

**Department of State Police of Indiana**

**State Police Pension Trust Agreement**

**January 1, 1946**

DEPARTMENT OF STATE POLICE  
PENSION TRUST AGREEMENT

Pursuant to the authority contained in Paragraph 2, Section 24 thereof, the pension trust agreement of the Department of State Police of Indiana, dated July 1, 1937 has been amended and modified to become effective January 1, 1946, so as to read as follows:

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 defined, 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 the income and proceeds derived from the investment thereof.

3. The term "Employee" as used in this Trust Agreement means any persons 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 #51a)" in substantially the following form:

APPLICATION AND AUTHORIZATION (Form #51a)

I hereby make application to become an Employee Beneficiary under the terms of a certain Trust Agreement and Supplemental Agreement executed by the Department of State Police creating a Pension Trust and a Benefit Fund for its Employee Beneficiaries, and dated July 1, 1937.

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 hereby 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 and Supplemental Agreements.

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 and Supplemental Agreements.

I understand and agree that my rights in and to the Pension Fund and Benefit Fund established pursuant to said Trust and Supplemental Agreements shall be determined by and limited to the rights set forth in said Trust and Supplemental Agreements and any duly adopted amendment thereto, and that I am bound by their 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 #51a) 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. The contribution deducted from Employee Beneficiary's salary each month shall be equal to 5% of his average monthly salary from which such deduction is made. Employee Beneficiaries shall make contribution to the pension fund equal to 5% of their monthly salary for every month they are connected with the Department, or with any Department covered by the Trust Agreement after January 1, 1946. Such deductions shall be made in the manner best suited to the State Police Payroll Department.

5. 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.

6. 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.

7. The rights of Employee Beneficiaries under this Item 7 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 17.

When any person under the age of 55 years shall cease to be an Employee for any reason other than death 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, provided such Employee Beneficiary has not completed at least 5 years of service with the Department - if such Employee Beneficiary has completed 5 years or more with the Department, he shall be entitled to the following benefits:

<u>Termination of Service After:</u>	<u>Portion of Retirement Annuity Provided by Department Contributions</u>
Less than 5 Years	None
5 years but less than 10	25%
10 years but less than 15	50%
15 years but less than 20	75%
20 years or more, or (Attainment of Age 50)	100%

Amounts vesting in the terminated Employee Beneficiary under the above schedule shall be distributed to the Employee Beneficiary in the form of immediate retirement income benefits in such amounts as the funds vested in the Employee Beneficiary will justify on an actuarial basis, using age 55 as the retirement age. If the funds vesting in the Employee Beneficiary shall be so small in amount that the retirement income benefits would be less than \$10.00 monthly for life, then the said funds vesting in the Employee Beneficiary may be distributable in such manner as the Pension Board shall deem best suited to the circumstances of the individual Employee Beneficiary.

Any amounts not vesting in the terminated Employee Beneficiary as hereinbefore provided shall be transferred by the Trustee to the current year's contribution made by the State of Indiana.

Temporary absence from employment authorized by a department head or superior of any Employee Beneficiary (such as absence due to sickness, accident, leave of absence, vacation time, and so on) will not be considered a termination of active service and employment; and (a) if the salary or pay of the Employee

Beneficiary continues during such absence, pension credits will accrue the same as though no such absence occurred, and (b) if the salary or pay of the Employee Beneficiary ceases during such absence, the pension credits of such employee beneficiary for the next pension year will be correspondingly reduced, but previous pension credits will not be affected, and on resumption of salary payments, pension credits will be made as before. If employment is terminated during such a period of temporary absence, then, the Employee Beneficiary shall be considered as a terminated Employee Beneficiary entitled to withdrawal benefits as provided in this Item 7; provided, however, that the amount contributed by the State of Indiana to fund the last pension credit of the Employee Beneficiary shall be adjusted to reflect actual salary payments during such last pension year of the Employee Beneficiary.

Provided further, Employee Beneficiaries who were members of the Indiana State Police Pension Plan prior to January 1, 1946, will not receive less than the amounts they would receive if this Trust Agreement had not been amended.

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.

The payment of any amount from the Pension Fund 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. 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 reached the age of 55 years after January 1, 1946 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: Two percent (2%) of his average monthly salary multiplied by the number of years of service with the Department, or any other Department covered by this Trust Agreement; provided further, all employees who were Employee Beneficiaries under this plan prior to January 1, 1946 shall not receive less than they would receive if this Trust Agreement had not been amended.

At retirement age, an Employee Beneficiary 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.

8. 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.

9. The contribution by the Department or 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 tables filed with the Insurance Department of the State of Indiana under date of November 27, 1945.

10. 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.

11. 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.

12. All refund annuities purchased from the assets of the Pension Fund shall remain in the custody of the Trustee, and such Trustee shall be the contingent beneficiary of each and every such refund annuity.

13. 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.

14. 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.

15. 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 9.

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:

16. 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 16 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 16, 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.

17. 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 and 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 #51a).

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 or 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.

18. 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.

19. 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.

20. 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.

21. 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. The three Employee Beneficiary members of the Indiana State Police Pension Advisory Board who are elected by the Employee Beneficiaries on or before July 1 of each year shall be elected to serve the following terms: In the first instance, one (1) of such members shall be elected for a term of one (1) year, one (1) member for a term of two (2) years, and one (1) member for a term of three (3) years. Thereafter all members shall be elected for terms of three (3) years, and until their successors have been elected and qualified. Any vacancy which may occur in the membership of the Board for any cause shall be filled for the unexpired term by a special election, to be conducted in the same manner as regular elections. 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.

22. 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.

Any amendment made prior to January 1, 1938 shall become effective immediately upon giving notice to the Trustee and Engineers. Any such amendment made after January 1, 1938, shall become effective forty days after a copy is filed with the Trustee and the Engineers.

Executed in duplicate at \_\_\_\_\_ the day and year first above written.

DEPARTMENT OF STATE POLICE

by \_\_\_\_\_

Attest:

\_\_\_\_\_  
First Party

TREASURER OF STATE

by \_\_\_\_\_

Attest:

\_\_\_\_\_  
Second Party

AMENDMENT TO PENSION AND BENEFIT TRUST AGREEMENT

After January 15, 1947 if a former employee beneficiary who has been receiving a monthly pension from the Indiana State Police Retirement Plan should be re-hired by the State Police Department, the total monthly pension checks received by such former employee beneficiary must be repaid to the Trustee of the Indiana State Police Pension Fund in a lump sum before the former employee beneficiary may be reinstated under the retirement plan.

Any employee beneficiary receiving a pension check must assign the checks to the Trustee of the Indiana State Police Pension Fund for deposit into the Pension Fund while the employee beneficiary is on the payroll of the Indiana State Police Department, and in this way when he leaves the Department again for retirement or for any other reason, the pension checks will again go to him direct, but the total of these checks in any event shall not exceed his pension classification.

Any employee beneficiary who leaves and returns to the Indiana State Police Department for reasons other than leave of absence, and who receives a lump sum payment because of not having sufficient number of years of service to receive a pension, may upon repayment of lump sum, plus interest, receive and have established to his credit  $3/4$  of his former past service.

Effective January 1, 1947, dependents of employees who die in line of duty shall be paid \$100.00 per month instead of the present equivalent of their pension classification or \$100.00 whichever is the smaller amount.