

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

# HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that Engrossed Senate Bill 568 be amended to read as follows:

1           Page 1, between the enacting clause and line 1, begin a new  
2 paragraph and insert:  
3           "SECTION 1. IC 5-10.2-1-8, AS AMENDED BY P.L.88-2005,  
4 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 2007]: Sec. 8. (a) ~~Except as provided in subsection (b)~~; **For**  
6 **a member of:**  
7           **(1) the Indiana state teachers' retirement fund; or**  
8           **(2) the public employees' retirement fund who retires before**  
9           **January 1, 2008;**  
10 "vested status" as used in this article means the status of having ten  
11 (10) years of creditable service.  
12           **(b) For a member of the public employees' retirement fund who**  
13 **retires after December 31, 2007, "vested status" as used in this**  
14 **article means the status of having at least eight (8) years of**  
15 **creditable service.**  
16           ~~(b)~~ **(c)** In the case of a person who is an elected county official  
17 whose governing body has provided for the county official's  
18 participation in the public employees' retirement fund under  
19 IC 5-10.3-7-2(1), "vested status" means the status of having:  
20           (1) at least eight (8) years of creditable service as an elected  
21 county official in an office described in IC 5-10.2-4-1.7;  
22           (2) been elected at least two (2) times if the person would have  
23 had at least eight (8) years of creditable service as an elected

1 county official in an office described in IC 5-10.2-4-1.7 had the  
 2 person's term of office not been shortened under a statute enacted  
 3 under Article 6, Section 2(b) of the Constitution of the State of  
 4 Indiana; or

5 **(3) after December 31, 2007, at least ~~ten (10)~~ eight (8) years of**  
 6 **creditable service as a member of the fund based on a**  
 7 **combination of service as an elected county official and as a**  
 8 **full-time employee in a covered position.**

9 (c) In the case of a person whose term of office commences after the  
 10 election on November 5, 2002, as Auditor of State, Secretary of State,  
 11 or Treasurer of State, and who is prohibited by Article 6, Section 1 of  
 12 the Constitution of the State of Indiana from serving in that office for  
 13 more than eight (8) years during any period of twelve (12) years, that  
 14 person shall be vested with at least eight (8) years of creditable service  
 15 as a member of the fund.

16 SECTION 2. IC 5-10.2-3-1.2 IS AMENDED TO READ AS  
 17 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.2. (a) A member who  
 18 has earned at least:

19 **(1) eight (8) years of service in a position covered by PERF; or**

20 **(2) ten (10) years of service in a position covered by ~~PERF~~, TRF**  
 21 **or a combination of the two (2) funds;**

22 may purchase one (1) year of service credit for each five (5) years of  
 23 service that the member has completed in a position covered by PERF  
 24 or TRF.

25 (b) Before a member retires, a member who desires to purchase  
 26 additional service credit under subsection (a) must contribute to the  
 27 fund as follows:

28 (1) Contributions that are equal to the product of the following:

29 (A) The member's salary at the time the member actually  
 30 makes a contribution for the service credit.

31 (B) A rate, determined by the actuary for the fund, that is  
 32 based on the age of the member at the time the member  
 33 actually makes a contribution for the service credit and  
 34 computed to result in a contribution amount that approximates  
 35 the actuarial present value of the benefit attributable to the  
 36 service credit purchased.

37 (C) The number of years of service credit the member intends  
 38 to purchase.

39 (2) Contributions for any accrued interest, at a rate determined by  
 40 the actuary for the fund, for the period from the member's initial  
 41 membership in the fund to the date payment is made by the  
 42 member.

43 (c) The following apply to the purchase of service credit under this  
 44 section:

45 (1) The board may allow a member to make periodic payments of  
 46 the contributions required for the purchase of service credit. The

- 1 board shall determine the length of the period during which the  
 2 payments must be made.
- 3 (2) The board may deny an application for the purchase of service  
 4 credit if the purchase would exceed the limitations under Section  
 5 415 of the Internal Revenue Code.
- 6 (3) A member may not claim the service credit for the purpose of  
 7 computing benefits unless the member has made all payments  
 8 required for the purchase of the service credit.
- 9 (4) To the extent permitted by the Internal Revenue Code and  
 10 applicable regulations, a member may purchase service credit  
 11 under this section by a rollover distribution to the fund from any  
 12 of the following:
- 13 (A) A qualified plan described in Section 401(a) or Section  
 14 403(a) of the Internal Revenue Code.
- 15 (B) An annuity contract or account described in Section 403(b)  
 16 of the Internal Revenue Code.
- 17 (C) An eligible plan that is maintained by a state, a political  
 18 subdivision of a state, or an agency or instrumentality of a state  
 19 or political subdivision of a state under Section 457(b) of the  
 20 Internal Revenue Code.
- 21 (D) An individual retirement account or annuity described in  
 22 Section 408(a) or Section 408(b) of the Internal Revenue  
 23 Code.
- 24 (d) A member who terminates employment before satisfying the  
 25 eligibility requirements necessary to receive a monthly benefit may  
 26 withdraw the purchase amount, plus accumulated interest, after  
 27 submitting a properly completed application for a refund to the fund.  
 28 However, the member must also apply for a refund of the member's  
 29 entire annuity savings account under section 6 of this chapter to be  
 30 eligible for a refund of the member's rollover amount.
- 31 (e) For a member who is a state employee, the employer may pay all  
 32 or a part of the member contributions required for the purchase of  
 33 service credit under this section. In that event, the actuary shall  
 34 determine the amortization, and subsections (c)(1), (c)(3), (c)(4), and  
 35 (d) do not apply.
- 36 (f) For a member who is an employee of a participating political  
 37 subdivision, the employer may adopt an ordinance to pay all or a part  
 38 of the member contributions required for the purchase of service credit  
 39 under this section. In that event, the actuary shall determine the  
 40 amortization, and subsections (c)(1), (c)(3), (c)(4), and (d) do not  
 41 apply.
- 42 SECTION 3. IC 5-10.2-3-7.5 IS AMENDED TO READ AS  
 43 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7.5. (a) A surviving  
 44 dependent or surviving spouse of a member who dies in service is  
 45 entitled to a survivor benefit if:
- 46 (1) the member dies after March 31, 1990;

- 1 (2) the member has:
- 2 (A) at least ~~ten (10)~~ **eight (8)** years of creditable service, if the
- 3 member died in service as a member of the general assembly;
- 4 (B) at least fifteen (15) years of creditable service, if the
- 5 member died in service in any other position covered by the
- 6 retirement fund; or
- 7 (C) at least ~~ten (10)~~ **eight (8)** years but not more than fourteen
- 8 (14) years of creditable service if the member:
- 9 (i) was at least sixty-five (65) years of age; and
- 10 (ii) died in service in a position covered by the teachers'
- 11 retirement fund; and
- 12 (3) the surviving dependent or surviving spouse qualifies for a
- 13 survivor benefit under subsection (b) or (c).
- 14 (b) If a member described in subsection (a) dies with a surviving
- 15 spouse who was married to the member for at least two (2) years, the
- 16 surviving spouse is entitled to a survivor benefit equal to the monthly
- 17 benefit that would have been payable to the spouse under the joint and
- 18 survivor option of IC 5-10.2-4-7 upon the member's death following
- 19 retirement at:
- 20 (1) fifty (50) years of age; or
- 21 (2) the actual date of death;
- 22 whichever is later. However, benefits payable under this subsection are
- 23 subject to subsections (e) and (g).
- 24 (c) If a member described in subsection (a) dies without a surviving
- 25 spouse who was married to the member for at least two (2) years, but
- 26 with a surviving dependent, the surviving dependent is entitled to a
- 27 survivor benefit in a monthly amount equal to the actuarial equivalent
- 28 of the monthly benefit that would have been payable to the spouse
- 29 (assuming the spouse would have had the same birth date as the
- 30 member) under the joint and survivor option of IC 5-10.2-4-7 upon the
- 31 member's death following retirement at:
- 32 (1) fifty (50) years of age; or
- 33 (2) the actual date of death;
- 34 whichever is later. If there are two (2) or more surviving dependents,
- 35 the actuarial equivalent of the benefit described in this subsection shall
- 36 be calculated and, considering the dependents' attained ages, an equal
- 37 dollar amount shall be determined as the monthly benefit to be paid to
- 38 each dependent. Monthly benefits under this subsection are payable
- 39 until the date the dependent becomes eighteen (18) years of age or dies,
- 40 whichever is earlier. However, if a dependent is permanently and
- 41 totally disabled (using disability guidelines established by the Social
- 42 Security Administration) at the date the dependent reaches eighteen
- 43 (18) years of age, the monthly benefit is payable until the date the
- 44 dependent is no longer disabled (using disability guidelines established
- 45 by the Social Security Administration) or dies, whichever is earlier.
- 46 Benefits payable under this subsection are subject to subsections (e)

1 and (g).

2 (d) Except as provided in subsections (e) and (h), the surviving  
3 spouse or surviving dependent of a member who is entitled to a  
4 survivor benefit under subsection (b) or (c) or section 7.6 of this  
5 chapter may elect to receive a lump sum payment of the total amount  
6 credited to the member in the member's annuity savings account or an  
7 amount equal to the member's federal income tax basis in the member's  
8 annuity savings account as of December 31, 1986. A surviving spouse  
9 or surviving dependent who makes such an election is not entitled to an  
10 annuity as part of the survivor benefit under subsection (b) or (c) or  
11 section 7.6 of this chapter to the extent of the lump sum payment.

12 (e) If a member described in subsection (a) or section 7.6(a) of this  
13 chapter is survived by a designated beneficiary who is not a surviving  
14 spouse or surviving dependent entitled to a survivor benefit under  
15 subsection (b) or (c) or section 7.6 of this chapter, the following  
16 provisions apply:

17 (1) If the member is survived by one (1) designated beneficiary,  
18 the designated beneficiary is entitled to receive in a lump sum or  
19 over a period of up to five (5) years, as elected by the designated  
20 beneficiary, the amount credited to the member's annuity savings  
21 account, less any disability benefits paid to the member.

22 (2) If the member is survived by two (2) or more designated  
23 beneficiaries, the designated beneficiaries are entitled to receive  
24 in a lump sum or over a period of up to five (5) years, as elected  
25 by the designated beneficiary, equal shares of the amount credited  
26 to the member's annuity savings account, less any disability  
27 benefits paid to the member.

28 (3) If the member is also survived by a spouse or dependent who  
29 is entitled to a survivor benefit under subsection (b) or (c) or  
30 section 7.6 of this chapter, the surviving spouse or dependent is  
31 not entitled to an annuity or a lump sum payment as part of the  
32 survivor benefit, unless the surviving spouse or dependent is also  
33 a designated beneficiary.

34 (f) If a member dies:

35 (1) without a surviving spouse or surviving dependent who  
36 qualifies for survivor benefits under subsection (b) or (c) or  
37 section 7.6 of this chapter; and

38 (2) without a surviving designated beneficiary who is entitled to  
39 receive the member's annuity savings account under subsection  
40 (e);

41 the amount credited to the member's annuity savings account, less any  
42 disability benefits paid to the member, shall be paid to the member's  
43 estate.

44 (g) Survivor benefits payable under this section or section 7.6 of this  
45 chapter shall be reduced by any disability benefits paid to the member.

46 (h) Additional annuity contributions, if any, shall not be included in

1 determining survivor benefits under subsection (b) or (c) or section 7.6  
2 of this chapter, but are payable in a lump sum payment to:

- 3 (1) the member's surviving designated beneficiary; or
- 4 (2) the member's estate, if there is no surviving designated  
5 beneficiary.

6 (i) Survivor benefits provided under this section or section 7.6 of  
7 this chapter are subject to IC 5-10.2-2-1.5.

8 (j) A benefit specified in this section shall be forfeited and credited  
9 to the member's retirement fund if no person entitled to the benefit  
10 claims it within three (3) years after the member's death. However, the  
11 board may honor a claim that is made more than three (3) years after  
12 the member's death if the board finds, in the board's discretion, that:

- 13 (1) the delay in making the claim was reasonable or other  
14 extenuating circumstances justify the award of the benefit to the  
15 claimant; and
- 16 (2) paying the claim would not cause a violation of the applicable  
17 Internal Revenue Service rules.

18 SECTION 4. IC 5-10.2-4-1 IS AMENDED TO READ AS  
19 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) This subsection  
20 applies to:

- 21 (1) members of the public employees' retirement fund who retire  
22 before July 1, 1995; and
- 23 (2) members of the Indiana state teachers' retirement fund who  
24 retire before May 2, 1989.

25 A member who has reached age sixty-five (65) and has at least ten (10)  
26 years of creditable service is eligible for normal retirement.

27 (b) This subsection applies to members of the Indiana state teachers'  
28 retirement fund who retire after May 1, 1989, and to members of the  
29 public employees' retirement fund who retire after June 30, 1995, **and**  
30 **before January 1, 2008**, except as provided in section 1.7 of this  
31 chapter. A member is eligible for normal retirement if:

- 32 (1) the member is at least sixty-five (65) years of age and has at  
33 least ten (10) years of creditable service;
- 34 (2) the member is at least sixty (60) years of age and has at least  
35 fifteen (15) years of creditable service; or
- 36 (3) the member's age in years plus the member's years of service  
37 is at least eighty-five (85) and the member is at least fifty-five  
38 (55) years of age.

39 **(c) This subsection applies to members of the public employees'**  
40 **retirement fund who retire after December 31, 2007. A member is**  
41 **eligible for normal retirement if:**

- 42 **(1) the member is at least sixty-five (65) years of age and has**  
43 **at least eight (8) years of creditable service;**
- 44 **(2) the member is at least sixty (60) years of age and has at**  
45 **least fifteen (15) years of creditable service; or**
- 46 **(3) the member's age in years plus the member's years of**

1           **service is at least eighty-five (85) and the member is at least**  
 2           **fifty-five (55) years of age.**

3           ~~(c)~~ (d) A member who has reached age fifty (50) and has at least  
 4 fifteen (15) years of creditable service is eligible for early retirement  
 5 with a reduced pension.

6           ~~(d)~~ (e) A member who is eligible for normal or early retirement is  
 7 entitled to choose a retirement date on which the member's benefit  
 8 begins if the following conditions are met:

9           (1) The application for retirement benefits and the choice of the  
 10 date is filed on a form provided by the board.

11           (2) The date must be after the cessation of the member's service  
 12 and be the first day of a month.

13           (3) The retirement date is not more than six (6) months before the  
 14 date the application is received by the board. However, if the  
 15 board determines that a member is incompetent to file for benefits  
 16 and choose a retirement date, the retirement date may be any date  
 17 that is the first of the month after the time the member became  
 18 incompetent."

19           Page 1, line 1, delete "IC 5-10.2-5-42" and insert "IC  
 20 5-10.2-5-42.4".

21           Page 1, line 3, delete "Sec. 42." and insert "**Sec. 42.4.**".

22           Page 1, between lines 14 and 15, begin a new paragraph and insert:  
 23 "SECTION 6. IC 5-10.3-3-1, AS AMENDED BY P.L.62-2005,  
 24 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 JULY 1, 2007]: Sec. 1. (a) The board is composed of six (6) trustees.

26           (b) Five (5) of the trustees shall be appointed by the governor, as  
 27 follows:

28           (1) One (1) must be a member of the fund with at least ~~ten (10)~~  
 29 **eight (8)** years of creditable service.

30           (2) Not more than three (3) may be members of the same political  
 31 party.

32           (3) One (1) must be:

33           (A) a:

34           (i) member of the fund or retired member of the fund; or

35           (ii) member of a collective bargaining unit of state  
 36 employees represented by a labor organization; or

37           (B) an individual who is:

38           (i) an officer or a member of a local, a national, or an  
 39 international labor union that represents state or university  
 40 employees; and

41           (ii) an Indiana resident.

42           (c) The director of the budget agency or the director's designee is an  
 43 ex officio voting member of the board. An individual appointed under  
 44 this subsection to serve as the director's designee:

45           (1) is subject to the provisions of section 3 of this chapter; and

46           (2) serves as a permanent designee until replaced by the director.

1 (d) The governor shall fill by appointment vacancies on the board  
2 in the manner described in subsection (b).

3 (e) In making the appointments under subsection (b)(1) or (b)(2),  
4 the governor may consider whether at least one (1) trustee is a retired  
5 member of the fund under subsection (b)(3)(A)(i).

6 SECTION 7. IC 5-10.3-6-8 IS AMENDED TO READ AS  
7 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) As used in this  
8 section, "withdrawing political subdivision" means a political  
9 subdivision that takes an action described in subsection (b).

10 (b) Subject to the provisions of this section, a political subdivision  
11 may do the following:

12 (1) Stop its participation in the fund and withdraw all of the  
13 political subdivision's employees from participation in the fund.

14 (2) Withdraw a departmental, an occupational, or other definable  
15 classification of employees from participation in the fund.

16 (3) Stop the political subdivision's participation in the fund by:

17 (A) selling all of the political subdivision's assets; or

18 (B) ceasing to exist as a political subdivision.

19 (c) The withdrawal of a political subdivision's participation in the  
20 fund is effective on a termination date established by the board. The  
21 termination date may not occur before all of the following have  
22 occurred:

23 (1) The withdrawing political subdivision has provided written  
24 notice of the following to the board:

25 (A) The withdrawing political subdivision's intent to cease  
26 participation.

27 (B) The names of the withdrawing political subdivision's  
28 current employees and former employees as of the date on  
29 which the notice is provided.

30 (2) The expiration of:

31 (A) a ninety (90) day period following the filing of the notice  
32 with the board, for a withdrawing political subdivision that  
33 sells all of the withdrawing political subdivision's assets or that  
34 ceases to exist as a political subdivision; or

35 (B) a two (2) year period following the filing of the notice with  
36 the board, for all other withdrawing political subdivisions.

37 (3) The withdrawing political subdivision takes all actions  
38 required in subsections (d) through (h).

39 (d) With respect to retired members who have creditable service  
40 with the withdrawing political subdivision, the withdrawing political  
41 subdivision must contribute to the fund any additional amounts that the  
42 board determines are necessary to provide for reserves with sufficient  
43 assets to pay all future benefits from the fund to those retired members.  
44 The contribution by the withdrawing political subdivision must be  
45 made in a lump sum or in a series of payments determined by the  
46 board.



1 (e) A member who is an employee of the political subdivision as of  
 2 the date of the notice under subsection (c) is vested in the pension  
 3 portion of the member's retirement benefit. The withdrawing political  
 4 subdivision must contribute to the fund the amount the board  
 5 determines is necessary to fund fully the vested benefit. The  
 6 contribution by the withdrawing political subdivision must be made in  
 7 a lump sum or in a series of payments determined by the board.

8 (f) A member who is covered by subsection (e) and who is at least  
 9 sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even  
 10 if the member has fewer than ~~ten (10)~~ **eight (8)** years of service. The  
 11 benefit for the member shall be computed under IC 5-10.2-4-4 using  
 12 the member's actual years of service.

13 (g) With respect to members of the fund who have creditable service  
 14 with the withdrawing political subdivision and who are not employees  
 15 as of the date of the notice under subsection (c), the withdrawing  
 16 political subdivision must contribute the amount that the board  
 17 determines is necessary to fund fully the service for those members that  
 18 is attributable to service with the withdrawing political subdivision.  
 19 The contribution by the withdrawing political subdivision must be  
 20 made in a lump sum or in a series of payments determined by the  
 21 board.

22 (h) The board shall evaluate each withdrawal under this section to  
 23 determine if the withdrawal affects the fund's compliance with Section  
 24 401(a)(4) of the Internal Revenue Code of 1954, as in effect on  
 25 September 1, 1974. The board may deny a political subdivision  
 26 permission to withdraw if the denial is necessary to achieve compliance  
 27 with Section 401(a)(4) of the Internal Revenue Code of 1954, as in  
 28 effect on September 1, 1974.

29 SECTION 8. IC 5-10.3-6-8.5 IS AMENDED TO READ AS  
 30 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8.5. (a) This section  
 31 only applies if:

32 (1) certain employees of a state university in a departmental,  
 33 occupational, or other definable classification involved in health  
 34 care are terminated from employment with the state university as  
 35 a result of:

36 (A) a lease or other transfer of university property to a  
 37 nongovernmental entity; or

38 (B) a contractual arrangement with a nongovernmental entity  
 39 to perform certain state university functions;

40 (2) the state university requests coverage under this section from  
 41 the board; and

42 (3) the board approves the request.

43 (b) The withdrawal of the employees described in subsection (a)  
 44 from the fund is effective on a termination date established by the  
 45 board. The board may not establish a termination date that occurs  
 46 before all of the following have occurred:

- 1 (1) The state university has requested coverage under this section  
 2 and provided written notice of the following to the board:  
 3 (A) The intent of the state university to terminate the  
 4 employees from employment.  
 5 (B) The names of the terminated employees as of the date that  
 6 the termination is to occur.  
 7 (2) The expiration of a thirty (30) day period following the filing  
 8 of the notice with the board.  
 9 (3) The state university fully complies with subsection (c).  
 10 (c) A member who is an employee of the state university described  
 11 in subsection (a) as of the date of the notice under subsection (b) and  
 12 who is listed in the notice under subsection (b) is vested in the pension  
 13 portion of the member's retirement benefit. The state university must  
 14 contribute to the fund the amount the board determines is necessary to  
 15 completely fund the vested benefit. The contribution by the state  
 16 university must be made in a lump sum or in a series of payments  
 17 determined by the board.  
 18 (d) A member who is covered by subsection (c) and who is at least  
 19 sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even  
 20 if the member has less than ~~ten (10)~~ **eight (8)** years of service. The  
 21 benefit for the member shall be computed under IC 5-10.2-4-4 using  
 22 the member's actual years of creditable service.  
 23 (e) The board shall evaluate each withdrawal under this section to  
 24 determine if the withdrawal affects the fund's compliance with Section  
 25 401(a) of the Internal Revenue Code of 1954, as in effect on September  
 26 1, 1974. The board may deny an employee permission to withdraw if  
 27 the denial is necessary to achieve compliance with Section 401(a) of  
 28 the Internal Revenue Code of 1954, as in effect on September 1, 1974.  
 29 SECTION 9. IC 5-10.3-6-8.9, AS ADDED BY P.L.158-2006,  
 30 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 31 JULY 1, 2007]: Sec. 8.9. (a) This section applies when certain  
 32 employees of the state in particular departmental, occupational, or  
 33 other definable classifications are terminated from employment with  
 34 the state as a result of:  
 35 (1) a lease or other transfer of state property to a nongovernmental  
 36 entity; or  
 37 (2) a contractual arrangement with a nongovernmental entity to  
 38 perform certain state functions.  
 39 (b) The governor shall request coverage under this section from the  
 40 board whenever an employee of the state is terminated as described in  
 41 subsection (a).  
 42 (c) The board must approve a request from the governor under  
 43 subsection (b) unless approval violates subsection (k), federal or state  
 44 law, or the terms of the fund.  
 45 (d) As used in this section, "early retirement" means a member is  
 46 eligible to retire with a reduced pension under IC 5-10.2-4-1, because

- 1 the member:
- 2 (1) is at least fifty (50) years of age; and
- 3 (2) has at least fifteen (15) years of creditable service.
- 4 (e) As used in this section, "normal retirement" means a member is
- 5 eligible to retire under IC 5-10.2-4-1, because:
- 6 (1) the member is at least sixty-five (65) years of age and has at
- 7 least ~~ten (10)~~ **eight (8)** years of creditable service;
- 8 (2) the member is at least sixty (60) years of age and has at least
- 9 fifteen (15) years of creditable service; or
- 10 (3) the member's age in years plus the member's years of service
- 11 is at least eighty-five (85) and the member is at least fifty-five
- 12 (55) years of age.
- 13 (f) The withdrawal of the employees described in subsection (a)
- 14 from the fund is effective on a termination date established by the
- 15 board. The board may not establish a termination date that occurs
- 16 before all of the following have occurred:
- 17 (1) The governor has requested coverage under this section and
- 18 provided written notice of the following to the board:
- 19 (A) The intent of the state to terminate the employees from
- 20 employment.
- 21 (B) The names of the terminated employees as of the date that
- 22 the termination is to occur.
- 23 (2) The expiration of a thirty (30) day period following the filing
- 24 of the notice with the board.
- 25 (3) The state complies with subsections (g) and (i).
- 26 (g) A member who:
- 27 (1) is an employee of the state described in subsection (a) with at
- 28 least twenty-four (24) months of creditable service as of the date
- 29 of the notice under subsection (f); and
- 30 (2) is listed in the notice under subsection (f);
- 31 is vested in the pension portion of the member's retirement benefit. The
- 32 state must contribute to the fund the amount the board determines is
- 33 necessary to completely fund the vested benefit. The contribution by
- 34 the state must be made in a lump sum or in a series of payments
- 35 determined by the board. The benefit for the member shall be
- 36 computed under IC 5-10.2-4-4 using the member's actual years of
- 37 creditable service.
- 38 (h) A member who is covered by subsection (g) and who is at least
- 39 sixty-five (65) years of age as of the date of the notice under subsection
- 40 (f) may elect to retire under IC 5-10.2-4-1 even if the member has less
- 41 than ~~ten (10)~~ **eight (8)** years of service. The benefit for the member
- 42 shall be computed under IC 5-10.2-4-4 using the member's actual years
- 43 of creditable service.
- 44 (i) A member who is covered by subsection (f) and who, as of the
- 45 date of the notice under subsection (f), is less than twenty-four (24)
- 46 months from being eligible for normal or early retirement under

- 1 IC 5-10.2-4-1 may elect to retire by purchasing the service credit  
 2 needed for retirement under the following conditions:
- 3 (1) The state shall contribute to the fund an amount determined  
 4 under IC 5-10.2-3-1.2 and payable from the sources described in  
 5 subsection (j) sufficient to pay the member's contributions  
 6 required for the member's purchase of the service credit the  
 7 member needs to retire.
- 8 (2) The maximum amount of creditable service that the state may  
 9 purchase for a member under this subsection is twenty-four (24)  
 10 months.
- 11 (3) The benefit for the member shall be computed under  
 12 IC 5-10.2-4-4 using the member's actual years of creditable  
 13 service plus all other service for which the fund gives credit,  
 14 including the creditable service purchased under this subsection.
- 15 (j) The amounts that the state is required to contribute to the fund  
 16 under subsection (i) must come from the following sources:
- 17 (1) If the state receives monetary payments under the lease or  
 18 contractual arrangement described in subsection (a), the proceeds  
 19 of the monetary payments received by the state. The state may not  
 20 require, as a condition of the transaction to transfer state property  
 21 or have certain state functions performed by a nongovernmental  
 22 entity, that the nongovernmental entity directly or indirectly pay  
 23 the amounts that the state is required to contribute under  
 24 subsection (i).
- 25 (2) If the state does not receive any monetary payments under the  
 26 lease or contractual arrangement described in subsection (a), any  
 27 remaining appropriations made to the state department, agency,  
 28 or other entity terminating the employees described in subsection  
 29 (a).
- 30 (3) If the sources described in subdivisions (1) and (2) do not  
 31 fully fund the amounts that the state is required to contribute to  
 32 the fund under subsection (i), the board shall request that the  
 33 general assembly appropriate the amount necessary to fully fund  
 34 the state's required contribution under subsection (i) in the next  
 35 biennial state budget.
- 36 (k) The board shall evaluate each withdrawal under this section to  
 37 determine if the withdrawal affects the fund's compliance with Section  
 38 401(a) of the Internal Revenue Code of 1954, as in effect on September  
 39 1, 1974. The board may deny an employee permission to withdraw if  
 40 the denial is necessary to achieve compliance with Section 401(a) of  
 41 the Internal Revenue Code of 1954, as in effect on September 1, 1974.
- 42 SECTION 10. IC 5-10.3-7-4.5 IS AMENDED TO READ AS  
 43 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.5. (a) As used in this  
 44 section, "out-of-state service" means service in another state in a  
 45 comparable position that would be creditable service if performed in  
 46 Indiana.

1 (b) Subject to subsections (c) through (f), a member may purchase  
 2 out-of-state service credit if the member meets the following  
 3 requirements:

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

6 (2) Before the member retires, the member makes contributions  
 7 to the fund as follows:

8 (A) Contributions that are equal to the product of the  
 9 following:

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

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

18 (iii) The number of years of out-of-state service the member  
 19 intends to purchase.

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

24 (3) The member has received verification from the fund that the  
 25 out-of-state service is, as of that date, valid.

26 (c) Out-of-state years that qualify a member for retirement in an  
 27 out-of-state system or in any federal retirement system may not be  
 28 granted under this section.

29 (d) At least ~~ten (10)~~ **eight (8)** years of service in Indiana is required  
 30 before a member may receive a benefit based on out-of-state service  
 31 credits.

32 (e) A member who:

33 (1) terminates employment before satisfying the eligibility  
 34 requirements necessary to receive a monthly allowance; or

35 (2) receives a monthly allowance for the same service from  
 36 another tax supported public employee retirement plan other than  
 37 under the Social Security Act;

38 may withdraw the purchase amount plus accumulated interest after  
 39 submitting a properly completed application for a refund to the fund.

40 (f) The following apply to the purchase of service credit under this  
 41 section:

42 (1) The board may allow a member to make periodic payments of  
 43 the contributions required for the purchase of the service credit.  
 44 The board shall determine the length of the period during which  
 45 the payments must be made.

46 (2) The board may deny an application for the purchase of service

1 credit if the purchase would exceed the limitations under Section  
2 415 of the Internal Revenue Code.

3 (3) A member may not claim the service credit for purposes of  
4 determining eligibility or computing benefits unless the member  
5 has made all payments required for the purchase of the service  
6 credit.

7 SECTION 11. IC 5-10.3-7-4.6 IS AMENDED TO READ AS  
8 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.6. (a) Subject to the  
9 provisions of this section, a member may purchase service credit for  
10 the member's prior service in a position covered by the 1925 police  
11 pension fund under IC 36-8-6, the 1937 firefighters' pension fund under  
12 IC 36-8-7, or the 1953 police pension fund under IC 36-8-7.5 if the  
13 member meets the following requirements:

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

16 (2) The member has not attained vested status in and is not an  
17 active member of the 1925 police pension fund, the 1937  
18 firefighters' pension fund, or the 1953 police pension fund.

19 (3) Before the member retires, the member makes contributions  
20 to the fund as follows:

21 (A) Contributions that are equal to the product of the  
22 following:

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

25 (ii) A rate, determined by the actuary of the fund, based on  
26 the age of the member at the time the member actually  
27 makes a contribution for service credit and computed to  
28 result in a contribution amount that approximates the  
29 actuarial present value of the benefit attributable to the  
30 service credit purchased.

31 (iii) The number of years of service credit the member  
32 intends to purchase.

33 (B) Contributions for any accrued interest, at a rate determined  
34 by the actuary for the fund, for the period from the member's  
35 initial membership in the fund to the date payment is made by  
36 the member.

37 (4) The member has received verification from the fund that the  
38 service in the 1925 police pension fund, the 1937 firefighters'  
39 pension fund, or the 1953 police pension fund is, as of that date,  
40 valid.

41 (b) At least ~~ten (10)~~ **eight (8)** years of service in Indiana is required  
42 before a member may receive a benefit based on service credits  
43 purchased under this section.

44 (c) A member who:

45 (1) terminates employment before satisfying the eligibility  
46 requirements necessary to receive a monthly allowance; or

1 (2) receives a monthly allowance for the same service from  
 2 another tax supported public employee retirement plan other than  
 3 under the Social Security Act;  
 4 may withdraw the purchase amount plus accumulated interest after  
 5 submitting a properly completed application for a refund to the fund.

6 (d) The following apply to the purchase of service credit under this  
 7 section:

8 (1) The board may allow a member to make periodic payments of  
 9 the contributions required for the purchase of the service credit.  
 10 The board shall determine the length of the period during which  
 11 the payments must be made.

12 (2) The board may deny an application for the purchase of service  
 13 credit if the purchase would exceed the limitations under Section  
 14 415 of the Internal Revenue Code.

15 (3) A member may not claim the service credit for purposes of  
 16 determining eligibility or computing benefits unless the member  
 17 has made all payments required for the purchase of the service  
 18 credit.

19 SECTION 12. IC 5-10.3-7-5 IS AMENDED TO READ AS  
 20 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) A member who:

- 21 (1) enters the United States armed services;
- 22 (2) leaves ~~his~~ **the member's** contributions in the fund;
- 23 (3) except as provided in subsection (c), resumes service with ~~his~~  
 24 **the member's** employer within one hundred twenty (120) days  
 25 after ~~his~~ **the member's** unconditional discharge; and
- 26 (4) would be entitled to service credit for military service under  
 27 the Uniformed Services Employment and Reemployment Rights  
 28 Act (38 U.S.C. 4301 et seq.) if the member had resumed service  
 29 with the member's employer within ninety (90) days after  
 30 discharge;

31 is entitled to service credit for the armed service.

32 (b) A state employee who left employment before January 1, 1946,  
 33 or an employee of a political subdivision who left employment before  
 34 the participation date, to enter the United States armed services is  
 35 entitled to service credit for the armed service if ~~he~~ **the employee:**

- 36 (1) except as provided in subsection (c), resumes service with the  
 37 employer within one hundred twenty (120) days after ~~his~~ **the**  
 38 **employee's** unconditional discharge; and
- 39 (2) would be entitled to service credit for military service under  
 40 the applicable requirements of federal law in effect at the time of  
 41 reemployment if the employee had resumed service with the  
 42 employee's employer within ninety (90) days after discharge.

43 (c) The board shall extend the one hundred twenty (120) day  
 44 reemployment requirement contained in subsection (a)(3) or (b)(1) if  
 45 the board determines that an illness, an injury, or a disability related to  
 46 the member's military service prevented the member from resuming

1 employment within one hundred twenty (120) days after the member's  
2 discharge from military service. However, the board may not extend the  
3 deadline beyond thirty (30) months after the member's discharge.

4 (d) If a member retires and the board subsequently determines that  
5 the member is entitled to additional service credit due to the extension  
6 of a deadline under subsection (c), the board shall recompute the  
7 member's benefit. However, the additional service credit may be used  
8 only in the computation of benefits to be paid after the date of the  
9 board's determination, and the member is not entitled to a  
10 recomputation of benefits received before the date of the board's  
11 determination.

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

16 (f) Subject to the provisions of this section, an active member may  
17 purchase not more than two (2) years of service credit for the member's  
18 service on active duty in the armed services if the member meets the  
19 following conditions:

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

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

24 (3) The member receives an honorable discharge from the armed  
25 services.

26 (4) Before the member retires, the member makes contributions  
27 to the fund as follows:

28 (A) Contributions that are equal to the product of the  
29 following:

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

32 (ii) A rate, determined by the actuary of the fund, that is  
33 based on the age of the member at the time the member  
34 actually makes a contribution for service credit and  
35 computed to result in a contribution amount that  
36 approximates the actuarial present value of the benefit  
37 attributable to the service credit purchased.

38 (iii) The number of years of service credit the member  
39 intends to purchase.

40 (B) Contributions for any accrued interest, at a rate determined  
41 by the actuary of the fund, for the period from the member's  
42 initial membership in the fund to the date payment is made by  
43 the member.

44 However, a member is entitled to purchase service credit under this  
45 subsection only to the extent that service credit is not granted for that  
46 time under another provision of this section. At least ~~ten (10)~~ **eight (8)**



1 years of service in Indiana is required before a member may receive a  
2 benefit based on service credits purchased under this section. A  
3 member who terminates employment before satisfying the eligibility  
4 requirements necessary to receive a monthly allowance or receives a  
5 monthly allowance for the same service from another tax supported  
6 public employee retirement plan other than under the federal Social  
7 Security Act may withdraw the purchase amount plus accumulated  
8 interest after submitting a properly completed application for a refund  
9 to the fund.

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

12 (1) The board may allow a member to make periodic payments of  
13 the contributions required for the purchase of the service credit.  
14 The board shall determine the length of the period during which  
15 the payments must be made.

16 (2) The board may deny an application for the purchase of service  
17 credit if the purchase would exceed the limitations under Section  
18 415 of the Internal Revenue Code.

19 (3) A member may not claim the service credit for purposes of  
20 determining eligibility or computing benefits unless the member  
21 has made all payments required for the purchase of the service  
22 credit."

23 Page 4, after line 11, begin a new paragraph and insert:  
24 "SECTION 15. [EFFECTIVE JULY 1, 2007] **IC 5-10.2-3-1.2,**  
25 **IC 5-10.2-3-7.5, IC 5-10.3-6-8, IC 5-10.3-6-8.5, IC 5-10.3-6-8.9,**  
26 **IC 5-10.3-7-4.5, IC 5-10.3-7-4.6, and IC 5-10.3-7-5, all as amended**  
27 **by this act, apply to members of the public employees' retirement**  
28 **fund after December 31, 2007."**

29 Renumber all SECTIONS consecutively.  
(Reference is to ESB 568 as printed March 16, 2007.)

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Representative Tincher