



January 27, 2000

HOUSE BILL No. 1302

DIGEST OF HB 1302 (Updated January 26, 2000 12:46 PM - DI 73)

Citations Affected: IC 5-10; IC 5-10.2; IC 21-6.1; noncode.

Synopsis: Public employee pensions and health benefits. Permits the surviving spouse of a retired state employee to remain eligible for the retired employee's group health insurance until the surviving spouse remarries or becomes eligible for Medicare. (Current law terminates the surviving spouse's eligibility two years after the date of the employee's death.) Permits the surviving spouse of a retired local unit employee to remain eligible for the retired employee's group health insurance until the surviving spouse remarries or becomes eligible for Medicare. (Current law terminates the surviving spouse's eligibility two years after the date of the retired employee's death.) Provides that up to \$5,000 (instead of \$2,000) of compensation received by a member of the public employees' retirement fund (PERF) or the Indiana state teachers' retirement fund (TRF) in contemplation of the member's retirement may be included in determining the average of the annual compensation for purposes of the PERF and TRF pension formulas. For a member of the Indiana state teachers' retirement fund, provides that the average of the three years of service in which the member's annual compensation was highest shall be used in computing the member's retirement benefit. (Current law bases the benefit on a five year average.) Increases the multiplier used to determine retirement benefits for members of the Indiana state teachers' retirement fund from 1.1% to 1.3%. Provides military service credit under certain conditions for a member of TRF who completed his or her military service before beginning a four year approved teacher training program.

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Effective: Upon passage; July 1, 2000.

Tincher

January 11, 2000, read first time and referred to Committee on Ways and Means.
January 26, 2000, amended, reported — Do Pass.

HB 1302—LS 7154/DI 44+



January 27, 2000

Second Regular Session 111th General Assembly (2000)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1999 General Assembly.

HOUSE BILL No. 1302



A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10-8-2.6 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.6. (a) This
3 section applies only to local unit public employers and their employees.
4 This section does not apply to public safety employees, surviving
5 spouses, and dependents covered by section 2.2 of this chapter.

6 (b) A public employer may provide programs of group insurance for
7 its employees and retired employees. The public employer may,
8 however, exclude part-time employees and persons who provide
9 services to the unit under contract from any group insurance coverage
10 that the public employer provides to the employer's full-time
11 employees. A public employer may provide programs of group
12 insurance under this section through either or both of the following
13 methods:

- 14 (1) By purchasing policies of group insurance.
- 15 (2) By establishing self-insurance programs.

16 However, the establishment of a self-insurance program is subject to
17 the approval of the unit's fiscal body.

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1 (c) A public employer may pay a part of the cost of group insurance,
 2 but shall pay a part of the cost of group life insurance for local
 3 employees. A public employer may pay, as supplemental wages, an
 4 amount equal to the deductible portion of group health insurance as
 5 long as payment of the supplemental wages will not result in the
 6 payment of the total cost of the insurance by the public employer.

7 (d) An insurance contract for local employees under this section
 8 may not be canceled by the public employer during the policy term of
 9 the contract.

10 (e) After June 30, 1986, a public employer shall provide a group
 11 health insurance program under subsection (g) to each retired
 12 employee:

13 (1) whose retirement date is:

14 (A) after May 31, 1986, for a retired employee who was a
 15 teacher (as defined in IC 20-6.1-1-8) for a school corporation;
 16 or

17 (B) after June 30, 1986, for a retired employee not covered by
 18 clause (A);

19 (2) who will have reached fifty-five (55) years of age on or before
 20 the employee's retirement date but who will not be eligible on that
 21 date for Medicare coverage as prescribed by 42 U.S.C. 1395 et
 22 seq.;

23 (3) who will have completed twenty (20) years of creditable
 24 employment with a public employer on or before the employee's
 25 retirement date, ten (10) years of which must have been
 26 completed immediately preceding the retirement date; and

27 (4) who will have completed at least fifteen (15) years of
 28 participation in the retirement plan of which the employee is a
 29 member on or before the employee's retirement date.

30 (f) A group health insurance program required by subsection (e)
 31 must be equal in coverage to that offered active employees and must
 32 permit the retired employee to participate if the retired employee pays
 33 an amount equal to the total of the employer's and the employee's
 34 premiums for the group health insurance for an active employee and if
 35 the employee, within ninety (90) days after the employee's retirement
 36 date files a written request with the employer for insurance coverage.
 37 However, the employer may elect to pay any part of the retired
 38 employee's premiums.

39 (g) A retired employee's eligibility to continue insurance under
 40 subsection (e) ends when the employee becomes eligible for Medicare
 41 coverage as prescribed by 42 U.S.C. 1395 et seq., or when the
 42 employer terminates the health insurance program. A retired employee



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1 who is eligible for insurance coverage under subsection (e) may elect
 2 to have the employee's spouse covered under the health insurance
 3 program at the time the employee retires. If a retired employee's spouse
 4 pays the amount the retired employee would have been required to pay
 5 for coverage selected by the spouse, the spouse's subsequent eligibility
 6 to continue insurance under this section is not affected by the death of
 7 the retired employee. The surviving spouse's eligibility ends on the
 8 earliest of the following:

9 (1) When the spouse becomes eligible for Medicare coverage as
 10 prescribed by 42 U.S.C. 1395 et seq.

11 (2) When the employer terminates the health insurance program.

12 ~~(3) Two (2) years after the date of the employee's death.~~

13 ~~(4) (3) The date of the spouse's remarriage.~~

14 (h) This subsection does not apply to an employee who is entitled
 15 to group insurance coverage under IC 20-6.1-6-1(c). An employee who
 16 is on leave without pay is entitled to participate for ninety (90) days in
 17 any group health insurance program maintained by the public employer
 18 for active employees if the employee pays an amount equal to the total
 19 of the employer's and the employee's premiums for the insurance.
 20 However, the employer may pay all or part of the employer's premium
 21 for the insurance.

22 (i) A public employer may provide group health insurance for
 23 retired employees or their spouses not covered by subsections (e)
 24 through (g) and may provide group health insurance that contains
 25 provisions more favorable to retired employees and their spouses than
 26 required by subsections (e) through (g). A public employer may
 27 provide group health insurance to an employee who is on leave without
 28 pay for a longer period than required by subsection (h), and may
 29 continue to pay all or a part of the employer's premium for the
 30 insurance while the employee is on leave without pay.

31 SECTION 2. IC 5-10-8-8, AS AMENDED BY P.L.233-1999,
 32 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 UPON PASSAGE]: Sec. 8. (a) This section applies only to the state
 34 and its employees who are not covered by a plan established under
 35 section 6 of this chapter.

36 (b) After June 30, 1986, the state shall provide a group health
 37 insurance plan to each retired employee:

38 (1) whose retirement date is:

39 (A) after June 29, 1986, for a retired employee who was a
 40 member of the field examiners' retirement fund;

41 (B) after May 31, 1986, for a retired employee who was a
 42 member of the Indiana state teachers' retirement fund; or



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- 1 (C) after June 30, 1986, for a retired employee not covered by
 2 clause (A) or (B);
 3 (2) who will have reached fifty-five (55) years of age on or before
 4 the employee's retirement date but who will not be eligible on that
 5 date for Medicare coverage as prescribed by 42 U.S.C. 1395 et
 6 seq.;
- 7 (3) who will have completed twenty (20) years of creditable
 8 employment with a public employer on or before the employee's
 9 retirement date, ten (10) years of which shall have been
 10 completed immediately preceding the retirement; and
 11 (4) who will have completed at least fifteen (15) years of
 12 participation in the retirement plan of which the employee is a
 13 member on or before the employee's retirement date.
- 14 (c) The state shall provide a group health insurance program to each
 15 retired employee:
- 16 (1) who is a retired judge;
 17 (2) whose retirement date is after June 30, 1990;
 18 (3) who is at least sixty-two (62) years of age;
 19 (4) who is not eligible for Medicare coverage as prescribed by 42
 20 U.S.C. 1395 et seq.; and
 21 (5) who has at least eight (8) years of service credit as a
 22 participant in the Indiana judges' retirement fund, with at least
 23 eight (8) years of that service credit completed immediately
 24 preceding the judge's retirement.
- 25 (d) The state shall provide a group health insurance program to each
 26 retired employee:
- 27 (1) who is a retired participant under the prosecuting attorneys
 28 retirement fund;
 29 (2) whose retirement date is after January 1, 1990;
 30 (3) who is at least sixty-two (62) years of age;
 31 (4) who is not eligible for Medicare coverage as prescribed by 42
 32 U.S.C. 1395 et seq.; and
 33 (5) who has at least ten (10) years of service credit as a participant
 34 in the prosecuting attorneys retirement fund, with at least ten (10)
 35 years of that service credit completed immediately preceding the
 36 participant's retirement.
- 37 (e) The state shall make available a group health insurance program
 38 to each former member of the general assembly or surviving spouse of
 39 each former member, if the former member:
- 40 (1) is no longer a member of the general assembly;
 41 (2) is not eligible for Medicare coverage as prescribed by 42
 42 U.S.C. 1395 et seq. or, in the case of a surviving spouse, the

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1 surviving spouse is not eligible for Medicare coverage as
2 prescribed by 42 U.S.C. 1395, et. seq.; and

3 (3) has at least ten (10) years of service credit as a member in the
4 general assembly.

5 A former member or surviving spouse of a former member who obtains
6 insurance under this section is responsible for paying both the
7 employer and the employee share of the cost of the coverage.

8 (f) The group health insurance program required under subsections
9 (b) through (e) must be equal to that offered active employees. The
10 retired employee may participate in the group health insurance program
11 if the retired employee pays an amount equal to the employer's and the
12 employee's premium for the group health insurance for an active
13 employee and if the retired employee within ninety (90) days after the
14 employee's retirement date files a written request for insurance
15 coverage with the employer. However, the employer may elect to pay
16 any part of the retired employee's premium.

17 (g) A retired employee's eligibility to continue insurance under this
18 section ends when the employee becomes eligible for Medicare
19 coverage as prescribed by 42 U.S.C. 1395 et seq., or when the
20 employer terminates the health insurance program. A retired employee
21 who is eligible for insurance coverage under this section may elect to
22 have the employee's spouse covered under the health insurance
23 program at the time the employee retires. If a retired employee's spouse
24 pays the amount the retired employee would have been required to pay
25 for coverage selected by the spouse, the spouse's subsequent eligibility
26 to continue insurance under this section is not affected by the death of
27 the retired employee. The surviving spouse's eligibility ends on the
28 earliest of the following:

29 (1) When the spouse becomes eligible for Medicare coverage as
30 prescribed by 42 U.S.C. 1395 et seq.

31 (2) When the employer terminates the health insurance program.

32 ~~(3) Two (2) years after the date of the employee's death.~~

33 ~~(4)~~ (3) The date of the spouse's remarriage.

34 (h) This subsection does not apply to an employee who is entitled
35 to group insurance coverage under IC 20-6.1-6-1(c). An employee who
36 is on leave without pay is entitled to participate for ninety (90) days in
37 any health insurance program maintained by the employer for active
38 employees if the employee pays an amount equal to the total of the
39 employer's and the employee's premiums for the insurance.

40 (i) An employer may provide group health insurance for retired
41 employees or their spouses not covered by this section and may provide
42 group health insurance that contains provisions more favorable to

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1 retired employees and their spouses than required by this section. A
 2 public employer may provide group health insurance to an employee
 3 who is on leave without pay for a longer period than required by
 4 subsection (h).

5 SECTION 3. IC 5-10.2-4-3 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as
 7 provided in subsection (e), in computing the retirement benefit for a
 8 nonteacher member, "average of the annual compensation" means the
 9 average annual compensation calculated using the twenty (20) calendar
 10 quarters of service in a position covered by the retirement fund before
 11 retirement in which the member's annual compensation was the
 12 highest. However, in order for a quarter to be included in the twenty
 13 (20) calendar quarters, the nonteacher member must have performed
 14 service throughout the calendar quarter. All twenty (20) calendar
 15 quarters do not have to be continuous but they must be in groups of
 16 four (4) consecutive calendar quarters. The same calendar quarter may
 17 not be included in two (2) different groups.

18 (b) In computing the retirement benefit for a teacher member,
 19 "average of the annual compensation" means the average annual
 20 compensation for the ~~five (5)~~ **three (3)** years of service before
 21 retirement in which the member's annual compensation was highest. In
 22 order for a year to be included in the ~~five (5)~~ **three (3)** years, the
 23 teacher member must have received for the year credit under
 24 IC 21-6.1-4-2 for at least one-half (1/2) year of service. The ~~five (5)~~
 25 **three (3)** years do not have to be continuous.

26 (c) Subject to IC 5-10.2-2-1.5 "annual compensation" means the
 27 basic salary earned by and paid to the member plus the amount that
 28 would have been part of that salary but for:

29 (1) the state's, a school corporation's, a participating political
 30 subdivision's, or a state educational institution's (as defined in
 31 IC 20-12-0.5-1) paying the member's contribution to the fund for
 32 the member; or

33 (2) the member's salary reduction agreement established under
 34 Section 125, 403(b), or 457 of the Internal Revenue Code.

35 The portion of a back pay award or a similar award that the board
 36 determines is compensation under an agreement or under a judicial or
 37 an administrative proceeding shall be allocated by the board among the
 38 years the member earned or should have earned the compensation.
 39 Only that portion of the award allocated to the year the award is made
 40 is considered to have been earned during the year the award was made.
 41 Interest on an award is not considered annual compensation for any
 42 year.



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1 (d) Compensation of no more than ~~two~~ **five** thousand dollars
 2 ~~(\$2,000)~~ **(\$5,000)** received from the employer in contemplation of the
 3 member's retirement, including severance pay, termination pay,
 4 retirement bonus, or commutation of unused sick leave or personal
 5 leave, may be included in the total annual compensation from which
 6 the average of the annual compensation is determined, if it is received:

7 (1) before the member ceases service; or

8 (2) within twelve (12) months after the member ceases service.

9 (e) This section applies to a member of the general assembly:

10 (1) who is a participant in the legislators' retirement system
 11 established under IC 2-3.5;

12 (2) who is also a member of the public employees' retirement fund
 13 or the state teachers' retirement fund; and

14 (3) whose years of service in the general assembly may not be
 15 considered in determining the average of the annual
 16 compensation under this section, as provided in
 17 IC 2-3.5-1-2(b)(2) or IC 2-3.5-3-1(c).

18 The board shall use the board's actuarial salary increase assumption to
 19 project the salary for any previous year needed to determine the
 20 average of the annual compensation.

21 SECTION 4. IC 5-10.2-4-4, AS AMENDED BY P.L.195-1999,
 22 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2000]: Sec. 4. (a) The computation of benefits under this
 24 section is subject to IC 5-10.2-2-1.5.

25 (b) For retirement benefits payable on and after July 1, 1975, for a
 26 member retired on and after January 1, 1956, the pension (p) is
 27 computed as follows:

28 **STEP ONE:** Multiply one and one-tenths percent (1.1%), **for a**
 29 **member of the public employees' retirement fund, or one and**
 30 **three-tenths percent (1.3%), for a member of the Indiana**
 31 **state teachers' retirement fund,** times the average of the annual
 32 compensation (aac) and obtain a product.

33 **STEP TWO:** To obtain the pension, multiply the STEP ONE
 34 product by the total creditable service (scr) completed by the
 35 member on his retirement date.

36 Expressed mathematically:

37 $p = (.011)$, **for a member of the public employees' retirement**
 38 **fund, or (0.013), for a member of the Indiana state teachers'**
 39 **retirement fund,** times (aac) times (scr)

40 (c) Unless the member has chosen a lump sum payment under
 41 section 2 of this chapter or elects to defer receiving in any form the
 42 member's annuity savings account under section 2 (c) of this chapter,



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1 the annuity is the amount purchasable on the member's retirement date
 2 by the amount credited to the member in the annuity savings account.
 3 The amount purchasable is based on actuarial tables adopted by the
 4 board under IC 5-10.2-2-10 at an interest rate determined by the
 5 board.

6 SECTION 5. IC 21-6.1-4-6.1 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.1. (a) This
 8 subsection applies to members who retire before July 1, 1980. A
 9 member who had completed four (4) years of approved college teacher
 10 training before voluntary or involuntary induction into the military
 11 services is entitled to credit for that service as if the member had begun
 12 teaching before the induction. A member who serves in military service
 13 is considered a teacher and is entitled to the benefits of the fund if for
 14 or during the leave of absence the member pays into the fund the
 15 member's contributions. Time served by a member in military service
 16 for the duration of the hostilities or for the length of active service in
 17 the hostilities and the necessary demobilization time after the hostilities
 18 is not subject to the one-seventh rule specified in section 5 of this
 19 chapter.

20 (b) This subsection applies to members who retire after June 30,
 21 1980. A member who had completed four (4) years of approved college
 22 teacher training before voluntary or involuntary induction into military
 23 service is entitled to credit for the member's active military service as
 24 if the member had begun teaching before the induction. A member who
 25 serves in military service is considered a teacher and is entitled to the
 26 benefits of the fund if:

- 27 (1) the member has an honorable discharge; and
- 28 (2) except as provided in subsection (f), (g), the member returns
 29 to active teaching service within eighteen (18) months after the
 30 completion of active military service.

31 The time served by a member in military service for the duration of the
 32 hostilities or for the length of active service in the hostilities and the
 33 necessary demobilization time after the hostilities is not subject to the
 34 one-seventh rule specified in section 5 of this chapter. However, not
 35 more than six (6) years of military service credit may be granted under
 36 this subsection. In order to be eligible for any military service credit
 37 under this subsection, a member must have at least ten (10) years of
 38 in-state service credit.

39 (c) This subsection applies to members who retire after May 1,
 40 1989. A member who had begun but had not completed four (4) years
 41 of approved college teacher training before voluntary or involuntary
 42 induction into the military services is entitled to service credit in an



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1 amount equal to the duration of the member's active military service if
2 the following conditions are met:

- 3 (1) The member has an honorable discharge.
4 (2) Except as provided in subsection ~~(f)~~, **(g)**, the member returns
5 to a four (4) year approved college teacher training program
6 within eighteen (18) months after the completion of active
7 military service and subsequently completes that program.
8 (3) The member has at least ten (10) years of in-state service
9 credit.

10 (d) This subsection applies to members who retire after May 1,
11 1991, and who are employed at state institutions of higher education.
12 A member who had begun but had not completed baccalaureate or
13 post-baccalaureate training before voluntary or involuntary induction
14 into military service is entitled to the member's active military service
15 credit for the member's active military service in an amount equal to
16 the duration of the member's military service if the following
17 conditions are met:

- 18 (1) The member received an honorable discharge.
19 (2) Except as provided in subsection ~~(f)~~, **(g)**, the member returns
20 to baccalaureate or post-baccalaureate training within eighteen
21 (18) months after completion of active military service and
22 subsequently completes that training.
23 (3) The member has at least ten (10) years of in-state service
24 credit.

25 **(e) This subsection applies to members who retire after May 1,**
26 **2000. A member is entitled to service credit in an amount equal to**
27 **the duration of the member's active military service before**
28 **beginning study at a four (4) year approved teacher training**
29 **program if the following conditions are met:**

- 30 (1) **The member has an honorable discharge.**
31 (2) **Subsequent to the honorable discharge, the member begins**
32 **study at a four (4) year approved teacher training program**
33 **and completes that program.**
34 (3) **The member has at least ten (10) years of in-state service**
35 **credit.**

36 **For purposes of this subsection, the time served by the member in**
37 **active military service for the length of active service in hostilities**
38 **and necessary demobilization is not subject to the one-seventh rule**
39 **in section 5 of this chapter.**

40 (f) The maximum amount of service credit that may be granted to
41 a member who meets the conditions of subsection (c), or (d) is six (6)
42 years. However, for purposes of subsection (c), or (d), the time served

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1 by the member in active military service for the length of active service
 2 in hostilities and necessary demobilization is not subject to the
 3 one-seventh rule specified in section 5 of this chapter.

4 ~~(f)~~ (g) The board shall extend the eighteen (18) month deadline
 5 contained in subsection (b)(2), (c)(2), or (d)(2) if the board determines
 6 that an illness, an injury, or a disability related to the member's military
 7 service prevented the member from returning to active teaching service
 8 or to a teacher training program within eighteen (18) months after the
 9 member's discharge from military service. However, the board may not
 10 extend the deadline beyond thirty (30) months after the member's
 11 discharge.

12 ~~(g)~~ (h) If a member retires, and the board subsequently determines
 13 that the member is entitled to additional service credit due to the
 14 extension of a deadline under subsection ~~(f)~~; (g), the board shall
 15 recompute the member's benefit. However, the additional service credit
 16 may be used only in the computation of benefits to be paid after the
 17 date of the board's determination, and the member is not entitled to a
 18 recomputation of benefits received before the date of the board's
 19 determination.

20 ~~(h)~~ (i) Notwithstanding any provision of this section, a member is
 21 entitled to military service credit and benefits in the amount and to the
 22 extent required by the Uniformed Services Employment and
 23 Reemployment Rights Act (38 U.S.C. 4301 et seq.), including all later
 24 amendments.

25 SECTION 6. [EFFECTIVE JULY 1, 2000] IC 5-10.2-4-4, as
 26 amended by this act, applies only to benefits paid after June 30,
 27 2000.

28 SECTION 7. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1302, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10-8-2.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.6. (a) This section applies only to local unit public employers and their employees. This section does not apply to public safety employees, surviving spouses, and dependents covered by section 2.2 of this chapter.

(b) A public employer may provide programs of group insurance for its employees and retired employees. The public employer may, however, exclude part-time employees and persons who provide services to the unit under contract from any group insurance coverage that the public employer provides to the employer's full-time employees. A public employer may provide programs of group insurance under this section through either or both of the following methods:

- (1) By purchasing policies of group insurance.
- (2) By establishing self-insurance programs.

However, the establishment of a self-insurance program is subject to the approval of the unit's fiscal body.

(c) A public employer may pay a part of the cost of group insurance, but shall pay a part of the cost of group life insurance for local employees. A public employer may pay, as supplemental wages, an amount equal to the deductible portion of group health insurance as long as payment of the supplemental wages will not result in the payment of the total cost of the insurance by the public employer.

(d) An insurance contract for local employees under this section may not be canceled by the public employer during the policy term of the contract.

(e) After June 30, 1986, a public employer shall provide a group health insurance program under subsection (g) to each retired employee:

- (1) whose retirement date is:
 - (A) after May 31, 1986, for a retired employee who was a teacher (as defined in IC 20-6.1-1-8) for a school corporation;
 - or
 - (B) after June 30, 1986, for a retired employee not covered by clause (A);

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(2) who will have reached fifty-five (55) years of age on or before the employee's retirement date but who will not be eligible on that date for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.;

(3) who will have completed twenty (20) years of creditable employment with a public employer on or before the employee's retirement date, ten (10) years of which must have been completed immediately preceding the retirement date; and

(4) who will have completed at least fifteen (15) years of participation in the retirement plan of which the employee is a member on or before the employee's retirement date.

(f) A group health insurance program required by subsection (e) must be equal in coverage to that offered active employees and must permit the retired employee to participate if the retired employee pays an amount equal to the total of the employer's and the employee's premiums for the group health insurance for an active employee and if the employee, within ninety (90) days after the employee's retirement date files a written request with the employer for insurance coverage. However, the employer may elect to pay any part of the retired employee's premiums.

(g) A retired employee's eligibility to continue insurance under subsection (e) ends when the employee becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq., or when the employer terminates the health insurance program. A retired employee who is eligible for insurance coverage under subsection (e) may elect to have the employee's spouse covered under the health insurance program at the time the employee retires. If a retired employee's spouse pays the amount the retired employee would have been required to pay for coverage selected by the spouse, the spouse's subsequent eligibility to continue insurance under this section is not affected by the death of the retired employee. The surviving spouse's eligibility ends on the earliest of the following:

(1) When the spouse becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.

(2) When the employer terminates the health insurance program.

~~(3) Two (2) years after the date of the employee's death.~~

~~(4)~~ **(3)** The date of the spouse's remarriage.

(h) This subsection does not apply to an employee who is entitled to group insurance coverage under IC 20-6.1-6-1(c). An employee who is on leave without pay is entitled to participate for ninety (90) days in any group health insurance program maintained by the public employer for active employees if the employee pays an amount equal to the total

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of the employer's and the employee's premiums for the insurance. However, the employer may pay all or part of the employer's premium for the insurance.

(i) A public employer may provide group health insurance for retired employees or their spouses not covered by subsections (e) through (g) and may provide group health insurance that contains provisions more favorable to retired employees and their spouses than required by subsections (e) through (g). A public employer may provide group health insurance to an employee who is on leave without pay for a longer period than required by subsection (h), and may continue to pay all or a part of the employer's premium for the insurance while the employee is on leave without pay."

Page 4, line 15, strike "five (5)" and insert "**three (3)**".

Page 4, line 17, strike "five (5)" and insert "**three (3)**".

Page 4, line 19, strike "five (5)" and insert "**three (3)**".

Page 5, between lines 14 and 15, begin a new paragraph and insert:
"SECTION 4. IC 5-10.2-4-4, AS AMENDED BY P.L.195-1999, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 4. (a) The computation of benefits under this section is subject to IC 5-10.2-2-1.5.

(b) For retirement benefits payable on and after July 1, 1975, for a member retired on and after January 1, 1956, the pension (p) is computed as follows:

STEP ONE: Multiply one and one-tenths percent (1.1%), **for a member of the public employees' retirement fund, or one and three-tenths percent (1.3%), for a member of the Indiana state teachers' retirement fund**, times the average of the annual compensation (aac) and obtain a product.

STEP TWO: To obtain the pension, multiply the STEP ONE product by the total creditable service (scr) completed by the member on his retirement date.

Expressed mathematically:

$p = (.011)$, **for a member of the public employees' retirement fund, or (0.013), for a member of the Indiana state teachers' retirement fund**, times (aac) times (scr)

(c) Unless the member has chosen a lump sum payment under section 2 of this chapter or elects to defer receiving in any form the member's annuity savings account under section 2 (c) of this chapter, the annuity is the amount purchasable on the member's retirement date by the amount credited to the member in the annuity savings account. The amount purchasable is based on actuarial tables adopted by the board under IC 5-10.2-2-10 at an interest rate determined by the



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board."

Page 7, between lines 33 and 34, begin a new paragraph and insert:
"SECTION 6. [EFFECTIVE JULY 1, 2000] **IC 5-10.2-4-4, as amended by this act, applies only to benefits paid after June 30, 2000.**"

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1302 as introduced.)

BAUER, Chair

Committee Vote: yeas 17, nays 8.

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