twenty (20) years of service
18 credit in the 1977 fund by the time the member reaches the
19 earliest retirement age under the fund at the time of the member's
20 date of participation in the 1977 fund, such prior service shall be
21 given only if:

22 (A) The unit contributes to the 1977 fund the amount
23 necessary to fund prior service liability amortized over a
24 period of not more than ten (10) years. The amount of
25 contributions must be based on the actual salary earned by a
26 first class firefighter at the time the unit becomes a participant
27 in the 1977 fund, or the firefighter becomes a member of the
28 1977 fund, or if no such salary designation exists, the actual
29 salary earned by the firefighter. The limit on credit for prior
30 service does not apply if the firefighter was a member of the
31 1937 fund or 1977 fund whose participation was terminated
32 due to the creation of a new fire protection district under
33 IC 36-8-11-5 and who subsequently became a member of the
34 1977 fund. A firefighter who was a member of or reentered the
35 1937 fund or 1977 fund whose participation was terminated
36 due to the creation of a new fire protection district under
37 IC 36-8-11-5 is entitled to full credit for prior service in an
38 amount equal to the firefighter's years of service before
39 becoming a member of or reentering the 1977 fund. Service
40 may only be credited for time as a full-time, fully paid
41 firefighter or as an emergency medical technician under
42 section 7(g) of this chapter.

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1 (B) The amount the firefighter would have contributed if the
2 firefighter had been a member of the 1977 fund during the
3 firefighter's prior service must be fully paid and must be based
4 on the firefighter's actual salary earned during that period
5 before service can be credited under this section.

6 (C) Any amortization schedule for contributions paid under
7 clause (A) and contributions to be paid under clause (B) must
8 include interest at a rate determined by the **PERF system**
9 board.

10 (3) If, at the time a unit entered the 1977 fund, the unit
11 contributed the amount required by subdivision (2) so that a fund
12 member received the maximum prior service credit allowed by
13 subdivision (2) and, at a later date, the earliest retirement age was
14 lowered, the unit may contribute to the 1977 fund on the fund
15 member's behalf an additional amount that is determined in the
16 same manner as under subdivision (2) with respect to the
17 additional prior service, if any, available as a result of the lower
18 retirement age. If the unit pays the additional amount described in
19 this subdivision in accordance with the requirements of
20 subdivision (2), the fund member shall receive the additional
21 service credit necessary for the fund member to retire at the lower
22 earliest retirement age.

23 (c) This subsection applies to a unit that:

24 (1) becomes a participant in the 1977 fund under section 3(c) of
25 this chapter; and

26 (2) is a fire protection district created under IC 36-8-11 that
27 includes a township or a municipality that had a 1937 fund.

28 A firefighter who continues uninterrupted service with a unit covered
29 by this subsection and who participated in the township or municipality
30 1937 fund is entitled to receive service credit for such service in the
31 1977 fund. However, credit for such service is limited to the amount
32 accrued by the firefighter in the 1937 fund or the amount necessary to
33 allow the firefighter to accrue twenty (20) years of service credit in the
34 1977 fund by the time the firefighter becomes fifty-two (52) years of
35 age, whichever is less.

36 (d) The unit shall contribute into the 1977 fund the amount
37 necessary to fund the amount of past service determined in accordance
38 with subsection (c), amortized over a period not to exceed ten (10)
39 years with interest at a rate determined by the **PERF system** board.

40 (e) If the township or municipality has accumulated money in its
41 1937 fund, any amount accumulated that exceeds the present value of
42 all projected future benefits from the 1937 plan shall be paid by the

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1 township or municipality to the unit for the sole purpose of making the
2 contributions determined in subsection (d).

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

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

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

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

25 SECTION 137. IC 36-8-8-18.1, AS AMENDED BY P.L.13-2011,
26 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 JULY 1, 2012]: Sec. 18.1. (a) As used in this section, "police officer"
28 includes a former full-time, fully paid town marshal or full-time, fully
29 paid deputy town marshal who is employed as a police officer by a
30 metropolitan board of police commissioners.

31 (b) If a unit becomes a participant in the 1977 fund and the unit
32 previously covered police officers, firefighters, or emergency medical
33 technicians in PERF, or if the employees of the unit become members
34 of the 1977 fund under section 7(g) of this chapter, the following
35 provisions apply:

- 36 (1) A minimum benefit applies to members electing to transfer or
37 being transferred to the 1977 fund from PERF. The minimum
38 benefit, payable at age fifty-two (52), for such a member equals
39 the actuarial equivalent of the vested retirement benefit payable
40 to the member upon normal retirement under IC 5-10.2-4-1 as of
41 the day before the transfer, based solely on:

42 (A) creditable service;

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1 (B) the average of the annual compensation; and
 2 (C) the amount credited to the annuity savings account;
 3 of the transferring member as of the day before the transfer under
 4 IC 5-10.2 and IC 5-10.3.
 5 (2) The **PERF system** board shall transfer from PERF to the 1977
 6 fund the amount credited to the annuity savings accounts and the
 7 present value of the retirement benefits payable at age sixty-five
 8 (65) attributable to the transferring members.
 9 (3) The amount the unit and the member must contribute to the
 10 1977 fund under section 18 of this chapter, if any service credit
 11 is to be given under that section, will be reduced by the amounts
 12 transferred to the 1977 fund by the **PERF system** board under
 13 subdivision (2).
 14 (4) Credit for prior service in PERF of a member as a police
 15 officer, a firefighter, or an emergency medical technician is
 16 waived in PERF. Any credit for that service under the 1977 fund
 17 shall only be given in accordance with section 18 of this chapter.
 18 (5) Credit for prior service in PERF of a member, other than as a
 19 police officer, a firefighter, or an emergency medical technician,
 20 remains in PERF and may not be credited under the 1977 fund.
 21 SECTION 138. IC 36-8-8-20 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 20. (a) As used in this
 23 section, "dies in the line of duty" has the meaning set forth in section
 24 14.1 of this chapter.
 25 (b) Benefits paid under this section are subject to section 2.5 of this
 26 chapter.
 27 (c) A special death benefit of seventy-five thousand dollars
 28 (\$75,000) for a fund member who dies in the line of duty before
 29 January 1, 1998, and one hundred fifty thousand dollars (\$150,000) for
 30 a fund member who dies in the line of duty after December 31, 1997,
 31 shall be paid in a lump sum by the **Indiana public employees'**
 32 **retirement fund system** from the pension relief fund established under
 33 IC 5-10.3-11 to the following relative of a fund member who dies in the
 34 line of duty:
 35 (1) To the surviving spouse.
 36 (2) If there is no surviving spouse, to the surviving children (to be
 37 shared equally).
 38 (3) If there is no surviving spouse and there are no surviving
 39 children, to the parent or parents in equal shares.
 40 (d) The benefit provided by this section is in addition to any other
 41 benefits provided under this chapter.
 42 SECTION 139. IC 36-8-8-21 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 21. (a) This section
 2 applies to firefighters who:
 3 (1) are employed by units that become participants in the 1977
 4 fund under section 3(c) of this chapter; or
 5 (2) become members of the 1977 fund under section 7(g) of this
 6 chapter.
 7 (b) A firefighter may become a member of the 1977 fund without
 8 meeting the age limitation under section 7(a) of this chapter if the
 9 firefighter satisfies:
 10 (1) any aptitude, physical agility, or physical and mental standards
 11 established by a local board under IC 36-8-3.2; and
 12 (2) the minimum standards that are:
 13 (A) adopted by the **PERF system** board under section 19 of
 14 this chapter; and
 15 (B) in effect on the date the firefighter becomes a member of
 16 the 1977 fund.
 17 (c) Credit for prior service of a firefighter who becomes a member
 18 of the 1977 fund under this section shall be determined under section
 19 18 or 18.1 of this chapter. No service credit beyond that allowed under
 20 section 18 or 18.1 of this chapter may be recognized under the 1977
 21 fund.
 22 SECTION 140. IC 36-8-8-22 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 22. Nothing in this
 24 chapter limits the discretion of the **PERF system** board to select an
 25 administrative law judge under IC 4-21.5-3-9.
 26 SECTION 141. IC 36-8-8-24, AS ADDED BY P.L.62-2010,
 27 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2012]: Sec. 24. (a) A fund member may designate one (1) or
 29 more beneficiaries to receive in a lump sum the fund member's
 30 contributions plus interest at a rate determined by the **PERF system**
 31 board if the fund member dies:
 32 (1) without receiving a retirement benefit under sections 10 and
 33 11 of this chapter;
 34 (2) without receiving a disability benefit under section 13.3 or
 35 13.5 of this chapter;
 36 (3) without a survivor entitled to receive a benefit under section
 37 13.8, 13.9, or 14.1 of this chapter; and
 38 (4) without the **PERF system** board returning the fund member's
 39 contributions under section 8 of this chapter.
 40 (b) A fund member who chooses to designate one (1) or more
 41 beneficiaries under this section shall file the fund member's designation
 42 with the **PERF system** board on a form prescribed by the **PERF system**

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board.
(c) The **PERF system** board shall adopt rules to allow a fund member who designates more than one (1) beneficiary to allocate the contributions and interest paid in percentage increments.

(d) Whenever a fund member does not designate a beneficiary under this section and has no survivors entitled to receive a benefit under section 13.8, 13.9, or 14.1 of this chapter, the **PERF system** board shall refund to the fund member's estate:

- (1) the fund member's contributions; plus
- (2) interest at a rate determined by the **PERF system** board.

SECTION 142. IC 36-8-8.5-1.5, AS ADDED BY P.L.51-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1.5. This chapter expires for members of the 1925 fund, the 1937 fund, or the 1953 fund on the date the authority of the board of trustees of the **Indiana public employees' retirement fund system** to distribute from the pension relief fund established under IC 5-10.3-11-1 to units of local government (described in IC 5-10.3-11-3) amounts determined under IC 5-10.3-11-4.7 expires.

SECTION 143. IC 36-8-8.5-14, AS AMENDED BY P.L.177-2011, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 14. (a) Subject to subsection (b), a member who enters the DROP established by this chapter shall exit the DROP at the earliest of:

- (1) the member's DROP retirement date;
- (2) thirty-six (36) months after the member's DROP entry date;
- (3) the mandatory retirement age applicable to the member, if any;
- (4) the date the member retires because of a disability as provided under section 16.5(d) of this chapter; or
- (5) the date determined under IC 36-8-8-24.8.

(b) A member of the 1925 fund, the 1937 fund, or the 1953 fund who enters the DROP established by this chapter must exit the DROP on the date the authority of the board of trustees of the **Indiana public employees' retirement fund system** to distribute from the pension relief fund established under IC 5-10.3-11-1 to units of local government (described in IC 5-10.3-11-3) amounts determined under IC 5-10.3-11-4.7 expires.

SECTION 144. **An emergency is declared for this act.**

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COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 127, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 127 as introduced.)

BOOTS, Chairperson

Committee Vote: Yeas 6, Nays 0.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Employment, Labor and Pensions, to which was referred Senate Bill 127, 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 52, delete lines 1 through 37.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 127 as printed January 13, 2012.)

GUTWEIN, Chair

Committee Vote: yeas 9, nays 0.



HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 127 be amended to read as follows:

Page 96, delete line 42, begin a new paragraph and insert:

"SECTION 130. IC 36-8-8-13.1, AS AMENDED BY HEA 1009-2012, SECTION 252, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13.1. (a) If:

- (1) the local board has determined under this chapter that a covered impairment exists and the safety board has determined that there is no suitable and available work within the department, considering reasonable accommodation to the extent required by the Americans with Disabilities Act; or



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(2) the fund member has filed an appeal under section 12.7(o) of this chapter;

the local board shall submit the local board's determinations and the safety board's determinations to the system board's director.

(b) Whenever a fund member is determined to have an impairment under section 12.7(i) of this chapter, the system board's director shall initiate a review of the default award not later than sixty (60) days after the director learns of the default award.

(c) After the system board's director receives the determinations under subsection (a) or initiates a review under subsection (b), the fund member must submit to an examination by a medical authority selected by the system board. The authority shall determine if there is a covered impairment. With respect to a fund member who is covered by sections 12.5 and 13.5 of this chapter, the authority shall determine the degree of impairment. The system board shall adopt rules to establish impairment standards, such as the impairment standards contained in the United States Department of Veterans Affairs Schedule for Rating Disabilities. The report of the examination shall be submitted to the system board's director. If a fund member refuses to submit to an examination, the authority may find that no impairment exists.

(d) The system board's director shall review the medical authority's report and the local board's determinations and issue an initial determination within sixty (60) days after receipt of the local board's determinations. The system board's director shall notify the local board, the safety board, and the fund member of the initial determination. The following provisions apply if the system board's director does not issue an initial determination within sixty (60) days and if the delay is not attributable to the fund member or the safety board:

(1) In the case of a review initiated under subsection ~~(b)~~: **(a)(1)**:

(A) the determinations of the local board and the chief of the police or fire department are considered to be the initial determination; and

(B) for purposes of section 13.5(d) of this chapter, the fund member is considered to be totally impaired.

(2) In the case of an appeal submitted under subsection (a)(2), the statements made by the fund member under section 12.7(o) of this chapter are considered to be the initial determination.

(3) In the case of a review initiated under subsection (b), the initial determination is the impairment determined under section 12.7(i) of this chapter.

(e) The fund member, the safety board, or the local board may object in writing to the director's initial determination within fifteen

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(15) days after the determination is issued. If no written objection is filed, the initial determination becomes the final order of the system board. If a timely written objection is filed, the system board shall issue the final order after a hearing. Unless an administrative law judge orders a waiver or an extension of the period for cause shown, the final order shall be issued not later than one hundred eighty (180) days after the date of receipt of the local board's determination or the date the system board's director initiates a review under subsection (b). The following provisions apply if a final order is not issued within the time limit described in this subsection and if the delay is not attributable to the fund member or the chief of the police or fire department:

- (1) In the case of a review initiated under subsection ~~(b)~~: **(a)(1)**:
 - (A) the determinations of the local board and the chief of the police or fire department are considered to be the final order; and
 - (B) for purposes of section 13.5(d) of this chapter, the fund member is considered to be totally impaired.
- (2) In the case of an appeal submitted under subsection (a)(2), the statements made by the fund member under section 12.7(o) of this chapter are considered to be the final order.
- (3) In the case of a review initiated under subsection (b), the impairment determined under section 12.7(i) of this chapter is considered to be the final order.

(f) If the system board approves the director's initial determination, then the system board shall issue a final order adopting the initial determination. The local board and the chief of the police or fire department shall comply with the initial determination. If the system board does not approve the initial determination, the system board may receive additional evidence on the matter before issuing a final order.

(g) Appeals of the system board's final order may be made under IC 4-21.5.

(h) The transcripts, records, reports, and other materials compiled under this section must be retained in accordance with the procedures specified in section 12.7(p) of this chapter."

Delete pages 97 through 98.

Page 99, delete lines 1 through 4.

Page 113, after line 42, begin a new paragraph and insert:

"SECTION 144. **An emergency is declared for this act.**"

Renumber all SECTIONS consecutively.

(Reference is to ESB 127 as printed February 14, 2012.)

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