



**PENSION PROGRAM**

ESTABLISHED 1937

**1953 EDITION**



# PENSION PROGRAM

*with*

*Supplementary Death Benefits*

*for*

DEPARTMENT OF STATE POLICE

STATE OF INDIANA

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STATE POLICE BOARD

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## FOREWORD

*Through the efforts of the Governor and the State Police Board, the Indiana General Assembly in 1937 passed an Enabling Act for the establishment and operation of a pension program to bring greater economic security and increased efficiency to members of the State Police Department.*

*This booklet presents a brief description of the program as it operates under the terms of the basic legislation, the amendment thereto, and the trust agreements.*

*Since the establishment of the plan, changes in conditions as well as working experience under the plan have brought about improvements.*

*These improvements make the difference between the first booklet printed in 1937 and this one prepared in 1953.*

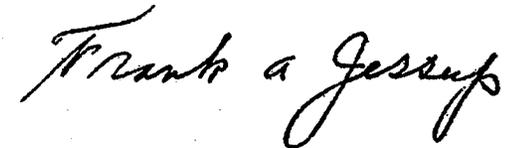
## TO MEMBERS OF THE DEPARTMENT OF STATE POLICE

Our Pension Program, as you all know, provides a great majority of our personnel with a measure of security.

Due to the fact that the Pension Trust Enabling Act, effective July 1, 1937, as amended in 1953, and the Pension Trust Agreement, and amendments thereto, are largely permissive in nature, it is only natural that changing conditions present opportunities for improvement.

I sincerely hope that the improvements which the department has inaugurated during prior years will continue to progress, and that the program explained herein will continue to merit the support of the people of Indiana, their representatives in the legislature, and our own personnel.

Sincerely,



*Superintendent.*

June 1, 1953.

## PURPOSE

The purpose of the Pension and Benefit Programs of the Indiana State Police Department is to be of such caliber that they will attract and keep the best possible personnel, which in turn will give the people of Indiana the most efficient co-operative and protective State Police Department that can be maintained.

The Pension Fund provides the employees of the Department of State Police with substantial retirement benefits, if they remain with the Department until normal retirement age; otherwise lesser benefits, dependent upon the number of years that they have been with the Department and their ages, if they do not remain until normal retirement age.

As the employees' contributions to the Pension Fund accumulate, these funds provide an emergency source of loans. Any employee may borrow against his reserves in a limited amount. The interest charged is 3%. After a loan has been made, it is paid by monthly salary deductions, and in this way the fund is ready for an emergency loan in the future.

The Benefit Fund is also provided by this program and pays all hospital, doctor, and other bills in connection with illness or injury in line of duty. When employees become ill or injured in line of duty, allowable expenses paid by the employee or his family will be repaid from the Benefit Fund, provided entirely by State's contribution for this purpose. Such repayment will include travel and incidental expenses in connection therewith, such as going to and from hospitals wherever located.

Members of the Police Department through contributions of their own have established a hospitalization program whereby, if their illness or accident is not in line of duty, their hospitalization expenses may be taken care of to a reasonable degree and also the employee's family will receive certain hospitalization benefits, no part of which is paid by the State of Indiana.

The program also provides life insurance which is maintained partly by the employees' contributions, and partly by the State's contributions.

Further details of the Pension and Benefit Program are explained on the following pages.

PENSION PROGRAM WITH SUPPLEMENTARY  
DEATH BENEFITS

1. *Effective Date*

This Plan became effective the first day of July, 1937.

2. *Eligibility*

The benefits are available to all regular employees of the Department of State Police.

3. *To Join Plan*

An eligible employee may join the plan by making application on the form provided, naming a beneficiary (subject to change), and authorizing the required deductions from his salary.

4. *Retirement Income—How Payable*

The amount of a member's retirement income shall be paid to him as long as he lives, regardless of the number of years; no pension payments thereafter shall be made unless the member had in effect a Joint and Survivor annuity as provided under Paragraph 7 in this booklet.

5. *Normal Retirement Date*

A member's normal retirement *date* is the first day of the month immediately after the 55th birthday (normal retirement *age*). The first payment of a member's retirement income will be one month after retirement date and subsequent payments will be made monthly thereafter during the lifetime of the retired member regardless of his financial condition, occupation, or place of residence.

6. *Optional Retirement*

(a) Any member with twenty (20) years or more of service may retire and have his retirement benefits based on age 50 instead of age 55. In such case, the following table shows the adjustment in retirement benefits for members with 20 years of service at age 50, or younger:

<i>Age at Retirement</i>	<i>Percent of Benefits Earned to Date</i>
50.....	100
49.....	98
48.....	96
47.....	94.3
46.....	92.5
45.....	90.9
44.....	89.3
43.....	87.8
42.....	86.4
41.....	85

(b) Any member may, with the consent of the Department, remain in the service past normal retirement date, but retirement benefits will not increase past normal retirement age (55th birthdate).

7. *Option to Provide Life Income for Dependents*

In lieu of the retirement income to which he may be entitled, a member may elect to receive reduced payments, and thus provide benefit payments as long as the member or his wife lives. This adjustment will be made in accordance with actuarial tables approved by the Insurance Department.

### 8. *Members' Retirement Contribution*

A member's contribution is 5% of his monthly salary up to and including \$340 per month. No salary over \$340 per month will be considered for classification purposes or for averaging monthly wages received during the highest paid consecutive five (5) years prior to retirement.

### 9. *Pension Amount—How to Figure It*

(For any member who retires with 10 or more, but less than 20 years service.)

This table will be applied to your attained pension classification after it has been adjusted for years of service (if less than 20 years); however, if one-half ( $\frac{1}{2}$ ) the amount of your average monthly wages received during the highest paid consecutive five years prior to retirement plus \$10.00 is less than your adjusted pension classification then the lesser amount will be your pension.

### NORMAL RETIREMENT TABLE

<i>Age</i>	<i>Percent of Benefit Earned to Date</i>
55.....	100
54.....	97.7
53.....	95.5
52.....	93.4
51.....	91.4
50.....	89.5
49.....	87.7
48.....	86
47.....	84.4
46.....	82.8
45.....	81.3
44.....	79.9
43.....	78.6
42.....	77.3
41.....	76.1
40.....	74.9
39.....	73.8
38.....	72.7
37.....	71.7
36.....	70.7
35.....	69.8
34.....	68.9
33.....	68
32.....	67.2
31.....	66.4

Example: An employee beneficiary is in the \$160 pension classification, his age is 45, he has completed 18 years of service, and wishes to retire. (His highest wages for a five-year consecutive period averages \$280 per month, one-half ( $\frac{1}{2}$ ) of

which is \$140 which, plus \$10, equals \$150.) Since he has had 18 years of service, he would be entitled to 18/20th, or 90% (See Table), of \$160 or \$144 reduced from age 55 according to the above table, which would provide \$117.07 (81.3% × \$144) per month pension, as \$117.07 does not exceed by more than \$10 one-half (1/2) of his average monthly salary for five consecutive years.

If this employee beneficiary had completed 2 more years of service, he would be entitled to have his pension adjusted from age 50, as outlined in the Earlier Retirement Table, in which event he would be entitled to \$145.44 (90.9% × \$160) per month pension, which again does not exceed by more than \$10 one-half (1/2) his average monthly salary for the highest paid consecutive five years prior to retirement.

#### 10. Termination of Service

A. In the event an employee beneficiary severs his connection with the Department prior to 10 years of service, he shall receive a refund equal to all his retirement contributions, plus 3% compounded interest, less any previous payments with interest at the same rate. This refund may be deferred for ninety days or paid in monthly installments of \$100 per month.

B. If the employee beneficiary has been a member for 10 years or more, he shall receive a monthly pension instead of the benefits under Paragraph A based upon his adjusted pension classification, which monthly pension shall not exceed one-half of the amount of his average monthly wages received during the highest paid consecutive five years prior to retirement plus \$10. If a member (and his co-annuitant, if any)

dies before receipt of the net amount paid into the pension fund, the balance is payable to the beneficiary.

C. If an employee beneficiary has had less than 20 but 10 or more years of service with the Department, his pension classification will be reduced in proportion to his years of service as compared to 20 years. Amount of reductions are as follows:

<i>Years of Service</i>	<i>Percent of Reduction</i>	<i>Fractional Reduction</i>
20.....	None.....	None
19.....	5.....	1/20th
18.....	10.....	2/20ths
17.....	15.....	3/20ths
16.....	20.....	4/20ths
15.....	25.....	5/20ths
14.....	30.....	6/20ths
13.....	35.....	7/20ths
12.....	40.....	8/20ths
11.....	45.....	9/20ths
10.....	50.....	10/20ths

#### 11. In Event of Disability

The Department has established a Disability Reserve Fund for the payment of compensation and disability pensions without cost to members, but the amount of benefits paid will be determined by the Pension Advisory Board according to the type and extent of disability, and whether or not it was incurred in line of duty. However, the Department has adopted the following general policy for its guidance.

A. *Disability incurred in line of duty.*—Reimbursement of

all medical, surgical, and hospital expenses including travel and incidental expenses in connection therewith, such as going to and from hospitals wherever located; continuation of full salary for not to exceed one year; monthly pension thereafter as long as disability exists in an amount in accordance with the extent of disability, but in no event shall it be in excess of the member's current pension classification nor continue past age 55.

B. *Disability incurred not in line of duty.*—Continuation of full salary for not to exceed three months; monthly pension of an amount in accordance with the extent of disability, but in no event shall it be in excess of the member's current pension classification, or continue for a longer period of time than the number of months the member was in the employ of the Department prior to beginning of disability payments.

C. The regular contributions for insurance and retirement shall be deducted from disability payments. At such time as the member may sever his connection with the Department he shall be entitled to Termination Benefits as outlined in Section 10 in lieu of disability payments and medical expense reimbursements.

#### 12. *In Event of Death*

A. If a male employee beneficiary's death occurs not in line of duty after 10 years of service, his widow will receive a pension based upon the termination or earlier retirement benefits that would have been payable to the employee beneficiary if he had terminated his services and taken earlier joint and survivor retirement benefits on date of death, or on expiration of disability leave, whichever occurs first. If there is no widow,

or if the employee beneficiary had less than 10 years service, contributions plus 3% compounded interest will be paid to the beneficiary.

B. In the event an employee beneficiary's death occurs in line of duty, \$100.00 per month will be paid to the widow until her death or remarriage, or in event there is no widow, up to \$100.00 per month will be paid to dependent or partially dependent parents. Ten dollars per month will be paid for each dependent child. In addition, there will be repaid all contributions that the employee beneficiary has made to the pension fund plus 3% compounded interest. Instead of the above \$100.00 per month and return of contributions plus interest the non-line of duty pension may be elected by a widow if the employee beneficiary had 10 years or more of service at time of death in line of duty, in which case contributions and interest will not be repaid.

In addition to the benefits listed above, Group Life Insurance held by the employee beneficiary will be payable to the named beneficiary.

#### 13. *Group Life Insurance*

The Department is also making it possible for the members to provide additional protection for their dependents through the purchase of group life insurance at the following ratio of insurance to annual salary:

\$ 500 to \$1,499 Annual Salary.....	\$1,000 Insurance
\$1,500 to \$2,499 Annual Salary.....	\$2,000 Insurance
\$2,500 and over Annual Salary.....	\$3,000 Insurance

\$5,000 insurance is available for all male employees.

\$5,000 additional insurance is available for all males, for which the Department makes no contribution.

Your share of the cost will be only fifty cents per month per thousand, and the remainder of the premium on the first \$5,000 will be paid by the Department. The following advantages are offered in this plan of insurance:

1. Lowest cost form of insurance you can get.
2. Convenient payment plan, premiums deducted from pay.
3. Privilege of exchanging your certificate without medical examination for an individual policy if you leave the service of the Department.
4. The Department pays a substantial part of the cost.
5. If a member retires after 20 years of service, or at age 50, \$5,000 life insurance is continued without contribution from the retired employee.

This insurance is underwritten by the Connecticut General Life Insurance Company.

#### 14. *Leave of Absence*

In the event an employee beneficiary is granted a leave of absence without pay, other than military leave of absence, his pension benefits and credits will not increase after severance from the payroll until he returns to duty at which time credits will resume, unless the beneficiary makes contributions as directed by the Pension Advisory Board, in which case pension benefits will vest for leave of absence time.

A member's group life insurance benefit and premium is cancelled if he enters military service, and authorized leaves of absence will be granted to employees who enter military serv-

ice in time of national emergency usually for the duration of active duty, but said leave may be revoked by competent department authority.

Upon return to duty with the Department, the employee beneficiary returning from military leave will remain in the service of the Department for the number of months he was away on military leave, in which case his lack of payments into the pension fund while on military leave will be waived and he will receive full pension credit for time spent on military leave.

If the employee beneficiary on military leave does not return to the service of the Department, he shall receive no pension credit for time in military service, unless he pays into the pension fund within thirty (30) days of discharge a lump sum covering the payments he would have made to the pension fund if he had not been on military leave, in which case he shall be granted full pension credit for time spent on military leave.

If an employee beneficiary returns to the service of the Department from military leave, but does not remain for the number of months he was on leave, he shall be credited with the number of months he served in the Department after military discharge, and shall pay into the pension fund a lump sum covering the months he failed to remain in the service of the Department after military discharge. If he does not pay the lump sum specified herein within thirty (30) days after severance of employment in the Department, he will receive no pension credit for said months.

#### 15. *Pension Advisory Board*

The Pension Advisory Board consists of the Superintendent

of Indiana State Police Department (Chairman), a member of the Police Board, and a representative of the Pension Engineers, and three members of the Department, one of whom is elected by the employee beneficiaries on or before July 1st of each year to serve a three-year period.

The duties of this Board are to adjust compensation, approve pensions, recommend policies, and assist in the administration of this program.

Meetings shall be held at least semi-annually, and are usually held monthly, to consider problems which arise.

PENSION CLASSIFICATION METHOD  
AND  
2% METHOD OF  
DETERMINING PENSION AMOUNTS

Effective June 1, 1953, all members of the State Police Pension Program were automatically given the Pension Classification method along with the 2% method of determining pension amounts, as provided by the Amendment voted on by the membership.

When a member retires, or terminates his service with the Department, he will have the opportunity of having his benefits calculated under both the Pension Classification method and the 2% method, and he will receive the one that provides him the greater benefit.

Normally all members retiring with 25 years or less of service will receive a greater benefit under the Pension Classification method than they would receive under the 2% method; however, a member who remains with the Department for more than 25 years will normally receive more benefit under the 2% method than he would under the Pension Classification method; therefore, by maintaining both methods, the members who work longer than 25 years will receive greater benefits because of the extra years they remain with the Department.

If the 2% method was discontinued, the members who stay with the Department a long time would get no greater benefits than the members who stay with the Department 20 years and retire at age 50. In continuing the 2% method, the Department recognizes and awards a greater retirement benefit for longer years of service.

