



March 12, 2013

**ENGROSSED
SENATE BILL No. 499**

DIGEST OF SB 499 (Updated March 12, 2013 9:51 am - DI 96)

Citations Affected: IC 5-10.3; IC 33-39.

Synopsis: PERF and prosecutor pension. Exempts from participation in the public employees' defined contribution plan (annuity savings account only plan) (plan) and the retirement medical benefits account (account) within the public employees' retirement fund (PERF) employees of the state who are employed by: (1) a body corporate and politic of the state created by state statute; or (2) a state educational institution; unless the chief executive officer of the body or institution elects to participate in the plan or the account by submitting a written notice of the election to the director of the Indiana public retirement system (system). Provides that the board of trustees of the system (board) shall grant service credit to a participant who withdrew from the prosecuting attorneys retirement fund (fund) for years of service accrued before the withdrawal if the participant pays into the fund the full amount of the money received when the participant withdrew, plus interest at a rate specified by rule by the board. Establishes the amount of the PERF pension offset for a participant (and the surviving spouse and dependent child of a participant) in the fund who is also a member of the plan.

Effective: Upon passage; July 1, 2013.

Head, Boots, Buck

(HOUSE SPONSORS — MCMILLIN, HARMAN, GUTWEIN)

January 14, 2013, read first time and referred to Committee on Pensions and Labor.
January 31, 2013, amended, reported favorably — Do Pass.
February 4, 2013, read second time, ordered engrossed.
February 5, 2013, engrossed. Read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

February 26, 2013, read first time and referred to Committee on Employment, Labor and Pensions.
March 12, 2013, reported — Do Pass.

ES 499—LS 6645/DI 102+



C
o
p
y

March 12, 2013

First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 499

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

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-10.3-8-14, AS AMENDED BY P.L.35-2012,
2 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2013]: Sec. 14. (a) **Except as provided in subsection (c)**, this
4 section applies to employees of the state (as defined in
5 IC 5-10.3-7-1(d)) who are:
6 (1) members of the fund; **and**
7 (2) **paid by the auditor of state by salary warrants.**
8 (b) **Except as provided in subsection (c), this section does not**
9 **apply to the employees of the state (as defined in IC 5-10.3-7-1(d))**
10 **employed by:**
11 (1) **a body corporate and politic of the state created by state**
12 **statute; or**
13 (2) **a state educational institution (as defined in**
14 **IC 21-7-13-32).**
15 (c) **The chief executive officer of a body or institution described**
16 **in subsection (b) may elect to have this section apply to the**
17 **employees of the state (as defined in IC 5-10.3-7-1(d)) employed by**

ES 499—LS 6645/DI 102+



C
O
P
Y

1 the body or institution by submitting a written notice of the
 2 election to the director. An election under this subsection is
 3 effective on the later of:

4 (1) the date the notice of the election is received by the
 5 director; or

6 (2) July 1, 2013.

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

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

22 ~~(d)~~ (f) The board may adopt rules under IC 5-10.5-4-2 that it
 23 considers appropriate or necessary to implement this section after
 24 consulting with the state personnel department. The rules adopted by
 25 the board under this section must:

26 (1) be consistent with the federal and state law that applies to:

- 27 (A) the account described in subsection ~~(b)~~: (d); and
 28 (B) the fund; and

29 (2) include provisions concerning:

- 30 (A) the type and amount of leave that may be converted to a
 31 monetary contribution;
 32 (B) the conversion formula for valuing any leave that is
 33 converted;
 34 (C) the manner of employee selection of leave conversion; and
 35 (D) the vesting schedule for any leave that is converted.

36 ~~(e)~~ (g) The board may adopt the following:

37 (1) Account provisions governing:

- 38 (A) the investment of amounts in the account; and
 39 (B) the accounting for converted leave.

40 (2) Any other provisions that are necessary or appropriate for
 41 operation of the account.

42 ~~(f)~~ (h) The account described in subsection ~~(b)~~ (d) may be

C
O
P
Y



1 implemented only if the board has received from the Internal Revenue
 2 Service any rulings or determination letters that the board considers
 3 necessary or appropriate.

4 ~~(g)~~ **(i)** To the extent allowed by:

5 (1) the Internal Revenue Code; and

6 (2) rules adopted by:

7 (A) the board under this section; and

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

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

11 ~~(h)~~ **(j)** To the extent allowed by the Internal Revenue Code, the
 12 account described in subsection ~~(b)~~ **(d)** must include provisions that:

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

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

22 SECTION 2. IC 5-10.3-12-1, AS ADDED BY P.L.22-2011,
 23 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 UPON PASSAGE]: Sec. 1. (a) **Except as provided in subsection (c),**
 25 this chapter applies to an individual who, on or after the effective date
 26 of the plan:

27 (1) becomes for the first time a full-time employee of the state (as
 28 defined in IC 5-10.3-7-1(d)):

29 **(A)** in a position that would otherwise be eligible for
 30 membership in the fund under IC 5-10.3-7; and

31 **(B) who is paid by the auditor of state by salary warrants;**
 32 **and**

33 (2) makes the election described in section 20 of this chapter to
 34 become a member of the plan.

35 **(b) Except as provided in subsection (c), this chapter does not**
 36 **apply to an individual who, on or after the effective date of the**
 37 **plan:**

38 **(1) becomes for the first time a full-time employee of the state**
 39 **(as defined in IC 5-10.3-7-1(d)) in a position that would**
 40 **otherwise be eligible for membership in the fund under**
 41 **IC 5-10.3-7; and**

42 **(2) is employed by:**

C
o
p
y



- 1 **(A) a body corporate and politic of the state created by**
 2 **state statute; or**
 3 **(B) a state educational institution (as defined in**
 4 **IC 21-7-13-32).**
 5 **(c) The chief executive officer of a body or institution described**
 6 **in subsection (b) may elect, by submitting a written notice of the**
 7 **election to the director, to have this chapter apply to individuals**
 8 **who, as employees of the body or institution, become for the first**
 9 **time full-time employees of the state (as defined in**
 10 **IC 5-10.3-7-1(d)) in positions that would otherwise be eligible for**
 11 **membership in the fund under IC 5-10.3-7. An election under this**
 12 **subsection is effective on the later of:**
 13 **(1) the date the notice of the election is received by the**
 14 **director; or**
 15 **(2) March 1, 2013.**
 16 ~~(b)~~ **(d) This chapter does not apply to an individual who:**
 17 **(1) before the effective date of the plan, is or was a member (as**
 18 **defined in IC 5-10.3-1-5) of the fund; or**
 19 **(2) on or after the effective date of the plan:**
 20 **(A) except as provided in subsection (c), becomes for the**
 21 **first time a full-time employee of the state (as defined in**
 22 **IC 5-10.3-7-1(d)):**
 23 **(i) in a position that would otherwise be eligible for**
 24 **membership in the fund under IC 5-10.3-7; and**
 25 **(ii) who is not paid by the auditor of state by salary**
 26 **warrants; or**
 27 **(B) does not elect to participate in the plan.**
 28 SECTION 3. IC 33-39-7-13, AS AMENDED BY P.L.16-2011,
 29 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2013]: Sec. 13. (a) A participant who:
 31 (1) ceases service in a position described in section 8 of this
 32 chapter, other than by death or disability; and
 33 (2) is not eligible for a retirement benefit under this chapter;
 34 is entitled to withdraw from the fund, beginning on the date specified
 35 by the participant in a written application. The date upon which the
 36 withdrawal begins may not be before the date of final termination of
 37 employment or the date thirty (30) days before the receipt of the
 38 application by the board. Upon withdrawal the participant is entitled to
 39 receive the total sum contributed plus interest at a rate specified by rule
 40 by the board, payable not later than sixty (60) days from the date of the
 41 withdrawal application.
 42 (b) Notwithstanding section 8 of this chapter, a participant who

C
O
P
Y

1 withdraws from the fund under subsection (a) and becomes a
 2 participant again at a later date is not entitled to service credit for years
 3 of service before the withdrawal, **unless the participant pays into the**
 4 **fund the full amount received by the participant when the**
 5 **participant withdrew from the fund, plus interest at a rate**
 6 **specified by rule by the board. The board shall grant a participant**
 7 **service credit for years of service by the participant before the**
 8 **participant's withdrawal from the fund if the participant makes**
 9 **the repayment required by this subsection in a lump sum or a**
 10 **series of payments determined by the board, not exceeding five (5)**
 11 **annual installments.**

12 SECTION 4. IC 33-39-7-16, AS AMENDED BY P.L.16-2011,
 13 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2013]: Sec. 16. (a) This section does not apply to a participant
 15 who meets the requirements for disability benefits under section 17 of
 16 this chapter.

17 (b) Except as provided in subsections (c), ~~and~~ (d), **and (e)**, the
 18 amount of the annual retirement benefit to which a participant who
 19 applies for a retirement benefit and who is at least sixty-five (65) years
 20 of age is entitled equals the product of:

21 (1) the highest annual salary that was paid to the participant
 22 before separation from service; multiplied by

23 (2) the percentage prescribed in the following table:

Participant's Years of Service	Percentage
Less than 8	0
8	24%
9	27%
10	30%
11	33%
12	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

42 (c) If a participant who applies for a retirement benefit is not at least

C
o
p
y



1 sixty-five (65) years of age, the participant is entitled to receive a
 2 reduced annual retirement benefit that equals the benefit that would be
 3 payable if the participant were sixty-five (65) years of age reduced by
 4 one-fourth percent (0.25%) for each month that the participant's age at
 5 retirement precedes the participant's sixty-fifth birthday.

6 (d) **Except as provided in subsection (e)**, benefits payable to a
 7 participant under this section are reduced by the pension, if any, that
 8 would be payable to the participant from the public employees'
 9 retirement fund if the participant had retired from the public employees'
 10 retirement fund on the date of the participant's retirement from the
 11 prosecuting attorneys retirement fund. Benefits payable to a participant
 12 under this section are not reduced by annuity payments made to the
 13 participant from the public employees' retirement fund.

14 (e) **This subsection applies to a participant who is a member of**
 15 **the public employees' defined contribution (annuity savings**
 16 **account only) plan established by IC 5-10.3-12-18. Benefits payable**
 17 **to a participant under this section are reduced by the pension**
 18 **portion of the retirement benefit, if any, that would be payable to**
 19 **the participant from the public employees' retirement fund if the**
 20 **participant:**

21 (1) **had not made an election under IC 5-10.3-12-20 to become**
 22 **a member of the public employees' defined contribution**
 23 **(annuity savings account only) plan; and**

24 (2) **had retired from the public employees' retirement fund on**
 25 **the date of the participant's retirement from the prosecuting**
 26 **attorneys retirement fund.**

27 (f) If benefits payable from the public employees' retirement
 28 fund exceed the benefits payable from the prosecuting attorneys
 29 retirement fund, the participant is entitled at retirement to withdraw
 30 from the prosecuting attorneys retirement fund the total sum
 31 contributed plus interest at a rate specified by rule by the board.

32 SECTION 5. IC 33-39-7-18 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 18. (a) Except as
 34 provided in ~~subsection~~ **subsections (b) and (c)**, the amount of the
 35 annual benefit payable to a participant who meets the requirements for
 36 disability benefits under section 17 of this chapter is equal to the
 37 product of:

38 (1) the annual salary that was paid to the participant at the time of
 39 separation from service; multiplied by

40 (2) the percentage prescribed in the following table:

41 Participant's Years	Percentage
42 of Service	

ES 499—LS 6645/DI 102+



C
O
P
Y

1	Less than 5	0
2	5-10	40%
3	11	41%
4	12	42%
5	13	43%
6	14	44%
7	15	45%
8	16	46%
9	17	47%
10	18	48%
11	19	49%
12	20 or more	50%

13 (b) **Except as provided in subsection (c)**, benefits payable to a
 14 participant under this section are reduced by the amounts, if any, that
 15 are payable to the participant from the public employees' retirement
 16 fund.

17 (c) **This subsection applies to a participant who is a member of**
 18 **the public employees' defined contribution (annuity savings**
 19 **account only) plan established by IC 5-10.3-12-18. Benefits payable**
 20 **to a participant under this section are reduced by the pension**
 21 **portion of the retirement benefit, if any, that would be payable to**
 22 **the participant from the public employees' retirement fund if the**
 23 **participant had not made an election under IC 5-10.3-12-20 to**
 24 **become a member of the public employees' defined contribution**
 25 **(annuity savings account only) plan.**

26 SECTION 6. IC 33-39-7-19, AS AMENDED BY P.L.33-2006,
 27 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2013]: Sec. 19. (a) The surviving spouse of a participant who:

29 (1) dies; and

30 (2) on the date of death:

31 (A) was receiving benefits under this chapter;

32 (B) had completed at least eight (8) years of service in a
 33 position described in section 8 of this chapter; or

34 (C) met the requirements for disability benefits under section
 35 17 of this chapter;

36 is entitled, regardless of the participant's age, to the benefit prescribed
 37 by subsection (b), (c), or (d).

38 (b) The surviving spouse is entitled to a benefit for life equal to the
 39 greater of:

40 (1) seven thousand dollars (\$7,000); or

41 (2) fifty percent (50%) of the amount of retirement benefit the
 42 participant was drawing at the time of death, or to which the

C
O
P
Y



1 participant would have been entitled had the participant retired
 2 and begun receiving retirement benefits on the date of death, with
 3 reductions as necessary under section 16(c) of this chapter.

4 (c) **Except as provided in subsection (d)**, benefits payable to a
 5 surviving spouse under this section are reduced by the ~~amounts;~~
 6 **amount**, if any, that ~~are~~ **is** payable to the surviving spouse from the
 7 public employees' retirement fund as a result of the participant's death
 8 **after subtracting the participant's contributions and earnings**
 9 **attributable to the participant's contributions in the participant's**
 10 **annuity savings account.**

11 (d) **This subsection applies to a surviving spouse of a participant**
 12 **who is a member of the public employees' defined contribution**
 13 **(annuity savings account only) plan established by IC 5-10.3-12-18.**
 14 **Benefits payable to a surviving spouse of a participant under this**
 15 **section are reduced by the pension portion of the retirement**
 16 **benefit, if any, that would be payable to the spouse from the public**
 17 **employees' retirement fund under the joint and survivor option**
 18 **under IC 5-10.2-4-7, computed at fifty percent (50%) of the**
 19 **participant's decreased retirement benefit, if the participant had**
 20 **not made an election under IC 5-10.3-12-20 to become a member**
 21 **of the public employees' defined contribution (annuity savings**
 22 **account only) plan.**

23 SECTION 7. IC 33-39-7-20 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 20. (a) If a participant's
 25 spouse does not survive the participant, the dependent child of a
 26 participant is, upon the death of the participant, entitled to a benefit
 27 equal to the benefit the participant's spouse would have received under
 28 section 19 of this chapter.

29 (b) If a surviving spouse of a decedent participant dies and a
 30 dependent child of the surviving spouse and the decedent participant
 31 survives them, that dependent child is entitled to receive a benefit equal
 32 to the benefit the spouse was receiving or would have received under
 33 section 19 of this chapter.

34 (c) If there is more than one (1) dependent child, the dependent
 35 children are entitled to share the benefit equally.

36 (d) Each dependent child is entitled to receive that child's share until
 37 the child becomes eighteen (18) years of age or during the entire period
 38 of the child's physical or mental disability, whichever period is longer.

39 (e) **Except as provided in subsection (f)**, benefits payable to a
 40 dependent child are reduced by the ~~amounts;~~ **amount**, if any, that ~~are~~
 41 **is** payable to the dependent child from the public employees' retirement
 42 fund **after subtracting the participant's contributions and earnings**



C
O
P
Y

1 attributable to the participant's contributions in the participant's
2 annuity savings account.
3 (f) This subsection applies to a dependent child of a participant
4 who is a member of the public employees' defined contribution
5 (annuity savings account only) plan established by IC 5-10.3-12-18.
6 Benefits payable to a dependent child of a participant under this
7 section are reduced by the actuarial equivalent of the pension
8 portion of the retirement benefit, if any, that would be payable to
9 the spouse (assuming the spouse would have had the same birth
10 date as the participant) from the public employees' retirement fund
11 under the joint and survivor option under IC 5-10.2-4-7, computed
12 at fifty percent (50%) of the participant's decreased retirement
13 benefit, if the participant had not made an election under
14 IC 5-10.3-12-20 to become a member of the public employees'
15 defined contribution (annuity savings account only) plan.
16 SECTION 8. An emergency is declared for this act.

C
o
p
y



COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 499, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

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

"SECTION 1. IC 5-10.3-8-14, AS AMENDED BY P.L.35-2012, SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 14. (a) **Except as provided in subsection (c)**, this section applies to employees of the state (as defined in IC 5-10.3-7-1(d)) who are:

- (1) members of the fund; and
- (2) paid by the auditor of state by salary warrants.

(b) **Except as provided in subsection (c), this section does not apply to the employees of the state (as defined in IC 5-10.3-7-1(d)) employed by:**

- (1) a body corporate and politic of the state created by state statute; or
- (2) a state educational institution (as defined in IC 21-7-13-32).

(c) **The chief executive officer of a body or institution described in subsection (b) may elect to have this section apply to the employees of the state (as defined in IC 5-10.3-7-1(d)) employed by the body or institution by submitting a written notice of the election to the director. An election under this subsection is effective on the later of:**

- (1) the date the notice of the election is received by the director; or
- (2) July 1, 2013.

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

~~(c)~~ (e) The board is the trustee of the account described in subsection ~~(b)~~: (d). The account must be qualified, as determined by

ES 499—LS 6645/DI 102+



C
O
P
Y

the Internal Revenue Service, as a separate account within the fund whose benefits are subordinate to the retirement benefits provided by the fund.

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

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

~~(e)~~ **(g)** The board may adopt the following:

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

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

~~(g)~~ **(i)** To the extent allowed by:

- (1) the Internal Revenue Code; and
- (2) rules adopted by:
 - (A) the board under this section; and
 - (B) the state personnel department under IC 5-10-1.1-7.5;

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

~~(h)~~ **(j)** To the extent allowed by the Internal Revenue Code, the account described in subsection ~~(b)~~ **(d)** must include provisions that:

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

C
O
P
Y



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

SECTION 2. IC 5-10.3-12-1, AS ADDED BY P.L.22-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) **Except as provided in subsection (c)**, this chapter applies to an individual who, on or after the effective date of the plan:

(1) becomes for the first time a full-time employee of the state (as defined in IC 5-10.3-7-1(d)):

(A) in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

(B) who is paid by the auditor of state by salary warrants; and

(2) makes the election described in section 20 of this chapter to become a member of the plan.

(b) Except as provided in subsection (c), this chapter does not apply to an individual who, on or after the effective date of the plan:

(1) becomes for the first time a full-time employee of the state (as defined in IC 5-10.3-7-1(d)) in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

(2) is employed by:

(A) a body corporate and politic of the state created by state statute; or

(B) a state educational institution (as defined in IC 21-7-13-32).

(c) The chief executive officer of a body or institution described in subsection (b) may elect, by submitting a written notice of the election to the director, to have this chapter apply to individuals who, as employees of the body or institution, become for the first time full-time employees of the state (as defined in IC 5-10.3-7-1(d)) in positions that would otherwise be eligible for membership in the fund under IC 5-10.3-7. An election under this subsection is effective on the later of:

(1) the date the notice of the election is received by the director; or

(2) March 1, 2013.

(d) This chapter does not apply to an individual who:

(1) before the effective date of the plan, is or was a member (as defined in IC 5-10.3-1-5) of the fund; or

C
O
P
Y



- (2) on or after the effective date of the plan:
- (A) except as provided in subsection (c), becomes for the first time a full-time employee of the state (as defined in IC 5-10.3-7-1(d)):
 - (i) in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and
 - (ii) who is not paid by the auditor of state by salary warrants; or
 - (B) does not elect to participate in the plan."

Page 2, after line 9, begin a new paragraph and insert:

"SECTION 4. IC 33-39-7-16, AS AMENDED BY P.L.16-2011, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 16. (a) This section does not apply to a participant who meets the requirements for disability benefits under section 17 of this chapter.

(b) Except as provided in subsections (c), ~~and~~ (d), ~~and~~ (e), the amount of the annual retirement benefit to which a participant who applies for a retirement benefit and who is at least sixty-five (65) years of age is entitled equals the product of:

- (1) the highest annual salary that was paid to the participant before separation from service; multiplied by
- (2) the percentage prescribed in the following table:

Participant's Years of Service	Percentage
Less than 8	0
8	24%
9	27%
10	30%
11	33%
12	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

(c) If a participant who applies for a retirement benefit is not at least sixty-five (65) years of age, the participant is entitled to receive a

C
O
P
Y



reduced annual retirement benefit that equals the benefit that would be payable if the participant were sixty-five (65) years of age reduced by one-fourth percent (0.25%) for each month that the participant's age at retirement precedes the participant's sixty-fifth birthday.

(d) **Except as provided in subsection (e)**, benefits payable to a participant under this section are reduced by the pension, if any, that would be payable to the participant from the public employees' retirement fund if the participant had retired from the public employees' retirement fund on the date of the participant's retirement from the prosecuting attorneys retirement fund. Benefits payable to a participant under this section are not reduced by annuity payments made to the participant from the public employees' retirement fund.

(e) This subsection applies to a participant who is a member of the public employees' defined contribution (annuity savings account only) plan established by IC 5-10.3-12-18. Benefits payable to a participant under this section are reduced by the pension portion of the retirement benefit, if any, that would be payable to the participant from the public employees' retirement fund if the participant:

- (1) had not made an election under IC 5-10.3-12-20 to become a member of the public employees' defined contribution (annuity savings account only) plan; and**
- (2) had retired from the public employees' retirement fund on the date of the participant's retirement from the prosecuting attorneys retirement fund.**

~~(e)~~ **(f)** If benefits payable from the public employees' retirement fund exceed the benefits payable from the prosecuting attorneys retirement fund, the participant is entitled at retirement to withdraw from the prosecuting attorneys retirement fund the total sum contributed plus interest at a rate specified by rule by the board.

SECTION 5. IC 33-39-7-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 18. (a) Except as provided in ~~subsection~~ **subsections (b) and (c)**, the amount of the annual benefit payable to a participant who meets the requirements for disability benefits under section 17 of this chapter is equal to the product of:

- (1) the annual salary that was paid to the participant at the time of separation from service; multiplied by
- (2) the percentage prescribed in the following table:

Participant's Years of Service	Percentage
Less than 5	0

C
O
P
Y



5-10	40%
11	41%
12	42%
13	43%
14	44%
15	45%
16	46%
17	47%
18	48%
19	49%
20 or more	50%

(b) **Except as provided in subsection (c)**, benefits payable to a participant under this section are reduced by the amounts, if any, that are payable to the participant from the public employees' retirement fund.

(c) This subsection applies to a participant who is a member of the public employees' defined contribution (annuity savings account only) plan established by IC 5-10.3-12-18. Benefits payable to a participant under this section are reduced by the pension portion of the retirement benefit, if any, that would be payable to the participant from the public employees' retirement fund if the participant had not made an election under IC 5-10.3-12-20 to become a member of the public employees' defined contribution (annuity savings account only) plan.

SECTION 6. IC 33-39-7-19, AS AMENDED BY P.L.33-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 19. (a) The surviving spouse of a participant who:

- (1) dies; and
- (2) on the date of death:
 - (A) was receiving benefits under this chapter;
 - (B) had completed at least eight (8) years of service in a position described in section 8 of this chapter; or
 - (C) met the requirements for disability benefits under section 17 of this chapter;

is entitled, regardless of the participant's age, to the benefit prescribed by subsection (b), **(c), or (d)**.

(b) The surviving spouse is entitled to a benefit for life equal to the greater of:

- (1) seven thousand dollars (\$7,000); or
- (2) fifty percent (50%) of the amount of retirement benefit the participant was drawing at the time of death, or to which the participant would have been entitled had the participant retired

COPY



and begun receiving retirement benefits on the date of death, with reductions as necessary under section 16(c) of this chapter.

(c) **Except as provided in subsection (d)**, benefits payable to a surviving spouse under this section are reduced by the ~~amounts~~, **amount**, if any, that ~~are~~ **is** payable to the surviving spouse from the public employees' retirement fund as a result of the participant's death **after subtracting the participant's contributions and earnings attributable to the participant's contributions in the participant's annuity savings account.**

(d) **This subsection applies to a surviving spouse of a participant who is a member of the public employees' defined contribution (annuity savings account only) plan established by IC 5-10.3-12-18. Benefits payable to a surviving spouse of a participant under this section are reduced by the pension portion of the retirement benefit, if any, that would be payable to the spouse from the public employees' retirement fund under the joint and survivor option under IC 5-10.2-4-7, computed at fifty percent (50%) of the participant's decreased retirement benefit, if the participant had not made an election under IC 5-10.3-12-20 to become a member of the public employees' defined contribution (annuity savings account only) plan.**

SECTION 7. IC 33-39-7-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 20. (a) If a participant's spouse does not survive the participant, the dependent child of a participant is, upon the death of the participant, entitled to a benefit equal to the benefit the participant's spouse would have received under section 19 of this chapter.

(b) If a surviving spouse of a decedent participant dies and a dependent child of the surviving spouse and the decedent participant survives them, that dependent child is entitled to receive a benefit equal to the benefit the spouse was receiving or would have received under section 19 of this chapter.

(c) If there is more than one (1) dependent child, the dependent children are entitled to share the benefit equally.

(d) Each dependent child is entitled to receive that child's share until the child becomes eighteen (18) years of age or during the entire period of the child's physical or mental disability, whichever period is longer.

(e) **Except as provided in subsection (f)**, benefits payable to a dependent child are reduced by the ~~amounts~~, **amount**, if any, that ~~are~~ **is** payable to the dependent child from the public employees' retirement fund **after subtracting the participant's contributions and earnings attributable to the participant's contributions in the participant's**

C
o
p
y



annuity savings account.

(f) This subsection applies to a dependent child of a participant who is a member of the public employees' defined contribution (annuity savings account only) plan established by IC 5-10.3-12-18. Benefits payable to a dependent child of a participant under this section are reduced by the actuarial equivalent of the pension portion of the retirement benefit, if any, that would be payable to the spouse (assuming the spouse would have had the same birth date as the participant) from the public employees' retirement fund under the joint and survivor option under IC 5-10.2-4-7, computed at fifty percent (50%) of the participant's decreased retirement benefit, if the participant had not made an election under IC 5-10.3-12-20 to become a member of the public employees' defined contribution (annuity savings account only) plan.

SECTION 8. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 499 as introduced.)

BOOTS, Chairperson

Committee Vote: Yeas 8, Nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Employment, Labor and Pensions, to which was referred Senate Bill 499, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

GUTWEIN, Chair

Committee Vote: yeas 10, nays 0.

C
o
p
y

