

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6751**  
**BILL NUMBER: SB 233**

**DATE PREPARED:** Dec 19, 2001  
**BILL AMENDED:**

**SUBJECT:** Liability for Employer Contributions to TRF.

**FISCAL ANALYST:** James Sperlik  
**PHONE NUMBER:** 232-9866

**FUNDS AFFECTED:**  **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that liability for employer contributions for service credit earned by a member of the State Teachers' Retirement Fund (TRF) who, before July 1, 1995, participated in the Pre-1996 Account and who, after June 30, 1995, and before July 1, 2001, transferred to the 1996 Account is transferred to the 1996 Account and remains with the 1996 Account after June 30, 2001, even if the member, after June 30, 2001, is hired by another school corporation or institution covered by TRF or rehired by a prior employer. It provides that: (1) a member of TRF who, before July 1, 1995, participated in the Pre-1996 Account and who, after June 30, 2001, was hired by another school corporation or institution covered by TRF maintains membership in the Pre-1996 Account; and (2) liability for the employer contributions of the member remains with the Pre-1996 Fund.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:** *Fiscal Impact:* This proposal codifies the procedure to transfer liabilities for members transferring between the Pre-1996 Account and the 1996 Account and will have no fiscal impact on the TRF. The actuaries for the TRF noted that this proposal, if it had been in effect for the June 30, 2000, valuation, would have no impact on the results.

*Background Information:* This proposal creates a transfer of the liability for employer contributions for service credit earned from the Pre-1996 Account to the 1996 Account due to transfers and rehires. It concerns the treatment of the liability for employer contributions for service credit earned by a member of the TRF who, before July 1, 1995, participated in the Pre-1996 Account (Closed Plan) and who, between June 30, 1995, and July 1, 2001, transferred to the 1996 Account (New Plan). The liability for employer contributions as of the date of transfer and based on service credit earned to that date is transferred to the 1996 Account and will remain in the 1996 Account even if the member, after June 30, 2001, is hired by another school corporation or institution covered by TRF or is hired by a prior employer. It also provides that: (1) a member of TRF who, before July 1, 1995, participated in the Pre-1996 Account and who, after June 30, 2001, was hired by another school corporation or institution covered by TRF, maintains membership in the Pre-1996

Account; and (2) the liability for the employer contributions of the member remains with the Pre-1996 Account.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Teachers' Retirement Fund.

**Local Agencies Affected:**

**Information Sources:** Brian Dunn of Gabriel Roeder Smith & Co., actuaries for the TRF, 1-800-521-0498.