
HOUSE BILL No. 1237

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.2-2-3.

Synopsis: Pension investment options. Provides that a member of the public employees' retirement fund or the Indiana state teachers' retirement fund may change the allocation among available funds of the amount credited to the member's annuity savings account once each quarter. (Current law provides that the allocation may be changed only one time every 12 months.)

Effective: January 1, 2002.

Thompson

January 9, 2001, read first time and referred to Committee on Ways and Means.

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First Regular Session 112th General Assembly (2001)

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 *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

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HOUSE BILL No. 1237



A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

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

1 SECTION 1. IC 5-10.2-2-3, AS AMENDED BY P.L.195-1999,
2 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2002]: Sec. 3. (a) The annuity savings account consists
4 of:

- 5 (1) the members' contributions; and
- 6 (2) the interest credits on these contributions in the guaranteed
7 fund or the gain or loss in market value on these contributions in
8 the alternative investment program, as specified in section 4 of
9 this chapter.

10 Each member shall be credited individually with the amount of the
11 member's contributions and interest credits.

12 (b) Each board shall maintain the annuity savings account program
13 in effect on December 31, 1995 (referred to in this chapter as the
14 guaranteed program). In addition, the board of the Indiana state
15 teachers' retirement fund shall establish and maintain a guaranteed
16 program within the 1996 account. Each board may establish investment
17 guidelines and limits on all types of investments (including, but not



1 limited to, stocks and bonds) and take other actions necessary to fulfill
 2 its duty as a fiduciary of the annuity savings account, subject to the
 3 limitations and restrictions set forth in IC 5-10.3-5-3 and IC 21-6.1-3-9.

4 (c) Each board shall establish alternative investment programs
 5 within the annuity savings account of the public employees' retirement
 6 fund, the pre-1996 account, and the 1996 account, based on the
 7 following requirements:

8 (1) Each board shall maintain at least one (1) alternative
 9 investment program that is an indexed stock fund and one (1)
 10 alternative investment program that is a bond fund.

11 (2) The programs should represent a variety of investment
 12 objectives under IC 5-10.3-5-3.

13 (3) No program may permit a member to withdraw money from
 14 the member's account except as provided in IC 5-10.2-3 and
 15 IC 5-10.2-4.

16 (4) All administrative costs of each alternative program shall be
 17 paid from the earnings on that program.

18 (5) A valuation of each member's account must be completed as
 19 of the last day of each quarter.

20 (d) The board must prepare, at least annually, an analysis of the
 21 guaranteed program and each alternative investment program. This
 22 analysis must:

23 (1) include a description of the procedure for selecting an
 24 alternative investment program;

25 (2) be understandable by the majority of members; and

26 (3) include a description of prior investment performance.

27 (e) A member may direct the allocation of the amount credited to
 28 the member among the guaranteed fund and any available alternative
 29 investment funds, subject to the following conditions:

30 (1) A member may make a selection or change an existing
 31 selection at any time, but not more than once ~~in a twelve (12)~~
 32 **month period: each quarter.**

33 (2) The board shall implement the member's selection beginning
 34 the first day of the next calendar quarter that begins at least thirty
 35 (30) days after the selection is received by the board. This date is
 36 the effective date of the member's selection.

37 (3) A member may select any combination of the guaranteed fund
 38 or any available alternative investment funds, in ten percent
 39 (10%) increments.

40 (4) A member's selection remains in effect until a new selection
 41 is made.

42 (5) On the effective date of a member's selection, the board shall

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1 reallocate the member's existing balance or balances in
2 accordance with the member's direction, based on:

3 (A) for an alternative investment program balance, the market
4 value on the effective date; and

5 (B) for any guaranteed program balance, the account balance
6 on the effective date.

7 All contributions to the member's account shall be allocated as of
8 the last day of that quarter in accordance with the member's most
9 recent effective direction. The board shall not reallocate the
10 member's account at any other time.

11 (f) When a member who participates in an alternative investment
12 program transfers the amount credited to the member from one (1)
13 alternative investment program to another alternative investment
14 program or to the guaranteed program, the amount credited to the
15 member shall be valued at the market value of the member's
16 investment, as of the day before the effective date of the member's
17 selection. When a member who participates in an alternative
18 investment program retires, becomes disabled, dies, or suspends
19 membership and withdraws from the fund, the amount credited to the
20 member shall be the market value of the member's investment as of the
21 last day of the quarter preceding the member's distribution or
22 annuitization at retirement, disability, death, or suspension and
23 withdrawal, plus contributions received after that date.

24 (g) When a member who participates in the guaranteed program
25 transfers the amount credited to the member to an alternative
26 investment program, the amount credited to the member in the
27 guaranteed program is computed without regard to market value and is
28 based on the balance of the member's account in the guaranteed
29 program as of the last day of the quarter preceding the effective date of
30 the transfer. When a member who participates in the guaranteed
31 program retires, becomes disabled, dies, or suspends membership and
32 withdraws from the fund, the amount credited to the member shall be
33 computed without regard to market value and is based on the balance
34 of the member's account in the guaranteed program as of the last day
35 of the quarter preceding the member's distribution or annuitization at
36 retirement, disability, death, or suspension and withdrawal, plus any
37 contributions received since that date plus interest since that date.

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