LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
http://www.in.gov/legislative

FISCAL IMPACT STATEMENT

LS 6074 | **NOTE PREPARED:** Apr 1, 2013
BILL NUMBER: HB 1148 | **BILL AMENDED:**

SUBJECT: Public Employees' Defined Contribution Plan.

FIRST AUTHOR: Rep. Niezgodski | **BILL STATUS:** As Passed Senate
FIRST SPONSOR: Sen. Tallian

FUNDS AFFECTED: **GENERAL** **DEDICATED** **FEDERAL** | **IMPACT:** No Fiscal Impact

Summary of Legislation: The bill changes the definition of "normal retirement age" in the Public Employees' Defined Contribution Plan (Plan) to reduce the minimum number of years required for participation in the plan from ten years to five years. The bill requires a vested Plan member to be separated from employment for at least 30 days before the member may make a withdrawal from the member's account. (The introduced version of this bill was prepared by the Pension Management Oversight Commission.)

Effective Date: July 1, 2013.

Explanation of State Expenditures: This bill makes two technical corrections to the Plan, which is also known as an Optional Annuity Savings Account (ASA) Plan or Defined Contribution (DC) Plan.

Normal Retirement Age: Changing the definition of "normal retirement age" is a conforming amendment to eliminate conflicting language within the law and clarifies that normal retirement for the Plan is defined as 5 years of service and 62 years of age. This change does not alter the original employer contributions and earnings vesting schedule as outlined in the original statute and the table below.

Service Year	Employer Contributions and Earnings (% Vested)
1	20%
2	40%
3	60%
4	80%
5	100%

30-Day Separation from Service: Currently, to demonstrate a true separation from employment, members of traditional PERF and TRF plans must be separated for 30 days to withdraw their ASA (defined contribution plan) balance. This change requires Plan (ASA only) members to wait 30 days from separation of service before withdrawing the balance. This aligns the Plan with the other funds administered by the Indiana Public Retirement System (INPRS) and complies with IRS guidelines.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Those units with members in PERF.

Information Sources: Allison Karns, INPRS (akarns@inprs.in.gov), Pension Management Oversight Committee.

Fiscal Analyst: Stephanie Wells, 232-9866.