

Department of State Police of Indiana

State Police Pension Trust Agreement

July 1, 1937

DEPARTMENT OF STATE POLICE
PENSION TRUST AGREEMENT

THIS AGREEMENT made and entered into this 1st day of July 1937, by and between the Department of State Police, Party of the First Part, (hereinafter referred to as the "Department"), and the Treasurer of State, Party of the Second Part, (hereinafter referred to as the "Trustee").

WITNESSETH:

WHEREAS, the Department is a division of the Indiana State government with its principal office at Indianapolis, Indiana and the Department desires to establish an actuarially sound pension trust for the exclusive benefit of its employees who shall become Employee Beneficiaries hereunder in the mode and manner as hereinafter designated and defines, as authorized by the General Assembly of the State of Indiana by Chapter 54, Acts of 1937, and

WHEREAS, the Trustee is an officer of the State of Indiana with full power to act as Trustee and with its principal office and place of business at Indianapolis, Indiana.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Parties hereto agree as follows:

1. The Trustee will act as Trustee of the Pension Fund established pursuant hereto and will receive and hold in trust, manage, invest and reinvest any moneys paid to it as such Trustee in accordance with the terms and provisions of this Trust Agreement.

2. The Pension Fund shall consist of voluntary contributions from the Department, moneys paid from the wages of employees of the Department, and any other payments or contributions made to the Pension Fund by the State of Indiana or by any other person or persons, firm or corporation and income and proceeds derived from the investment thereof.

3. The term "Employee" as used in this Trust Agreement means any person regularly employed and on the payroll of the Department.

The term "Employee Beneficiary" as used herein shall mean any employee or former employee who has complied with the terms of this agreement and is entitled to receive benefits hereunder.

The words "any person claiming by, through or under any Employee Beneficiary" as used in this Trust Agreement shall include contingent beneficiaries named by Employee Beneficiaries and estates of Employee Beneficiaries.

The term "fiscal year" as used herein shall mean the period from July first to June thirtieth, both dates inclusive.

The term "Engineers" as used herein shall mean any person, firm, or corporation of actuaries or pension experts competent and qualified to supervise the installation and operation of Pension Trusts on an actuarially sound basis and who are employed by the Trustee to supervise the operation of this Pension Trust on an actuarially sound basis.

"The net amount paid into the Pension Trust from the wages of any Employee Beneficiary" for the purposes of this Trust Agreement shall be deemed to be the amount of money actually paid in from the wages of such Employee Beneficiary plus interest at the rate of 3% compounded annually less any sums, plus interest at the same rate, paid from the Pension Fund to such Employee Beneficiary and /or to any person claiming by, through or under such Employee Beneficiary.

Any employee may become an Employee Beneficiary by signing and delivering to the Department within sixty days after June 1, 1937, or within sixty days after the date when he shall become an Employee, whichever is the later date, an "Application and Authorization (Form #51)" in substantially the following form:

APPLICATION AND AUTHORIZATION (Form #51)

I hereby make application to become an Employee Beneficiary in the _____ dollars pension classification under the terms of a certain Trust Agreement executed by the Department of State Police creating a Pension Trust for its Employee Beneficiaries, and dated _____.

The date of my birth is the _____ day of _____.

The amount of the monthly wages now payable to me by the Department of State Police is \$ _____.

I authorize and direct the Department of State Police to retain from my wages the amounts required to be paid from the wages of an Employee Beneficiary and that said sums so retained shall be delivered to the Trustee all in accordance with the terms and provisions of said Trust Agreement.

I designate _____ residing at _____, who is my _____, as contingent beneficiary to receive any money payable after my death to such beneficiary under the terms of said Trust Agreement.

I understand and agree that my rights in and to the Pension Fund established pursuant to said Trust Agreement shall be determined by and limited to the rights set forth in said Trust Agreement and any duly adopted amendment thereto, and that I am bound by its terms in the same manner and to the same effect as if I were a party thereto.

Dated _____.

(Signed) _____

Witness
_____.

The Department shall retain one signed Application and Authorization (Form #51) from each Employee Beneficiary and deliver one to the Engineers.

Any Employee Beneficiary at any time may change any contingent beneficiary named by him by filing a written and dated notice of such change with the Department, and such change shall become effective on the date of such filing. The Department shall notify the Engineers of all such changes of contingent beneficiary. No contingent beneficiary at any time named shall have or acquire any vested right by reason of such designation or otherwise prior to the death of the Employee Beneficiary.

4. There shall be the following pension classifications for Employee Beneficiaries with maximum monthly pension amounts as follows:

<u>Pension Classifications</u>	<u>Maximum Monthly Pension Amounts</u>
Ten Dollars Pension Classification	\$10.00
Twenty Dollars Pension Classification	20.00
Thirty Dollars Pension Classification	30.00
Forty Dollars Pension Classification	40.00
Fifty Dollars Pension Classification	50.00
Sixty Dollars Pension Classification	60.00
Seventy Dollars Pension Classification	70.00
Eighty Dollars Pension Classification	80.00
Ninety Dollars Pension Classification	90.00
One Hundred Dollars Pension Classification	100.00
One Hundred Ten Dollars Pension Classification	110.00
One Hundred Twenty Dollars Pension Classification	120.00
One Hundred Thirty Dollars Pension Classification	130.00
One Hundred Forty Dollars Pension Classification	140.00
One Hundred Fifty Dollars Pension Classification	150.00

An Employee Beneficiary may select any pension classification with a maximum monthly pension amount which does not exceed one half his monthly wages by more than ten dollars.

In the event that any Employee Beneficiary's monthly wages shall be reduced so that his monthly wages shall be less than twice the maximum monthly pension amount payable under his then pension classification, he may, at any time after the date when his wages shall be so reduced, reduce his pension classification. Such Employee Beneficiary shall make such change in his pension classification by executing and delivering to the Department duplicate requests in substantially the following form:

APPLICATION FOR DECREASE (Form #52)

I hereby certify that the monthly wages payable to me by the Department of State Police now are \$ _____, and I hereby request that my pension classification under a certain Trust Agreement executed by the Department of State Police creating a pension trust for its Employee Beneficiaries, and dated _____, be changed from the _____ dollars pension classification to the _____ dollars pension classification.

Dated _____.

(Signed)

Employee Beneficiary

Attest:

Executive Officer

The Department shall retain one of each such requests and deliver one copy to the Engineers.

There shall be paid to each Employee Beneficiary changing his pension classification in accordance herewith to a pension classification with a lesser maximum monthly pension amount, a sum of money equal to the amount, if any, by which the net amount paid into the Pension Fund from the wages of the Employee Beneficiary exceeds total net amount which would have been payable from his wages into the Pension Fund if he had at all times been an Employee Beneficiary under his new pension classification.

Any Employee Beneficiary whose wages shall be increased so that his monthly wages shall be equal to or greater than twice the maximum monthly pension amount payable under any pension classification having a larger maximum monthly pension amount than his then pension classification may request within one^{year}/from the July first following said increase additional pension units at his attained age rate, providing his original classification plus the additional units shall in no event exceed one half of his increased monthly wage by more than ten dollars. Such request shall be executed in duplicate and shall be in substantially the following form:

APPLICATION FOR INCREASE (Form # 53)

I, _____, hereby certify the monthly wages paid to me by the Department of the State Police were increased on _____, and now are \$ _____, and I hereby request that my pension classification under a certain Trust Agreement executed by the Department of State Police creating a Pension Trust for its Employee Beneficiaries and dated _____ be changed from the _____ dollars pension classification to the _____ dollars pension classification. I hereby authorize and direct the Department of State Police to retain from my wages the proper amount to be held in accordance with the terms and provisions of said Trust Agreement.

Dated July 1, 19 _____.

(Signed) _____

Employee Beneficiary

Consented to this _____ day of _____, 19 _____.

DEPARTMENT OF STATE POLICE

By: _____.

All such Applications for Increase (Form # 53) shall be subject to the consent of the Department, and if the Department consents to such application it shall endorse such consent on the application and deliver the same to the Engineers.

Any change in the pension classification of any Employee Beneficiary shall become effective as of the first day of July upon the application or request therefor.

5. The amount required to be paid by each Employee Beneficiary from the wages payable by the Department to such Employee Beneficiary during each calendar month after the date of such Employee Beneficiary's Application and Authorization shall be determined according to his attained age on the date when he filed his Authorization (Form #51) or Request (Form #52) and his pension classification during the month for which the deduction is made and shall be determined by dividing the maximum monthly pension amount of his pension classification by ten dollars and multiplying the quotient so determined by the amount set opposite his said age, as follows:

Age	Amount	Age	Amount	Age	Amount	Age	Amount
18	\$.66	28	\$.86	38	\$1.03	48	\$1.13
19	.68	29	.88	39	1.04	49	1.14
20	.70	30	.90	40	1.05	50	1.15
21	.72	31	.92	41	1.06	51	1.16
22	.74	32	.94	42	1.07	52	1.17
23	.76	33	.96	43	1.08	53	1.18
24	.78	34	.98	44	1.09	54	1.19
25	.80	35	1.00	45	1.10		
26	.82	36	1.01	46	1.11		
27	.84	37	1.02	47	1.12		

6. In the event that any Employee Beneficiary prior to the time when he has attained the age of 55 years shall cease to be an employee, he shall likewise cease to be an Employee Beneficiary as soon as he has received the benefits or refunds to which he is entitled under the terms of this agreement.

7. No employee beneficiary who has been retired on pension, nor any person claiming by, through or under him shall have any further right or interest in the Pension Fund, in addition to his pension, except to receive payment of the difference if his total pension payments have been less than the net amount paid into the Pension Fund from his wages plus the bonus referred to in section 8.

8. The rights of Employee Beneficiaries under this Item 8 are rights when the Pension Fund is in operation. The rights of Employee Beneficiaries when the Pension Fund is in liquidation are set out under Item 18.

When any person under the age of 55 years shall cease to be an Employee for any reason other than death or prior retirement on pension there shall be paid to such Employee Beneficiary an amount equal to the net amount paid into the Pension Fund from the wages of the Employee Beneficiary, if any.

In the event an employee's service is terminated after five years because of death or any other reason, he, his beneficiary, or estate shall be entitled to receive a bonus in the amount of five percent (5%) of the net amount paid into the Pension Fund for each year of service in excess of five.

Upon the death of any Employee Beneficiary there shall be paid from the Pension Fund to the person or persons named as contingent beneficiary by such Employee Beneficiary in accordance with the Trust Agreement, or if such contingent beneficiary shall be deceased, to such Employee Beneficiary's estate, an amount equal to the net amount paid into the Pension Fund from the wages of such Employee Beneficiary, if any, and any bonus to which he may be entitled.

The payment of any amount from the Pension to any Employee Beneficiary prior to age 55 or to any person claiming by, through or under any Employee Beneficiary shall be made either in a lump sum or in monthly installments not less than his pension classification and the Department shall select the manner

and mode of payment as herein provided.

Each Employee Beneficiary who shall be an Employee on the date when he reaches the age of 55 years after January 1, 1938, shall be paid from the Pension Fund for each month when he shall not be on the payroll of the Department after he reaches the age of 55 years a monthly pension amount to be determined as follows:

The monthly Pension amount to be paid Employee Beneficiaries who shall have been Employee Beneficiaries for a period of twenty or more consecutive years immediately prior to the time when they have reached the age of 55 years shall be an amount equal to the maximum monthly pension amount of such Employee Beneficiaries' respective pension classification. The monthly pension amount of Employee Beneficiaries who shall not have been Employee Beneficiaries for a period of twenty or more consecutive years immediately prior to the time when they have reached the age of 55 years, shall be an amount equal to that proportion of the maximum monthly pension amount of such Employee Beneficiaries' pension classification which the total number of consecutive years such Employee Beneficiaries shall have been Employee Beneficiaries immediately prior to the time when they shall have reached the age of 55 years bears to twenty, provided that the monthly pension amount of Employee Beneficiaries shall in no event be less than ten dollars per month. Full credit will be given for all service in the Department prior to July 1, 1937, even though the employee was not an Employee Beneficiary prior to that date. In determining the number of years which any Employee Beneficiary has been an Employee Beneficiary, any fractional part of a year greater than one-half shall be considered a whole year, and any fractional part of a year less than one-half shall be disregarded.

At retirement age, an Employee Beneficiary with the approval of the Department and the Engineers may elect to receive a Joint and Last Survivor income in lieu of the normal retirement pension to which he is entitled. The amount of the payments will depend upon the age of the Joint beneficiary in accordance with actuarial tables approved by the Insurance Department.

With the consent of the Department and the approval of the Engineers an Employee Beneficiary may retire prior to the normal retirement age of 55 on an adjusted pension in lieu of the regular pension amount to which he would have been entitled at age 55 as set forth herein. In the event of such prior retirement the amount of his adjusted pension shall be determined by the Engineers in accordance with actuarial tables approved by the Insurance Department.

9. No person entitled to any interest in or share of or pension or benefit from the trust fund shall, prior to the actual payment thereof, have the right to anticipate the same, or to sell, assign, pledge, or mortgage or otherwise dispose of or encumber the same, nor shall such interest, share, pension, or benefit prior to the actual payment thereof, be liable for the debts or liabilities of the person entitled thereto or be subject to attachment, garnishment, execution, or to levy or sale on judicial proceedings, or be transferable by any means, voluntarily or involuntarily.

10. The contribution by the Department of any sum or sums to the Pension Fund shall establish no liability or duty on the part of the Department to make any further or subsequent contributions.

It is expected, however, that the minimum annual contribution by the Department shall be of sufficient amount as determined by the Engineers to prevent any deterioration in the actuarial status of the trust fund during that year. In the event that the Department shall fail to make such minimum contribution for three successive years, the pension trust shall terminate and the trust fund shall be liquidated.

The Engineers shall determine the amount of the Department's minimum contribution in the following manner:

It shall make an annual audit or survey and determine the minimum amount required for the current year in order that there may be no deterioration during the year in the actuarial status of the Pension Fund. The Engineers, if it shall deem it advisable, may make audits or surveys in addition to such annual audit or survey and redetermine the Department's minimum contribution in accordance with such additional audits or surveys. The American Men's Ultimate Table of Mortality with interest at 3% shall be used in determining the actuarial status of the Pension Fund.

11. The Trustee with the approval of the Department shall invest, reinvest and manage the Pension Fund for the purchase of, or payment of the following:

(a) Such investments as the Trustee may be authorized to invest trust funds under the laws of the State of Indiana.

(b) Single premium life insurance contracts or policies on the life of any employee beneficiary, or any executive officer of the Department.

(c) Annuities for Employee Beneficiaries.

(d) Payments authorized to be made by the terms of this agreement.

(e) Current operating expense authorized by the Department with the approval of the Engineers.

(f) Loans to Employee Beneficiaries.

The right of the Trustee to invest and use the assets of the Pension Fund shall be subject to the following limitations:

(a') All annuities and life insurance contracts or policies shall be purchased only for such persons and at such times as shall be approved by the Engineers and the Department and from such companies as shall be approved by the Engineers and the Department and licensed to operate in the State of Indiana.

(b') Each application for a loan by an Employee Beneficiary shall be passed on individually by the Pension Advisory Board and only approved if in the opinion of the Board such loan would serve a constructive or emergency purpose. The Board shall have the right to reduce the amount of any such loan application or to refuse the application altogether. The amount of any such loan shall in no case exceed the net amount paid into the Pension Fund from the wages of such Employee Beneficiary, or an amount equivalent to six months wages, whichever is the lesser sum. Such loans shall be repaid to the Pension Fund on a monthly basis by applying one-twelfth of the monthly salary until the total loan has been repaid. Interest, calculated at the rate of five percent (5%) per annum on the unpaid balance at the beginning of each year, shall be deducted at the time the loan is granted. In the event of termination of service the unpaid balance of any loan shall be deducted from the refund payable to such former employee, his beneficiary or estate.

12. If a joint and last survivor annuity is provided for any Employee Beneficiary there shall be used for the purchase or payment of such annuity an amount equal to the cost of the life annuity to which such Employee Beneficiary would have been entitled.

13. All life insurance contracts and policies and refund annuities purchased from the assets of the Pension Fund shall remain in the custody of the Trustee, and such Trustee shall be the beneficiary of each and every such life insurance contract and policy and shall be the contingent beneficiary of each and every such refund annuity.

14. The exercise of any income option to provide annuity payments to any Employee Beneficiary shall be deemed the purchase of an annuity for such Employee Beneficiary and shall be subject to the same provisions as the purchase of other annuities.

The Trustee, with the approval of the Engineers and the Department, may exercise any rights, privileges, or options, including but not limited to the right to leave proceeds on deposit or in trust and rights of conversion or surrender under any life insurance contract, policy, or annuity forming a part of the Pension Fund.

15. The gross value of the assets of the pension fund for any purpose under this Trust Agreement shall be the total of the following:

Cash on hand.

The conversion value of refund annuities.

The cash surrender value of all single premium life insurance policies and contracts having a then cash surrender value.

The purchase price of any single premium life insurance policy or contract which does not have a then cash surrender value.

The then market value of all other securities and investments.

The net value of the assets of the Pension Fund for any purpose under this Trust Agreement shall be the gross value of the assets of the Pension Fund less the total of any liabilities (including necessary expense involved in the event of liquidation) due and payable from the Pension Fund.

16. The Pension Fund shall be liquidated in any of the following events:

(a) If at any time after January 1, 1938, for a period of ninety consecutive days there shall be less than ten Employee Beneficiaries.

(b) If at any time the Department shall cease to exist.

(c) If at any time the Department shall fail to make a minimum contribution to the Pension Fund as provided in Item 10.

If not terminated prior thereto, the Trust shall terminate and the Pension Fund shall be liquidated upon the death of the survivor of the following named persons:

17. The liquidation of the Pension Fund shall be under the direction and supervision of the Engineers and the Indiana Insurance Department and in the following manner:

All refund annuities which are subject to such conversion shall be converted into life annuities and all life insurance contracts or policies which have a cash surrender value shall be surrendered, and all the remaining assets of the Pension Fund shall be sold or otherwise converted into cash.

If the Trust Agreement shall be terminated after January 1, 1938, the net assets of the Pension Fund shall be used as follows:

- (a) Pension payments shall be continued to persons then receiving pensions either directly or by purchase of annuities from eligible life insurance companies yielding the maximum monthly pension amounts payable to the persons then receiving pensions.
- (b) There shall be paid to each Employee Beneficiary an amount equal to the net amount paid into the Pension Fund from the wages of such Employee Beneficiaries, if any.
- (c) Any balance of the Pension Fund remaining after the payments provided for in (a), (b), and (c) of this Item 17 shall be paid to the Employee Beneficiaries in such manner that each Employee Beneficiary shall receive that proportion of said balance which the net amount paid into the Pension Fund from his wages bears to the total net amount paid into the Pension Fund from the wages of all the Employee Beneficiaries.

The term "Employee Beneficiary" as used in this Item 17, includes only those persons who shall be Employee Beneficiaries at the date of liquidation.

The date of liquidation as used in this Trust Agreement means the date on which the event occurs which causes liquidation. In the event of liquidation by reason of the failure of the Department to make a minimum contribution, the date of liquidation as used in this Trust Agreement is the last day on which said contribution might have been made without causing a liquidation of the Pension Fund.

18. The Trustee shall at all times employ Engineers as herein defined to assist and supervise the operation of this trust so that there will be no deterioration in the actuarial status of the Pension Fund. Such Engineers shall be engaged by the Trustee on a year to year basis with the approval of the Department immediately upon the execution of this Trust Agreement.

The Engineers shall be compensated by the Trustee from the Trust Fund for their services in a manner to be agreed upon by the Trustee, the Department, and the Engineers.

Neither the Trustee nor the Engineers shall be liable for any error of judgment, or mistake, or omission made in good faith but only for negligence or wilful misconduct in the performance of their duties hereunder.

The Department shall keep complete records of the amounts paid from the wages of each Employee Beneficiary into the Pension Fund and complete employment records of Employee Beneficiaries. The Engineers and the Trustee shall be entitled to rely upon statements of the Department as to the following matters: the amounts paid into the pension fund from the wages of Employee Beneficiaries; the ages of Employee Beneficiaries; whether or not Employee Beneficiaries were on the payroll of the Department on stated dates; the length of time Employee Beneficiaries have been on the payroll of the Department and wages paid by the Department to Employee Beneficiaries.

The Department and the Engineers shall be entitled to rely on the statements of the Trustee as to the amount held in, the amounts paid from the Pension Fund to any persons whomsoever.

The parties hereto shall be entitled to rely upon any statements contained in any Employee's Application (Form #51, #52, #53).

A statement shall be deemed to have been made by the Department or the Engineers if it shall be signed by one of their respective executive officers of any person authorized to sign such statement by one of their respective executive officers.

Any statement shall be deemed to have been made by the Trustee provided it shall be signed by the Treasurer of State or by any person authorized by the Treasurer of State to sign such statement.

19. Within ninety days after the close of each fiscal year the Trustee, with the aid of the Engineers, shall prepare and file an annual report with the Department and with the Indiana Insurance Department which shall include the following:

Schedule I. Receipts and disbursements.

Schedule II. Gross Value of the Assets of Pension Trust listing investments as to book value and current market value as of the end of the fiscal year.

Schedule III. List of terminations, showing cause and amount of refund.

Schedule IV. The application of actuarially computed "reserve factors" to the payroll data properly classified for the purpose of computing the reserve liability of the trust fund as of the end of the fiscal year.

Schedule V. The application of actuarially computed "current liability factors" to the payroll data properly classified for the purpose of computing the liability of the trust fund as of the end of the fiscal year.

Schedule VI. An actuarial computation of the pension liability for all employees retired prior to the close of the fiscal year.

The Trustee shall be reimbursed from the trust assets for any extraordinary service or out-of-pocket expense necessarily and properly incurred by it in the Administration of the trust, subject to the approval of the Department. The Trustee shall receive no compensation for its services hereunder.

20. It is not intended that the Trust created by this Agreement shall be administered by or under the supervision of any court; but in the event that any party hereto shall apply to a court for a construction hereof, or for direction as to the duties or rights of any party hereunder, then and in any such event, such application shall be made to any court of competent jurisdiction sitting in the State of Indiana and having jurisdiction of the subject matter, and such court shall have jurisdiction to issue such order, decree or judgment as the equity of the case may require. In the event of any such proceeding or proceedings being instituted it shall not be necessary to make a party or to serve process upon any Employee Beneficiary, any former Employee Beneficiary, or any person claiming by, through or under any Employee Beneficiary or former Employee Beneficiary, whether resident or non-resident of the State of Indiana, but it shall be sufficient to publish such notice of the institution of said suit in two

newspapers of general paid circulation in the county in which such proceedings are instituted, as the court may direct. If in any such proceedings the court shall determine that the Engineers is improperly performing its functions hereunder, the Trustee shall have the right to select successor Engineers with the approval of the Department and such successor shall perform the functions agreed hereunder to be performed by the Engineers.

21. The Trust arising under the operation hereof shall constitute a trust under the laws of the State of Indiana, and this Agreement shall be construed by the applicable laws of Indiana.

22. There shall be a Pension Advisory Board consisting of the Director of Public Safety (Chairman), a member of Police Board, a representative of Engineers, and three Employee Beneficiaries who shall be elected by the Employee Beneficiaries on or before July first of each year. The duties of this board shall be to adjust compensation, approve pensions, formulate policies, and assist in the administration of this program. Meetings shall be held at least semi-annually, and more frequently if necessary, to consider problems which may arise.

23. At any time prior to January 1, 1938, this Trust Agreement may be changed, altered, or amended in any particular by the Department with the consent of the Engineers.

At any time after January 1, 1938, the Trust Agreement may be changed, altered, or amended in any particular by the Department with the consent of the Engineers, and a majority of all the Employee Beneficiaries, except that if such change, alteration or amendment shall modify or change the relative rights under the respective pension classifications, the consent shall be required thereto of a majority of the Employee Beneficiaries of each pension classification so affected.