

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6116**  
**BILL NUMBER: SB 228**

**NOTE PREPARED: Mar 12, 2013**  
**BILL AMENDED: Jan 17, 2013**

**SUBJECT:** Indiana Public Retirement System Administrative Matters.

**FIRST AUTHOR:** Sen. Boots  
**FIRST SPONSOR:** Rep. Burton

**BILL STATUS:** As Passed House

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Study of Guaranteed Fund* - The bill urges the Legislative Council to assign to the Pension Management Oversight Commission (PMOC) the task of studying the Guaranteed Fund, an investment option in the Annuity Savings Account of PERF and TRF.

*INPRS Officer Election:* The bill provides that the Board of the Indiana Public Retirement System (INPRS) shall elect officers by December 31 of each year, rather than on June 30, as specified in current law.

*PERF Vesting of Beneficiary:* The bill provides that, for a Public Employee Retirement Fund (PERF) member who dies after June 30, 2013, the right to receive a death benefit from PERF vests with the designated beneficiary on file with PERF at the time of the member's death, as is the case under current law with the Teacher's Retirement Fund (TRF).

*TRF and PERF Criminal Taking:* The bill requires that an order for restitution be issued by the sentencing court before money may be taken from a PERF member's account to compensate an employer for a criminal taking by the member, and provides that money may be taken from a TRF member's account in the same manner as with PERF.

(The introduced version of this bill was prepared by the Pension Management Oversight Commission.)

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** *INPRS Officer Election:* The change of the election date of INPRS board officers from June 30<sup>th</sup> to December 31<sup>st</sup> would allow the selection of board officers after the terms of new board members begin on July 1. This change may be made with no additional state expenditure.

*PERF Vesting of Beneficiary:* The creation of a beneficiary vesting statute for PERF makes PERF statute consistent with TRF statute, which has a beneficiary vesting provision. This change will also make the statute for PERF consistent with current administrative policy. In 2011/2012, due to no statute regarding PERF beneficiary vesting, there have been eight instances in which PERF members' survivors have disputed the designated beneficiary's right to receive PERF benefits. These disputes resulted in additional time and expense due to legal proceedings. This change should minimize similar ongoing legal costs and staff time associated with such disputes.

*TRF and PERF Criminal Taking:* The bill creates a provision where TRF funds in a member's account may be used to compensate an employer for criminal taking. This will make TRF statute consistent with current PERF law. In addition, the bill makes changes in statute for both PERF and TRF, whereby the loss to the employer must be proven by an order for restitution that is issued by the sentencing court prior to money being taken from a TRF or PERF member's account to compensate the employer for a criminal taking by the member. These changes will allow TRF member employers to recoup some or all of the losses associated with criminal taking by certain members and will address changes in the law for both PERF and TRF in those instances where the member does not receive a misdemeanor or felony conviction but rather takes part in a plea agreement. By requiring an order for restitution, it is possible to be compensated in those cases where a conviction does not take place.

It is as yet unknown how many instances of TRF criminal taking have occurred, but in 2011/2012, PERF witnessed approximately 14 such cases seeking reimbursement from PERF members.

*(Revised) Study of Guaranteed Fund* - The bill urges the Legislative Council to assign PMOC the task of studying the Guaranteed Fund. The Guaranteed Fund is an investment option in the Annuity Savings Account (ASA) of PERF and TRF. PMOC is a 12-member permanent interim study committee. If the Legislative Council were to assign this topic to PMOC, and PMOC were to have any extra meetings to address this topic, there could be additional expenditures for legislator per diem and travel reimbursement for the committee members. Any additional expenditures must be within the committee's budget, however.

*Background:* In 2010, legislation approving the merging of PERF and TRF was adopted by the Indiana General Assembly, thereby creating INPRS. Each retirement fund continues as a separate fund under the oversight of INPRS and its nine-member board of trustees. Individual fund status for each will continue to be calculated separately.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenses*.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Public Retirement System.

**Local Agencies Affected:** Local PERF and TRF employers.

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