



April 8, 2003

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# ENGROSSED HOUSE BILL No. 1445

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DIGEST OF HB 1445 (Updated April 3, 2003 11:14 AM - DI 102)

**Citations Affected:** IC 5-10.3; IC 36-8.

**Synopsis:** Deductions from 1977 fund benefits. Permits the public employees' retirement fund board to make deductions for certain purposes from a disability, retirement, or survivor benefit paid by the 1977 police officers' and firefighters' pension and disability fund if the deduction is authorized by the person receiving the benefit.

**Effective:** July 1, 2003.

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(SENATE SPONSORS — HARRISON, LUTZ L, ANTICH)

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January 14, 2003, read first time and referred to Committee on Labor and Employment.  
February 17, 2003, reported — Do Pass. Recommended to Committee on Ways and Means.  
February 27, 2003, reported — Do Pass.  
March 3, 2003, read second time, ordered engrossed. Engrossed.  
March 4, 2003, read third time, passed. Yeas 98, nays 0.

SENATE ACTION

March 10, 2003, read first time and referred to Committee on Pensions and Labor.  
April 7, 2003, amended, reported favorably — Do Pass.

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EH 1445—LS 7241/DI 44+



April 8, 2003

First Regular Session 113th General Assembly (2003)

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 2002 Regular or Special Session of the General Assembly.

## ENGROSSED HOUSE BILL No. 1445

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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 5-10.3-3-8, AS AMENDED BY P.L.61-2002,  
2 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2003]: Sec. 8. (a) The board may do any of the following:  
4 (1) Establish and amend rules and regulations:  
5 (A) for the administration and regulation of the fund and the  
6 board's affairs; and  
7 (B) to effectuate the powers and purposes of the board;  
8 without adopting a rule under IC 4-22-2.  
9 (2) Make contracts and sue and be sued as the board of trustees of  
10 the public employees' retirement fund of Indiana.  
11 (3) Delegate duties to its employees.  
12 (4) Enter into agreements with one (1) or more insurance  
13 companies to provide life, hospitalization, surgical, medical,  
14 dental, vision, long term care, or supplemental Medicare  
15 insurance, utilizing individual or group insurance policies for  
16 retired members of the fund, and, upon authorization of the  
17 respective member, deduct premium payments for such policies

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1 from the members' retirement benefits and remit the payments to  
2 the insurance companies.

3 (5) Enter into agreements with one (1) or more insurance  
4 companies to provide annuities for retired members of the fund,  
5 and, upon a member's authorization, transfer the amount credited  
6 to the member in the annuity savings account to the insurance  
7 companies.

8 **(6) For the 1977 police officers' and firefighters' pension and**  
9 **disability fund, deduct from benefits paid and remit to the**  
10 **appropriate entities amounts authorized by IC 36-8-8-17.2.**

11 (7) Whenever the fund's membership is sufficiently large for  
12 actuarial valuation, establish an employer's contribution rate for  
13 all employers, including employers with special benefit provisions  
14 for certain employees.

15 ~~(7)~~ **(8)** Amortize prior service liability over a period of forty (40)  
16 years or less.

17 ~~(8)~~ **(9)** Recover payments made under false or fraudulent  
18 representation.

19 ~~(9)~~ **(10)** Exercise all powers necessary, convenient, or appropriate  
20 to carry out and effectuate its public and corporate purposes and  
21 to conduct its business.

22 (b) An agreement under subsection (a)(4) may be for a duration of  
23 three (3) years.

24 (c) This subsection does not apply to investments of the board. A  
25 contract under subsection (a)(2) may be for a term of not more than  
26 five (5) years, with an ability to renew thereafter.

27 (d) The board's powers and the fund's powers specified in this  
28 chapter shall be interpreted broadly to effectuate the purposes of this  
29 chapter and may not be construed as a limitation of powers.

30 SECTION 2. IC 36-8-8-17 IS AMENDED TO READ AS  
31 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 17. (a) The benefits of  
32 this chapter are exempt from attachment and garnishment and may not  
33 be seized, taken, or levied upon by any execution or process.

34 (b) Except as provided in subsection (c) **and section 17.2 of this**  
35 **chapter**, a person receiving a benefit under this chapter may not  
36 transfer, assign, or sell the benefit.

37 (c) Notwithstanding any other provision of this chapter, to the extent  
38 required by Internal Revenue Code Section 401(a)(31), as added by the  
39 Unemployment Compensation Amendments of 1992 (P.L.102-318),  
40 and any amendments and regulations related to Section 401(a)(31), the  
41 1977 fund shall allow participants and qualified beneficiaries to elect  
42 a direct rollover of eligible distributions to another eligible retirement

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- 1 plan.
- 2 SECTION 3. IC 36-8-8-17.2 IS ADDED TO THE INDIANA CODE
- 3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 4 1, 2003]: **Sec. 17.2. (a) Notwithstanding any other provision of this**
- 5 **chapter, a person receiving a disability, retirement, or survivor**
- 6 **monthly benefit under this chapter may, after June 30, 2004,**
- 7 **authorize the PERF board to make a deduction from the benefit.**
- 8 **(b) An authorization for a deduction from a disability,**
- 9 **retirement, or survivor monthly benefit paid under this chapter is**
- 10 **valid only if all the following requirements are met:**
- 11 **(1) The authorization is:**
- 12 **(A) in writing;**
- 13 **(B) signed personally by the person receiving the benefit;**
- 14 **(C) revocable at any time by the person receiving the**
- 15 **benefit upon written notice to the PERF board; and**
- 16 **(D) agreed to in writing by the PERF board.**
- 17 **(2) An executed copy of the authorization is delivered to the**
- 18 **PERF board within ten (10) days after its execution.**
- 19 **(3) The deduction is made for a purpose described in**
- 20 **subsection (c).**
- 21 **(c) A deduction under this section may be made for the purpose**
- 22 **of paying any of the following:**
- 23 **(1) A premium on a policy of insurance for medical, surgical,**
- 24 **hospitalization, dental, vision, long term care, or Medicare**
- 25 **supplement coverage offered to retired fund members by the**
- 26 **fund member's former employer, the state, or the PERF**
- 27 **board.**
- 28 **(2) A pledge or contribution to a charitable or nonprofit**
- 29 **organization.**
- 30 **(3) Dues payable by the person receiving the benefit to a labor**
- 31 **organization of which the person is a member.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred House Bill 1445, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

LIGGETT, Chair

Committee Vote: yeas 11, nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1445, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

CRAWFORD, Chair

Committee Vote: yeas 26, nays 0.

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SENATE MOTION

Mr. President: I move that Senator Antich be added as cosponsor of Engrossed House Bill 1445.

HARRISON

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COMMITTEE REPORT

Mr. President: The Senate Committee on Pensions and Labor, to which was referred House Bill No. 1445, 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 3, line 6, delete "may" and insert "**may, after June 30, 2004,**".  
and when so amended that said bill do pass.

(Reference is to HB 1445 as printed February 28, 2003.)

HARRISON, Chairperson

Committee Vote: Yeas 8, Nays 0.

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