



February 15, 2002

**ENGROSSED
SENATE BILL No. 233**

DIGEST OF SB 233 (Updated February 4, 2002 4:34 PM - DI 84)

Citations Affected: IC 21-6.1.

Synopsis: TRF membership and contributions. Requires the state teachers' retirement fund (TRF) board to assign certain members to TRF's pre-1996 and 1996 accounts. Requires the TRF board to credit member and employer contributions for members assigned to the pre-1996 account to the pre-1996 account. Requires the TRF board to credit member and employer contributions for members assigned to the 1996 account to the 1996 account.

Effective: Upon passage; July 1, 2002.

Meeks R, Alting
(HOUSE SPONSORS — BAUER, ESPICH)

January 7, 2002, read first time and referred to Committee on Pensions and Labor.
January 28, 2002, amended, reported favorably — Do Pass.
February 1, 2002, read second time, ordered engrossed. Engrossed.
February 4, 2002, read third time, passed. Yeas 50, nays 0.

HOUSE ACTION

February 11, 2002, read first time and referred to Committee on Ways and Means.
February 14, 2002, amended, reported — Do Pass.

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February 15, 2002

Second Regular Session 112th General Assembly (2002)

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 2001 General Assembly.

ENGROSSED SENATE BILL No. 233

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 21-6.1-2-1.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2002]: **Sec. 1.5. (a) The board shall assign the**
4 **following fund members to the pre-1996 account described in**
5 **section 2(a)(1) of this chapter:**

6 (1) A member who was first hired before July 1, 1995, by a
7 school corporation or other institution covered by the fund.

8 (2) A member described in subdivision (1) who:

9 (A) is not described in subsection (b)(2); and

10 (B) after June 30, 2001, was hired by another school
11 corporation or institution covered by the fund or rehired
12 by a prior employer.

13 (b) The board shall assign the following fund members to the
14 1996 account described in section 2(a)(2) of this chapter:

15 (1) A member who was first hired after June 30, 1995, by a
16 school corporation or other institution covered by the fund.

17 (2) A member who:

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1 (A) before July 1, 1995, served in a position covered by the
2 fund; and

3 (B) after June 30, 1995, and before July 1, 2001, was hired
4 by another school corporation or institution covered by the
5 fund or rehired by a prior employer.

6 SECTION 2. IC 21-6.1-2-2, AS AMENDED BY P.L.291-2001,
7 SECTION 126, IS AMENDED TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) The board shall segregate the
9 fund into the following accounts:

10 (1) The pre-1996 account.

11 (2) The 1996 account.

12 (b) The board shall segregate each of the accounts established under
13 subsection (a) into the following subaccounts:

14 (1) The annuity savings account.

15 (2) The retirement allowance account.

16 (c) Except as provided in subsection (d), member contributions shall
17 be credited to the annuity savings accounts within the pre-1996
18 account.

19 (d) Member contributions made after June 30, 1995, with respect to
20 the following members shall be credited to the annuity savings account
21 within the 1996 account:

22 (1) A member who was hired after June 30, 1995, by a

23 (c) The board shall credit member contributions of members
24 assigned to the pre-1996 account under section 1.5 of this chapter
25 to the annuity savings accounts within the pre-1996 account.

26 (d) The board shall credit member contributions of members
27 assigned to the 1996 account under section 1.5 of this chapter to the
28 annuity savings accounts within the 1996 account.

29 (e) The board shall credit employer contributions for members
30 assigned to the pre-1996 account under section 1.5 of this chapter
31 to the retirement allowance account within the pre-1996 account.

32 (f) The board shall credit employer contributions for members
33 assigned to the 1996 account under section 1.5 of this chapter to the
34 retirement allowance account within the 1996 account.

35 school corporation or other institution covered by the fund:

36 (2) A member who:

37 (A) before July 1, 1995, served in a position covered by the
38 fund; and

39 (B) after June 30, 1995, and before July 1, 2001, was hired by
40 another school corporation or institution covered by the fund
41 or rehired by a prior employer.

42 (3) A member described in subdivision (2) who, after June 30,

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- 1 2001, is hired by another school corporation or institution covered
2 by the fund or rehired by a prior employer.
- 3 (e) Member contributions made to the pre-1996 account with
4 respect to a member covered by subsection (d) shall be transferred to
5 the annuity savings account within the 1996 account.
- 6 (f) Employer contributions made after June 30, 1995, with respect
7 to members described in subsection (d) shall be credited to the
8 retirement allowance account within the 1996 account. Employer
9 contributions made after June 30, 1995, with respect to all other
10 members shall be credited to the retirement allowance account within
11 the pre-1996 account.
- 12 (g) Employer contributions, if any (as determined by the board),
13 made to the pre-1996 account with respect to a member covered by
14 subsection (d) shall be transferred to the retirement allowance account
15 within the 1996 account.
- 16 (h) (g) The board shall administer these accounts and subaccounts
17 as specified in IC 5-10.2-2.
- 18 SECTION 3. IC 21-6.1-7-12 IS AMENDED TO READ AS
19 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Annually
20 the board shall certify to each school corporation and each school
21 corporation shall pay its employer contribution rate to the fund,
22 computed as specified in IC 5-10.2-2 for the employer contribution for
23 teachers covered by the 1996 account, including its share of
24 administration expenses for the 1996 account. **However,**
25 **notwithstanding IC 5-10.2-2, if the total employer contribution rate**
26 **to the fund chargeable to a school corporation before July 1, 2006,**
27 **for the employer contribution for teachers covered by the 1996**
28 **account, is greater than nine percent (9%), the total employer**
29 **contribution rate may not exceed the rate approved by the budget**
30 **agency after review by the budget committee.**
- 31 (b) The board shall determine the amount of unfunded accrued
32 liability of the school corporations. The board shall determine the
33 unfunded accrued liability by individual employers or by a group of
34 employers. The school corporations shall pay the amount in a lump
35 sum or amortize the amount over a period determined by the board.
- 36 (c) The payments by school corporations for the amounts in
37 subsections (a), (b), and (d) are allocated to the school corporations and
38 not to the state.
- 39 (d) If a school corporation's account shows a deficit, the board may
40 require the school corporation to make additional payments necessary
41 to eliminate the deficit, in addition to the employer contributions
42 computed under subsections (a) and (b).



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1 **SECTION 4. An emergency is declared for this act.**

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SENATE MOTION

Mr. President: I move that Senator Alting be added as coauthors of Senate Bill 233.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 233, has had the same under consideration and begs leave to report the same back to the Senate 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 21-6.1-2-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 1.5. (a) The board shall assign the following fund members to the pre-1996 account described in section 2(a)(1) of this chapter:**

(1) A member who was first hired before July 1, 1995, by a school corporation or other institution covered by the fund.

(2) A member described in subdivision (1) who:

(A) is not described in subsection (b)(2); and

(B) after June 30, 2001, was hired by another school corporation or institution covered by the fund or rehired by a prior employer.

(b) The board shall assign the following fund members to the 1996 account described in section 2(a)(2) of this chapter:

(1) A member who was first hired after June 30, 1995, by a school corporation or other institution covered by the fund.

(2) A member who:

(A) before July 1, 1995, served in a position covered by the fund; and

(B) after June 30, 1995, and before July 1, 2001, was hired by another school corporation or institution covered by the fund or rehired by a prior employer."

Page 1, strike lines 11 through 16.

Page 1, line 17, strike "(1) A member who was".

Page 1, line 17, delete "first".

Page 1, line 17, strike "hired after June 30, 1995, by a", begin a new paragraph and insert:

"(c) The board shall credit member contributions of members assigned to the pre-1996 account under section 1.5 of this chapter to the annuity savings accounts within the pre-1996 account.

(d) The board shall credit member contributions of members assigned to the 1996 account under section 1.5 of this chapter to the annuity savings accounts within the 1996 account.

(e) The board shall credit employer contributions for members assigned to the pre-1996 account under section 1.5 of this chapter



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to the retirement allowance account within the pre-1996 account.

(f) The board shall credit employer contributions for members assigned to the 1996 account under section 1.5 of this chapter to the retirement allowance account within the 1996 account.

Page 2, strike lines 1 through 7.

Page 2, strike lines 11 through 23.

Page 2, delete lines 24 through 30.

Page 2, line 31, delete "(i)" and insert "(g)".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 233 as introduced.)

HARRISON, Chairperson

Committee Vote: Yeas 10, Nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 233, 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 3, after line 17, begin a new paragraph and insert:

"SECTION 3. IC 21-6.1-7-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Annually the board shall certify to each school corporation and each school corporation shall pay its employer contribution rate to the fund, computed as specified in IC 5-10.2-2 for the employer contribution for teachers covered by the 1996 account, including its share of administration expenses for the 1996 account. **However, notwithstanding IC 5-10.2-2, if the total employer contribution rate to the fund chargeable to a school corporation before July 1, 2006, for the employer contribution for teachers covered by the 1996 account, is greater than nine percent (9%), the total employer contribution rate may not exceed the rate approved by the budget agency after review by the budget committee.**

(b) The board shall determine the amount of unfunded accrued liability of the school corporations. The board shall determine the unfunded accrued liability by individual employers or by a group of employers. The school corporations shall pay the amount in a lump sum or amortize the amount over a period determined by the board.

(c) The payments by school corporations for the amounts in subsections (a), (b), and (d) are allocated to the school corporations and not to the state.

(d) If a school corporation's account shows a deficit, the board may require the school corporation to make additional payments necessary to eliminate the deficit, in addition to the employer contributions computed under subsections (a) and (b).

SECTION 4. **An emergency is declared for this act."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 233 as printed January 29, 2002.)

BAUER, Chair

Committee Vote: yeas 24, nays 0.

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