

IC 5-10.3-5

Chapter 5. Accounts; Investments

IC 5-10.3-5-1

Accounts in fund

Sec. 1. Accounts in the Fund. The fund consists of separate annuity savings and retirement allowance accounts established and administered as specified in IC 5-10.2-2.

As added by Acts 1977, P.L.53, SEC.3.

IC 5-10.3-5-2

Employer contributions; federal money

Sec. 2. Employer Contributions; Federal Moneys. (a) The state shall make contributions to the retirement allowance account as specified in IC 5-10.2-2. Participating political subdivisions shall make contributions as specified in chapter 6 of this article.

(b) If members receive compensation from federal funds, the board shall at the end of each fiscal year determine the employer's contribution, excluding administration expenses, to be paid from federal funds. The amount shall be determined by such method adopted by the board as results in an equitable sharing of the employer contribution by the federal government on account of members receiving compensation from federal funds.

As added by Acts 1977, P.L.53, SEC.3.

IC 5-10.3-5-3

Investments of assets; management agreements; board exemptions on sale of surplus personal property or state property

Sec. 3. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, subject to the limitations and restrictions set forth in IC 5-10.2-2-18.

(b) The board may invest up to five percent (5%) of the excess of its cash working balance in debentures of the corporation for innovation development subject to IC 30-4-3-3.

(c) The board is not subject to IC 4-13, IC 4-13.6, and IC 5-16 when managing real property as an investment. Any management agreements entered into by the board must ensure that the management agent acts in a prudent manner with regard to the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the budget agency for approval. A contract for management of real property as an investment:

- (1) may not exceed a four (4) year term and must be based upon guidelines established by the board;
- (2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as

utilities, cleaning, maintenance, and minor tenant finish needs;
(3) must establish, consistent with the board's duty under IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and

(4) may provide specific guidelines for the board to purchase new properties, contract for the construction or repair of properties, and lease or sell properties without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all of the following:

(1) Each beneficiary of the trust.

(2) Each settlor empowered to revoke or modify the trust.

As added by Acts 1977, P.L.53, SEC.3. Amended by P.L.51-1983, SEC.1; P.L.46-1988, SEC.3; P.L.336-1989(ss), SEC.14; P.L.1-1991, SEC.34; P.L.37-1996, SEC.1; P.L.49-1997, SEC.26; P.L.224-2003, SEC.187.

IC 5-10.3-5-3.1

Board transactions subject to qualification requirements of Internal Revenue Code

Sec. 3.1. The board's transactions under section 3 of this chapter are subject to IC 5-10.2-2-1.5.

As added by P.L.55-1989, SEC.22.

IC 5-10.3-5-4

Investments

Sec. 4. (a) Securities shall be held for the fund by banks or trust companies under a custodial agreement. Income, interest, proceeds of sale, materials, redemptions, and all other receipts from securities and other investments which the board retains for the cash working balance shall be deposited as authorized by the board.

(b) The board may contract with investment counsel, trust companies, or banks to assist the board in its investment program.

As added by Acts 1977, P.L.53, SEC.3. Amended by P.L.46-1988, SEC.4; P.L.55-1993, SEC.2; P.L.195-1999, SEC.19; P.L.1-2002, SEC.16; P.L.115-2009, SEC.10.

IC 5-10.3-5-5

Custodians

Sec. 5. (a) The custodians must be banks or trust companies that are domiciled in the United States and approved by the board to:

(1) act in a fiduciary capacity; and

(2) manage custodial accounts;

on behalf of the fund.

(b) The board is authorized to accept safekeeping receipts for securities held by the custodians. Each custodian must have a combined capital and surplus of at least ten million dollars (\$10,000,000) according to the last published report of condition for the bank or trust company and have physical custody of such securities. The state board of accounts is authorized to rely on safekeeping receipts from the custodian. The custodian may be authorized by the agreement to:

- (1) hold securities and other investments in the name of the fund, in the name of a nominee of the custodian, or in bearer form;
- (2) collect and receive income, interest, proceeds of sale, maturities, redemptions, and all other receipts from the securities and other investments;
- (3) deposit all the receipts collected and received under subdivision (2) in a custodian account or checking account as instructed by the board;
- (4) reinvest the receipts collected and received under subdivision (2) as directed by the board;
- (5) maintain accounting records and prepare reports which are required by the board and the state board of accounts; and
- (6) perform other services for the board as are customary and appropriate for custodians.

(c) The custodian is responsible for all securities held in the name of its nominee for the fund.

As added by Acts 1977, P.L.53, SEC.3. Amended by P.L.46-1988, SEC.5; P.L.25-1994, SEC.7; P.L.72-2003, SEC.1; P.L.97-2004, SEC.19; P.L.90-2008, SEC.2.

IC 5-10.3-5-6

Termination of agreements

Sec. 6. Termination of Agreements and Contracts. The board may terminate contracts and custodial agreements with investment counsel, trust companies and banks and may recover securities and moneys held under the custodial agreements whenever the board considers these actions necessary to protect the fund.

As added by Acts 1977, P.L.53, SEC.3.

IC 5-10.3-5-7

Actuarial reports; status of reserve account; charges against difference between reserves in account and accrued liability

Sec. 7. (a) After each fiscal year, the actuary shall report the status of the reserve account for persons receiving benefits from the fund. The report must contain a statement of the reserves in the account and the accrued liability for these persons.

(b) Taking into consideration the actuary's report, the board shall after June 30, 1985, charge the costs of postretirement benefit increases against any difference between the reserves in the account and the accrued liability. However, the board may withhold from the

difference, as a contingency reserve, an amount less than or equal to two percent (2%) of the reserve. If the amount of the difference is insufficient to meet the costs of the postretirement benefit increases, the excess shall be charged against each employer's account in the retirement allowance account on a prorata basis.

As added by Acts 1977, P.L.53, SEC.3. Amended by Acts 1977(ss), P.L.2, SEC.3; P.L.50-1985, SEC.2.