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# HOUSE BILL No. 1282

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-10.3-7-5; IC 21-6.1-4-6.1.

**Synopsis:** Military service credit for PERF and TRF members. Provides that active members of the public employees' retirement fund (PERF) or the Indiana state teachers' retirement fund (TRF) who serve on active duty in the armed services of the United States for at least six months are entitled to purchase service credit for the time served on active duty, to the extent service credit is not granted for that time under existing PERF or TRF provisions concerning military service credit. Requires a member to have at least ten years of creditable service in PERF or TRF before the member may use the military service credit. Provides that these purchase of service credit provisions apply to members who retire after June 30, 2001. (The introduced version of this bill was prepared by the pension management oversight commission.)

**Effective:** July 1, 2001.

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### Kromkowski

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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 a statute 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. 1282



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 5-10.3-7-5 IS AMENDED TO READ AS  
 2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. (a) A member who:  
 3 (1) enters the United States armed services;  
 4 (2) leaves his contributions in the fund;  
 5 (3) except as provided in subsection (c), resumes service with his  
 6 employer within one hundred twenty (120) days after his  
 7 unconditional discharge; and  
 8 (4) would be entitled to service credit for military service under  
 9 the Uniformed Services Employment and Reemployment Rights  
 10 Act (38 U.S.C. 4301 et seq.) if the member had resumed service  
 11 with the member's employer within ninety (90) days after  
 12 discharge;  
 13 is entitled to service credit for the armed service.  
 14 (b) A state employee who left employment before January 1, 1946,  
 15 or an employee of a political subdivision who left employment before  
 16 the participation date, to enter the United States armed services is  
 17 entitled to service credit for the armed service if he:



1 (1) except as provided in subsection (c), resumes service with the  
 2 employer within one hundred twenty (120) days after his  
 3 unconditional discharge; and

4 (2) would be entitled to service credit for military service under  
 5 the applicable requirements of federal law in effect at the time of  
 6 reemployment if the employee had resumed service with the  
 7 employee's employer within ninety (90) days after discharge.

8 (c) The board shall extend the one hundred twenty (120) day  
 9 reemployment requirement contained in subsection (a)(3) or (b)(1) if  
 10 the board determines that an illness, an injury, or a disability related to  
 11 the member's military service prevented the member from resuming  
 12 employment within one hundred twenty (120) days after the member's  
 13 discharge from military service. However, the board may not extend the  
 14 deadline beyond thirty (30) months after the member's discharge.

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

23 (e) Notwithstanding any provision of this section, a member is  
 24 entitled to service credit and benefits in the amount and to the extent  
 25 required by the Uniformed Services Employment and Reemployment  
 26 Rights Act (38 U.S.C. 4301 et seq.).

27 **(f) Subject to the provisions of this section, an active member  
 28 may purchase service credit for the member's service on active  
 29 duty in the armed services if the member meets the following  
 30 conditions:**

31 **(1) The member has at least one (1) year of credited service in  
 32 the fund.**

33 **(2) The member serves on active duty in the armed services of  
 34 the United States for at least six (6) months.**

35 **(3) The member receives an honorable discharge from the  
 36 armed services.**

37 **(4) Before the member retires, the member makes  
 38 contributions to the fund as follows:**

39 **(A) Contributions that are equal to the product of the  
 40 following:**

41 **(i) The member's salary at the time the member actually  
 42 makes a contribution for the service credit.**

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1 (ii) A rate, determined by the actuary of the fund, based  
 2 on the age of the member at the time the member  
 3 actually makes a contribution for service credit and  
 4 computed to result in a contribution amount that  
 5 approximates the actuarial present value of the benefit  
 6 attributable to the service credit purchased.

7 (iii) The number of years of service credit the member  
 8 intends to purchase.

9 (B) Contributions for any accrued interest, at a rate  
 10 determined by the actuary for the fund, for the period  
 11 from the member's initial membership in the fund to the  
 12 date payment is made by the member.

13 However, a member is entitled to purchase service credit under  
 14 this subsection only to the extent that service credit is not granted  
 15 for that time under another provision of this section. At least ten  
 16 (10) years of service in Indiana is required before a member may  
 17 receive a benefit based on service credits purchased under this  
 18 section. A member who terminates employment before satisfying  
 19 the eligibility requirements necessary to receive a monthly  
 20 allowance or receives a monthly allowance for the same service  
 21 from another tax supported public employee retirement plan other  
 22 than under the federal Social Security Act may withdraw the  
 23 purchase amount plus accumulated interest after submitting a  
 24 properly completed application for a refund to the fund.

25 (g) The following apply to the purchase of service credit under  
 26 subsection (f):

27 (1) The board may allow a member to make periodic  
 28 payments of the contributions required for the purchase of  
 29 the service credit. The board shall determine the length of the  
 30 period during which the payments must be made.

31 (2) The board may deny an application for the purchase of  
 32 service credit if the purchase would exceed the limitations  
 33 under Section 415 of the Internal Revenue Code.

34 (3) A member may not claim the service credit for purposes  
 35 of determining eligibility or computing benefits unless the  
 36 member has made all payments required for the purchase of  
 37 the service credit.

38 SECTION 2. IC 21-6.1-4-6.1 IS AMENDED TO READ AS  
 39 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6.1. (a) This subsection  
 40 applies to members who retire before July 1, 1980. A member who had  
 41 completed four (4) years of approved college teacher training before  
 42 voluntary or involuntary induction into the military services is entitled

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1 to credit for that service as if the member had begun teaching before  
 2 the induction. A member who serves in military service is considered  
 3 a teacher and is entitled to the benefits of the fund if for or during the  
 4 leave of absence the member pays into the fund the member's  
 5 contributions. Time served by a member in military service for the  
 6 duration of the hostilities or for the length of active service in the  
 7 hostilities and the necessary demobilization time after the hostilities is  
 8 not subject to the one-seventh rule specified in section 5 of this chapter.

9 (b) This subsection applies to members who retire after June 30,  
 10 1980. A member who had completed four (4) years of approved college  
 11 teacher training before voluntary or involuntary induction into military  
 12 service is entitled to credit for the member's active military service as  
 13 if the member had begun teaching before the induction. A member who  
 14 serves in military service is considered a teacher and is entitled to the  
 15 benefits of the fund if:

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

20 The time served by a member in military service for the duration of the  
 21 hostilities or for the length of active service in the hostilities and the  
 22 necessary demobilization time after the hostilities is not subject to the  
 23 one-seventh rule specified in section 5 of this chapter. However, not  
 24 more than six (6) years of military service credit may be granted under  
 25 this subsection. In order to be eligible for any military service credit  
 26 under this subsection, a member must have at least ten (10) years of  
 27 in-state service credit.

28 (c) This subsection applies to members who retire after May 1,  
 29 1989. A member who had begun but had not completed four (4) years  
 30 of approved college teacher training before voluntary or involuntary  
 31 induction into the military services is entitled to service credit in an  
 32 amount equal to the duration of the member's active military service if  
 33 the following conditions are met:

- 34 (1) The member has an honorable discharge.
- 35 (2) Except as provided in subsection (f), the member returns to a  
 36 four (4) year approved college teacher training program within  
 37 eighteen (18) months after the completion of active military  
 38 service and subsequently completes that program.
- 39 (3) The member has at least ten (10) years of in-state service  
 40 credit.

41 (d) This subsection applies to members who retire after May 1,  
 42 1991, and who are employed at state institutions of higher education.

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1 A member who had begun but had not completed baccalaureate or  
 2 post-baccalaureate training before voluntary or involuntary induction  
 3 into military service is entitled to the member's active military service  
 4 credit for the member's active military service in an amount equal to  
 5 the duration of the member's military service if the following  
 6 conditions are met:

7 (1) The member received an honorable discharge.

8 (2) Except as provided in subsection (f), the member returns to  
 9 baccalaureate or post-baccalaureate training within eighteen (18)  
 10 months after completion of active military service and  
 11 subsequently completes that training.

12 (3) The member has at least ten (10) years of in-state service  
 13 credit.

14 (e) The maximum amount of service credit that may be granted to  
 15 a member who meets the conditions of subsection (c), or (d) is six (6)  
 16 years. However, for purposes of subsection (c), or (d), the time served  
 17 by the member in active military service for the length of active service  
 18 in hostilities and necessary demobilization is not subject to the  
 19 one-seventh rule specified in section 5 of this chapter.

20 (f) The board shall extend the eighteen (18) month deadline  
 21 contained in subsection (b)(2), (c)(2), or (d)(2) if the board determines  
 22 that an illness, an injury, or a disability related to the member's military  
 23 service prevented the member from returning to active teaching service  
 24 or to a teacher training program within eighteen (18) months after the  
 25 member's discharge from military service. However, the board may not  
 26 extend the deadline beyond thirty (30) months after the member's  
 27 discharge.

28 (g) If a member retires, and the board subsequently determines that  
 29 the member is entitled to additional service credit due to the extension  
 30 of a deadline under subsection (f), the board shall recompute the  
 31 member's benefit. However, the additional service credit may be used  
 32 only in the computation of benefits to be paid after the date of the  
 33 board's determination, and the member is not entitled to a  
 34 recomputation of benefits received before the date of the board's  
 35 determination.

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

41 **(i) Subject to the provisions of this section, an active member**  
 42 **may purchase service credit for the member's service on active**

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1 duty in the armed services if the member meets the following  
2 conditions:

3 (1) The member has at least one (1) year of credited service in  
4 the fund.

5 (2) The member serves on active duty in the armed services of  
6 the United States for at least six (6) months.

7 (3) The member receives an honorable discharge from the  
8 armed services.

9 (4) Before the member retires, the member makes  
10 contributions to the fund as follows:

11 (A) Contributions that are equal to the product of the  
12 following:

13 (i) The member's salary at the time the member actually  
14 makes a contribution for the service credit.

15 (ii) A rate, determined by the actuary of the fund, based  
16 on the age of the member at the time the member  
17 actually makes a contribution for service credit and  
18 computed to result in a contribution amount that  
19 approximates the actuarial present value of the benefit  
20 attributable to the service credit purchased.

21 (iii) The number of years of service credit the member  
22 intends to purchase.

23 (B) Contributions for any accrued interest, at a rate  
24 determined by the actuary for the fund, for the period  
25 from the member's initial membership in the fund to the  
26 date payment is made by the member.

27 However, a member is entitled to purchase service credit under  
28 this subsection only to the extent that service credit is not granted  
29 for that time under another provision of this section. At least ten  
30 (10) years of service in Indiana is required before a member may  
31 receive a benefit based on service credits purchased under this  
32 section. A member who terminates employment before satisfying  
33 the eligibility requirements necessary to receive a monthly  
34 allowance or receives a monthly allowance for the same service  
35 from another tax supported public employee retirement plan other  
36 than under the federal Social Security Act may withdraw the  
37 purchase amount plus accumulated interest after submitting a  
38 properly completed application for a refund to the fund.

39 (j) The following apply to the purchase of service credit under  
40 subsection (i):

41 (1) The board may allow a member to make periodic  
42 payments of the contributions required for the purchase of

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1           **the service credit. The board shall determine the length of the**  
2           **period during which the payments must be made.**  
3           **(2) The board may deny an application for the purchase of**  
4           **service credit if the purchase would exceed the limitations**  
5           **under Section 415 of the Internal Revenue Code.**  
6           **(3) A member may not claim the service credit for purposes**  
7           **of determining eligibility or computing benefits unless the**  
8           **member has made all payments required for the purchase of**  
9           **the service credit.**  
10          **SECTION 3. [EFFECTIVE JULY 1, 2001] IC 5-10.3-7-5 and**  
11          **IC 21-6.1-4-6.1, both as amended by this act, apply only to**  
12          **members of the public employees' retirement fund or the Indiana**  
13          **state teachers' retirement fund who retire after June 30, 2001.**

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