

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

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FISCAL IMPACT STATEMENT

LS 7820

BILL NUMBER: SB 556

NOTE PREPARED: Jan 17, 2007

BILL AMENDED:

SUBJECT: Judges' pensions.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ___ **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Pending

Summary of Legislation: This bill with respect to both the 1977 and the 1985 Benefit Systems of the Judges' Retirement Fund:

- (1) adds four years of service to the schedule that determines the percentage of salary to which a retiree is entitled (ending at 26 years of service instead of 22 years);
- (2) increases the maximum percentage to 64% after 26 years (instead of 60% after 22 years);
- (3) allows a person serving as a full-time magistrate on July 1, 2007, and requires a person who begins serving as a full-time magistrate after that date and before January 1, 2008, to become a participant in the Judges' 1985 Benefit System;
- (4) allows magistrates who are participants in the judges' 1985 benefit system to purchase, at full actuarial cost, service credit for prior service covered by an Indiana Public Employees' Retirement Fund (PERF);
- (5) changes the salary base that is used to determine benefits under the 1985 Benefit System to the salary currently being paid for the last office held by the retiree (instead of the salary that was paid for that office at the time the retiree left service);
- (6) increases the monthly benefit payable to participants, survivors, and beneficiaries of the Judges' 1985 Benefit System under the same conditions as the monthly benefit is increased for participants, survivors, and beneficiaries of the Judges' 1977 Benefit System;
- (7) provides that the changes in the benefit structure of both the 1977 and the 1985 Benefit Systems apply only to persons who retire, become disabled, or die after June 30, 2007 (and their surviving spouses and dependent children);
- (8) authorizes a participant with at least eight years of creditable service in the Judges' Retirement System who is also vested in the benefit systems (PERF) to elect to use not more than ten years of PERF service credit to qualify for a retirement benefit from the Judges' Retirement System and waive the right to a

retirement benefit from PERF;

(9) requires the PERF Board to transfer to the Judges' Retirement System the amount credited to the participant's annuity savings account and the present value of the retirement benefit payable at 65 years of age that is attributable to the participant who makes the election;

(10) provides that the PERF service credit may not be used to compute the participant's retirement benefit from the Judges' Retirement System;

(11) establishes the Judges' Defined Contribution Fund (Defined Contribution Fund);

(12) provides that an individual who first begins service as a judge or full-time magistrate after December 31, 2007, is a participant in the Defined Contribution Fund;

(13) provides that the PERF board shall administer the Defined Contribution Fund;

(14) requires a participant in the Defined Contribution Fund to make contributions equal to 6% of the salary the participant receives for services as judge or magistrate;

(15) allows a participant in the Defined Contribution Fund to make additional contributions not to exceed the maximum allowed under Internal Revenue Code rules;

(16) requires the state to make contributions to the Defined Contribution Fund on behalf of each participant equal to 15% of the salary received by the participant for service as a judge or magistrate; and

(17) makes an appropriation.

Effective Date: July 1, 2007.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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