



April 10, 2009

**ENGROSSED  
HOUSE BILL No. 1048**

DIGEST OF HB 1048 (Updated April 8, 2009 11:03 am - DI 102)

**Citations Affected:** IC 2-3.5; IC 5-10; IC 5-10.2; IC 5-10.3; IC 5-10.4; IC 5-10.5; IC 33-38; IC 33-39; IC 36-8; noncode.

**Synopsis:** Indiana public retirement system. Establishes the Indiana public retirement system (system) to administer and manage the following: (1) The public employees' retirement fund (PERF). (2) The teachers' retirement fund (TRF). (3) The judges' retirement fund. (4) The prosecuting attorneys retirement fund. (5) The state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement fund. (6) The 1977 police officers' and firefighters' pension and disability fund. (7) The legislators' retirement system. (8) The pension relief fund. (9) The special death benefit fund. (10) The state employees' death benefit fund. Creates a seven member board of trustees for the system (board) consisting of six members appointed by the governor and the director of the budget agency (or designee) serving as an ex officio voting member. Requires a trustee to complete annually at least 12 hours of trustee education. Provides that the board's  
(Continued next page)

**Effective:** July 1, 2009.

**Niezgodski, Leonard**

(SENATE SPONSORS — KRUSE, TALLIAN, BRODEN, DEIG)

January 7, 2009, read first time and referred to Committee on Labor and Employment.  
February 17, 2009, reported — Do Pass.  
February 19, 2009, read second time, ordered engrossed. Engrossed.  
February 23, 2009, read third time, passed. Yeas 90, nays 1.

SENATE ACTION

February 24, 2009, read first time and referred to Committee on Pensions and Labor.  
April 9, 2009, amended, reported favorably — Do Pass.

C  
o  
p  
y

EH 1048—LS 6330/DI 102+



Digest Continued

powers and duties are the combined powers and duties of the PERF and TRF boards. Provides that each retirement fund continues as a separate fund managed by the board. Provides for a director of the system who is appointed by and serves at the pleasure of the board. Requires the director to employ managers for PERF and TRF. Allows the director to employ managers for one or more of the other public retirement funds of the system. Eliminates the treasurer of state as the treasurer of PERF and reassigns the treasurer's duties to the board and director of the system. Makes conforming and technical corrections. Repeals provisions that establish the PERF and TRF boards and the treasurer of state's role as PERF treasurer.

**C  
o  
p  
y**



April 10, 2009

First Regular Session 116th General Assembly (2009)

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 2008 Regular Session of the General Assembly.

# ENGROSSED HOUSE BILL No. 1048

C  
O  
P  
Y

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 2-3.5-2-2.7 IS ADDED TO THE INDIANA CODE  
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2009]: **Sec. 2.7. "Board" refers to the board of trustees of the  
4 Indiana public retirement system established by IC 5-10.5-3-1.**

5 SECTION 2. IC 5-10-5.5-1, AS AMENDED BY P.L.227-2007,  
6 SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
7 JULY 1, 2009]: Sec. 1. As used in this chapter and unless the context  
8 clearly denotes otherwise:

9 **(a) "Board" refers to the board of trustees of the Indiana public  
10 retirement system established by IC 5-10.5-2.**

11 ~~(a)~~ **(b)** "Department" means the Indiana department of natural  
12 resources.

13 ~~(b)~~ **(c)** "Commission" means the alcohol and tobacco commission.

14 ~~(c)~~ **(d)** "Officer" means any Indiana state excise police officer, any  
15 Indiana state conservation enforcement officer, any gaming agent, or  
16 any gaming control officer.

17 ~~(d)~~ **(e)** "Participant" means any officer who has elected to participate

**EH 1048—LS 6330/DI 102+**



1 in the retirement plan created by this chapter.

2 ~~(e)~~ (f) "Salary" means the total compensation, exclusive of expense  
3 allowances, paid to any officer by the department or the commission,  
4 determined without regard to any salary reduction agreement  
5 established under Section 125 of the Internal Revenue Code.

6 ~~(f)~~ (g) "Average annual salary" means the average annual salary of  
7 an officer during the five (5) years of highest annual salary in the ten  
8 (10) years immediately preceding an officer's retirement date,  
9 determined without regard to any salary reduction agreement  
10 established under Section 125 of the Internal Revenue Code.

11 ~~(g)~~ (h) "Public employees' retirement act" means IC 5-10.3.

12 ~~(h)~~ (i) "Public employees' retirement fund" means the public  
13 employees' retirement fund created by IC 5-10.3-2.

14 ~~(i)~~ (j) "Interest" means the same rate of interest as is specified under  
15 the public employees' retirement law.

16 ~~(j)~~ (k) "Americans with Disabilities Act" refers to the Americans  
17 with Disabilities Act (42 U.S.C. 12101 et seq.) and any amendments  
18 and regulations related to the Act.

19 ~~(k)~~ (l) Other words and phrases when used in this chapter shall, for  
20 the purposes of this chapter, have the meanings respectively ascribed  
21 to them as set forth in IC 5-10.3-1.

22 SECTION 3. IC 5-10-5.5-3 IS AMENDED TO READ AS  
23 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. (a) The management  
24 administration of the retirement plan created by this chapter is hereby  
25 vested in the board. ~~of trustees of the public employees' retirement~~  
26 ~~fund.~~

27 (b) Records of individual participants in the retirement plan created  
28 by this chapter and participants' information are confidential, except for  
29 the name and years of service of a retirement plan participant.

30 SECTION 4. IC 5-10-5.5-7.5, AS ADDED BY P.L.180-2007,  
31 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
32 JULY 1, 2009]: Sec. 7.5. (a) As used in this section, "board" refers to  
33 the board of trustees of the ~~public employees' retirement fund~~  
34 ~~established by IC 5-10.3-3-1. Indiana public retirement system~~  
35 **established by IC 5-10.5-3-1.**

36 (b) As used in this section, "public retirement fund" refers  
37 collectively to:

38 (1) the public employees' retirement fund (IC 5-10.3);  
39 (2) the Indiana state teachers' retirement fund (IC 5-10.4);  
40 (3) the state police pension trust (IC 10-12); and  
41 (4) the 1977 police officers' and firefighters' pension and  
42 disability fund (IC 36-8-8).

C  
o  
p  
y



1 (c) Subject to this section, a participant may purchase service credit  
 2 for the participant's prior service in a position covered by a public  
 3 retirement fund.

4 (d) To purchase the service credit described in subsection (c), a  
 5 participant must meet the following requirements:

6 (1) The participant has at least one (1) year of creditable service  
 7 in the retirement plan created by this chapter.

8 (2) The participant has not attained vested status in and is not an  
 9 active participant in the public retirement fund from which the  
 10 participant is purchasing the service credit.

11 (3) Before the participant retires, the participant makes  
 12 contributions to the retirement plan created by this chapter as  
 13 follows:

14 (A) Contributions that are equal to the product of the  
 15 following:

16 (i) The participant's salary at the time the participant actually  
 17 makes a contribution for the service credit.

18 (ii) A rate, determined by the actuary for the retirement plan  
 19 created by this chapter, based on the age of the participant  
 20 at the time the participant actually makes a contribution for  
 21 service credit and computed to result in a contribution  
 22 amount that approximates the actuarial present value of the  
 23 benefit attributable to the service credit purchased.

24 (iii) The number of years of service credit the participant  
 25 intends to purchase.

26 (B) Contributions for any accrued interest, at a rate determined  
 27 by the actuary for the retirement plan created by this chapter,  
 28 for the period from the participant's initial participation in the  
 29 retirement plan created by this chapter to the date payment is  
 30 made by the participant.

31 (e) At the request of the participant purchasing service credit under  
 32 this section, the amount a participant is required to contribute under  
 33 subsection (d)(3) may be reduced by a trustee to trustee transfer from  
 34 a public retirement fund in which the participant has an account that  
 35 contains amounts attributable to member contributions, **including**  
 36 **contributions made on behalf of a member** (plus any credited  
 37 earnings) to the retirement plan created by this chapter. The participant  
 38 may direct the transfer of an amount only to the extent necessary to  
 39 fund the service purchase under subsection (d)(3). The participant shall  
 40 complete any forms required by the public retirement fund from which  
 41 the participant is requesting a transfer or the retirement plan created by  
 42 this chapter before the transfer is made.

C  
O  
P  
Y



- 1 (f) At least ten (10) years of service in the retirement plan created
- 2 by this chapter is required before a participant may receive a benefit
- 3 based on service credit purchased under this section.
- 4 (g) A participant who:
  - 5 (1) terminates employment before satisfying the eligibility
  - 6 requirements necessary to receive an annual retirement
  - 7 allowance; or
  - 8 (2) receives an annual retirement allowance for the same service
  - 9 from another tax supported governmental retirement plan other
  - 10 than under the federal Social Security Act;
  - 11 may withdraw the purchase amount plus accumulated interest after
  - 12 submitting a properly completed application for a refund to the
  - 13 retirement plan created by this chapter.
- 14 (h) The following may apply to the purchase of service credit under
- 15 this section:
  - 16 (1) The board may allow a participant to make periodic payments
  - 17 of the contributions required for the purchase of the service credit.
  - 18 The board shall determine the length of the period during which
  - 19 the payments must be made.
  - 20 (2) The board may deny an application for the purchase of service
  - 21 credit if the purchase would exceed the limitations under Section
  - 22 415 of the Internal Revenue Code.
  - 23 (3) A participant may not claim the service credit for purposes of
  - 24 determining eligibility for a benefit or computing benefits unless
  - 25 the participant has made all payments required for the purchase
  - 26 of the service credit.
- 27 (i) To the extent permitted by the Internal Revenue Code and
- 28 applicable regulations, the retirement plan created by this chapter may
- 29 accept, on behalf of a participant who is purchasing permissive service
- 30 credit under this chapter, a rollover of a distribution from any of the
- 31 following:
  - 32 (1) A qualified plan described in Section 401(a) or Section 403(a)
  - 33 of the Internal Revenue Code.
  - 34 (2) An annuity contract or account described in Section 403(b) of
  - 35 the Internal Revenue Code.
  - 36 (3) An eligible plan that is maintained by a state, a political
  - 37 subdivision of a state, or an agency or instrumentality of a state or
  - 38 political subdivision of a state under Section 457(b) of the
  - 39 Internal Revenue Code.
  - 40 (4) An individual retirement account or annuity described in
  - 41 Section 408(a) or Section 408(b) of the Internal Revenue Code.
  - 42 (j) To the extent permitted by the Internal Revenue Code and

C  
O  
P  
Y



1 applicable regulations, the retirement plan created by this chapter may  
2 accept, on behalf of a participant who is purchasing permissive service  
3 credit under this chapter, a trustee to trustee transfer from any of the  
4 following:

5 (1) An annuity contract or account described in Section 403(b) of  
6 the Internal Revenue Code.

7 (2) An eligible deferred compensation plan under Section 457(b)  
8 of the Internal Revenue Code.

9 SECTION 5. IC 5-10.2-1-1 IS AMENDED TO READ AS  
10 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. ~~Board:~~ "Board" as  
11 used in this article means the board of trustees of the ~~Indiana state~~  
12 ~~teachers' retirement fund and the board of trustees of the public~~  
13 ~~employees' retirement fund.~~ **Indiana public retirement system**  
14 **established by IC 5-10.5-3-1.**

15 SECTION 6. IC 5-10.2-2-1 IS AMENDED TO READ AS  
16 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. ~~Scope; Purpose:~~ (a)  
17 This article applies to the Indiana state teachers' retirement fund and  
18 the public employees' retirement fund. Each retirement fund covered  
19 by this article is a separate retirement fund managed by ~~its~~ **the** board  
20 under ~~its~~ **the fund's** retirement fund law. ~~Each~~ **The** board shall make  
21 and publish regulations which are appropriate to the efficient  
22 administration of this article. The obligations of the state and political  
23 subdivisions for benefit payments are specified in each retirement fund  
24 law.

25 (b) Each fund is an independent body corporate and politic. A fund  
26 is not a department or agency of the state but is an independent  
27 instrumentality exercising essential government functions.

28 (c) ~~For purposes of IC 34-13-2, IC 34-13-3, and IC 34-13-4, each~~  
29 ~~board; each fund; and all employees of each board or fund are public~~  
30 ~~employees (as defined in IC 34-6-2-38). All employees of each board~~  
31 ~~or fund employed within a classification covered by a labor agreement~~  
32 ~~to which the state is a party shall continue to remain subject to the~~  
33 ~~terms and conditions of that agreement and any successor labor~~  
34 ~~agreements entered into by the state:~~

35 (c) The benefits specified in this article and the benefits from the  
36 Social Security Act provide the retirement, disability, and survivor  
37 benefits for public employees and teachers. However, this article does  
38 not prohibit a political subdivision from establishing and providing  
39 before January 1, 1995, and continuing to provide after January 1,  
40 1995, retirement, disability, and survivor benefits for the public  
41 employees of the political subdivision independent of this article if the  
42 political subdivision took action before January 1, 1995, and was not

C  
o  
p  
y



1 a participant in the public employees' retirement fund on January 1,  
2 1995, under this article or IC 5-10.3.

3 SECTION 7. IC 5-10.2-2-2 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. (a) The board of the  
5 ~~public employees' retirement fund~~ shall maintain the following separate  
6 accounts **in the public employees' retirement fund:**

- 7 (1) The annuity savings account.
- 8 (2) The retirement allowance account.

9 (b) The board of the ~~Indiana state teachers' retirement fund~~ shall  
10 maintain the following two (2) separate accounts **in the Indiana state**  
11 **teachers' retirement fund:**

- 12 (1) The pre-1996 account.
- 13 (2) The 1996 account.

14 (c) Within each account specified in subsection (b), the board of the  
15 ~~Indiana state teachers' retirement fund~~ shall maintain the following  
16 separate subaccounts:

- 17 (1) The annuity savings account.
- 18 (2) The retirement allowance account.

19 SECTION 8. IC 5-10.2-9-2, AS ADDED BY P.L.149-2007,  
20 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
21 JULY 1, 2009]: Sec. 2. As used in this chapter, "board" refers to the  
22 following:

- 23 ~~(1) the board of trustees of the Indiana state teachers' retirement~~  
24 ~~fund;~~
- 25 ~~(2) the board of trustees of the public employees' retirement fund;~~  
26 **board of trustees of the Indiana public retirement system**  
27 **established by IC 5-10.5-3-1.**

28 SECTION 9. IC 5-10.3-1-1 IS AMENDED TO READ AS  
29 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. ~~Board:~~ "Board" as  
30 used in this article means the board of trustees of the ~~public employees'~~  
31 ~~retirement fund:~~ **Indiana public retirement system established by**  
32 **IC 5-10.5-3-1.**

33 SECTION 10. IC 5-10.3-1-2.5 IS AMENDED TO READ AS  
34 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2.5. As used in this  
35 article, "director" refers to the director of the ~~fund:~~ **Indiana public**  
36 **retirement system established by IC 5-10.5-2-1.**

37 SECTION 11. IC 5-10.3-2-1 IS AMENDED TO READ AS  
38 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. ~~Establishment of~~  
39 ~~Fund and Board:~~ (a) The public employees' retirement fund of Indiana,  
40 referred to as the fund, is established to pay benefits to officers and  
41 employees of the state and its political subdivisions after specified  
42 years of service and under other specified circumstances. The purpose

C  
o  
p  
y





1 of the fund is to promote economy and efficiency in the administration  
 2 of state and local government by providing an orderly way for members  
 3 to be retired without prejudice and without inflicting hardship on the  
 4 retired member.

5 (b) The fund is a trust. The board of trustees of the ~~public~~  
 6 ~~employees' retirement fund referred to as the board;~~ **Indiana public**  
 7 **retirement system** shall administer the fund and implement this  
 8 article, without the supervision of the department of insurance.

9 SECTION 12. IC 5-10.3-3-7 IS AMENDED TO READ AS  
 10 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. The board shall do  
 11 all of the following:

12 (1) Appoint **and fix the salary of** a director. ~~subject to the~~  
 13 ~~approval of the governor.~~

14 (2) Appoint an actuary and employ or contract with employees,  
 15 auditors, technical experts, legal counsel, and other service  
 16 providers as it considers necessary to transact the business of the  
 17 fund, without the approval of any state officer.

18 (3) Fix the compensation of persons:

19 (A) appointed or employed by the board; or

20 (B) who contract with the board.

21 (4) Establish a general office in Indianapolis for board meetings  
 22 and for administrative personnel.

23 (5) Provide for the installation in the general office of a complete  
 24 system of books, accounts including reserve accounts, and records  
 25 in order to give effect to all the requirements of this article and to  
 26 assure the proper operation of the fund.

27 (6) Provide for a report at least annually, before June 1, to each  
 28 member of the amount credited to him in the annuity savings  
 29 account in each investment program under IC 5-10.2-2.

30 (7) With the advice of the actuary, adopt actuarial tables and  
 31 compile data needed for actuarial studies which are necessary for  
 32 the fund's operation.

33 (8) Act on applications for benefits and claims of error filed by  
 34 members.

35 (9) Have the accounts of the fund audited annually by the state  
 36 board of accounts, **and if the board determines that it is**  
 37 **advisable, have the operation of a public pension or**  
 38 **retirement fund of the system audited by a certified public**  
 39 **accounting firm.**

40 (10) Publish for the members a synopsis of the fund's condition.

41 (11) Adopt a budget on a calendar year or fiscal year basis that is  
 42 sufficient, as determined by the board, to perform the board's

C  
O  
P  
Y



1 duties and, as appropriate and reasonable, draw upon fund assets  
 2 to fund the budget.  
 3 (12) Expend money, including income from the fund's  
 4 investments, for effectuating the fund's purposes.  
 5 (13) Establish personnel programs and policies for its employees.  
 6 (14) Submit a report of its activities each year **before November**  
 7 **1** to the governor, the pension management oversight commission,  
 8 and the budget committee. ~~before November 1 of each year.~~ **The**  
 9 **report to the pension management oversight commission must**  
 10 **be submitted in an electronic format under IC 5-14-6.** The  
 11 report under this subdivision must set forth a complete operating  
 12 and financial statement covering its operations during the most  
 13 recent **available audited** fiscal year, including information on the  
 14 following:  
 15 (A) Investment performance.  
 16 (B) Investment and administrative costs as a percentage of  
 17 assets under management.  
 18 (C) Investment asset allocation strategy.  
 19 (D) Member services.  
 20 (E) Member communications.  
 21 (15) Establish a code of ethics or decide to be under the  
 22 jurisdiction and rules adopted by the state ethics commission.  
 23 **(16) Submit to the auditor or treasurer vouchers or reports**  
 24 **necessary to claim amounts due from the state to a public**  
 25 **pension or retirement fund of the system administered by the**  
 26 **board.**  
 27 SECTION 13. IC 5-10.3-3-8 IS AMENDED TO READ AS  
 28 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) The board may  
 29 do any of the following:  
 30 (1) Establish and amend rules and regulations:  
 31 (A) for the administration and regulation of the fund and the  
 32 board's affairs; and  
 33 (B) to effectuate the powers and purposes of the board;  
 34 without adopting a rule under IC 4-22-2.  
 35 (2) Make contracts and sue and be sued as the board of trustees of  
 36 the ~~public employees' retirement fund of Indiana.~~ **Indiana public**  
 37 **retirement system.**  
 38 (3) Delegate duties to its employees.  
 39 (4) Enter into agreements with one (1) or more insurance  
 40 companies to provide life, hospitalization, surgical, medical,  
 41 dental, vision, long term care, or supplemental Medicare  
 42 insurance, utilizing individual or group insurance policies for

C  
O  
P  
Y



1 retired members of the fund, and, upon authorization of the  
 2 respective member, deduct premium payments for such policies  
 3 from the members' retirement benefits and remit the payments to  
 4 the insurance companies.  
 5 (5) Enter into agreements with one (1) or more insurance  
 6 companies to provide annuities for retired members of the fund,  
 7 and, upon a member's authorization, transfer the amount credited  
 8 to the member in the annuity savings account to the insurance  
 9 companies.  
 10 (6) For the 1977 police officers' and firefighters' pension and  
 11 disability fund, deduct from benefits paid and remit to the  
 12 appropriate entities amounts authorized by IC 36-8-8-17.2.  
 13 (7) Whenever the fund's membership is sufficiently large for  
 14 actuarial valuation, establish an employer's contribution rate for  
 15 all employers, including employers with special benefit provisions  
 16 for certain employees.  
 17 (8) Amortize prior service liability over a period of forty (40)  
 18 years or less.  
 19 (9) Recover payments made under false or fraudulent  
 20 representation.  
 21 (10) Exercise all powers necessary, convenient, or appropriate to  
 22 carry out and effectuate its public and corporate purposes and to  
 23 conduct its business.  
 24 (b) An agreement under subsection (a)(4) may be for a duration of  
 25 three (3) years.  
 26 (c) This subsection does not apply to investments of the board. A  
 27 contract under subsection (a)(2) may be for a term of not more than  
 28 five (5) years, with an ability to renew thereafter.  
 29 (d) The board's powers and the fund's powers specified in this  
 30 chapter shall be interpreted broadly to effectuate the purposes of this  
 31 chapter and may not be construed as a limitation of powers.  
 32 SECTION 14. IC 5-10.3-3-10 IS AMENDED TO READ AS  
 33 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 10. ~~The Actuary. The~~  
 34 ~~actuary is the technical advisor on the operation of the fund.~~ The  
 35 actuary shall perform the duties specified in this article and in  
 36 IC 5-10.2 and all other duties assigned by the board.  
 37 SECTION 15. IC 5-10.3-5-4 IS AMENDED TO READ AS  
 38 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4. (a) Securities shall  
 39 be held for the fund by banks or trust companies under a custodial  
 40 agreement. Income, interest, proceeds of sale, materials, redemptions,  
 41 and all other receipts from securities and other investments which the  
 42 board retains for the cash working balance shall be deposited ~~with the~~

C  
o  
p  
y



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42

~~treasurer of state.~~ **as authorized by the board.**

(b) The board may contract with investment counsel, trust companies, or banks to assist the board in its investment program.

SECTION 16. IC 5-10.3-11-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. There is created within the public employees' retirement fund a separate account known as the pension relief fund. This fund is administered by the board of trustees of the ~~public employees' retirement fund;~~ **Indiana public retirement system**, referred to as the "state board" in this chapter. The pension relief fund consists of revenues received under IC 6-7-1-28.1(4), IC 7.1-4-12-1, any appropriations to the fund, and earnings on these revenues.

SECTION 17. IC 5-10.4-1-5, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. "Board" refers to the board of trustees of the ~~Indiana state teachers' retirement fund;~~ **Indiana public retirement system established by IC 5-10.5-3-1.**

SECTION 18. IC 5-10.4-3-6, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. (a) A trustee shall give bond as specified periodically by the state board of finance.

(b) The board shall do all the following:

- (1) Act on an application for benefits.
  - (2) Provide the necessary forms for administering the fund.
  - (3) Establish records and accounts, which:
    - (A) provide the necessary information for an actuary's examination; and
    - (B) are sanctioned by the state board of accounts.
  - (4) Maintain individual records for each member containing the member's:
    - (A) name;
    - (B) date of birth;
    - (C) age at beginning service;
    - (D) service record;
    - (E) address;
    - (F) contributions to the fund;
    - (G) amounts withdrawn; and
    - (H) benefits paid;
- and other items considered necessary.

(5) Employ or contract with employees, auditors, technical experts, legal counsel, and other service providers as the board considers necessary to transact the business of the fund without

C  
o  
p  
y



- 1 the approval of any state officer, and fix the compensation of
- 2 those persons.
- 3 (6) Make rules as required to administer the fund.
- 4 (7) Publish a summary of the fund's condition.
- 5 (8) Provide for a report for each member, at least annually before
- 6 June 1, of the value of the amount credited to the member in the
- 7 annuity savings account in each investment program under
- 8 IC 5-10.2-2.
- 9 (9) Provide for the installation in the general office of a complete
- 10 system of:
- 11 (A) books;
- 12 (B) accounts, including reserve accounts; and
- 13 (C) records;
- 14 to give effect to all the requirements of this article and to ensure
- 15 the proper operation of the fund.
- 16 (10) Appoint an actuary.
- 17 (11) With the advice of the actuary, adopt actuarial tables and
- 18 compile data needed for actuarial studies necessary for the fund's
- 19 operation.
- 20 (12) Adopt a budget on a calendar year or fiscal year basis that is
- 21 sufficient, as determined by the board, to perform the board's
- 22 duties and, as appropriate and reasonable, draw upon fund assets
- 23 to fund the budget.
- 24 (13) Expend money, including income from the fund's
- 25 investments, for effectuating the fund's purposes.
- 26 (14) Establish personnel programs and policies for the employees
- 27 of the board.
- 28 (15) Submit a report of the board's activities to the governor, the
- 29 pension management oversight commission, and the budget
- 30 committee before November 1 of each year. **The report to the**
- 31 **pension management oversight commission must be submitted**
- 32 **in an electronic format under IC 5-14-6.** The report under this
- 33 subdivision shall set forth a complete operating and financial
- 34 statement covering the board's operations during the most recent
- 35 **available audited** fiscal year, including information on the
- 36 following:
- 37 (A) Investment performance.
- 38 (B) Investment and administrative costs as a percentage of
- 39 assets under management.
- 40 (C) Investment asset allocation strategy.
- 41 (D) Member services.
- 42 (E) Member communications.

COPY



- 1 (16) Establish a code of ethics or decide to be under the
- 2 jurisdiction and rules adopted by the state ethics commission.
- 3 SECTION 19. IC 5-10.4-3-8, AS ADDED BY P.L.2-2006,
- 4 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 5 JULY 1, 2009]: Sec. 8. (a) The board may do the following:
- 6 (1) **Without adopting a rule under IC 4-22-2**, adopt and enforce
- 7 rules regarding the fund's administration and the control and
- 8 investment of the fund.
- 9 (2) Give bond for an employee for the fund's protection.
- 10 (3) Receive the state's share of the cost of the pension
- 11 contribution from the federal government for a member on leave
- 12 of absence in order to work in a federally supported educational
- 13 project.
- 14 (4) Sue and be sued as the board of trustees of the Indiana ~~state~~
- 15 ~~teachers' retirement fund:~~ **public retirement system.**
- 16 (5) Summon and examine witnesses when adjusting claims.
- 17 (6) When adjusting disability claims, require medical
- 18 examinations by doctors approved or appointed by the board. Not
- 19 more than two (2) examinations may be conducted in one (1)
- 20 year.
- 21 (7) Conduct investigations to help determine the merit of a claim.
- 22 (8) Meet an emergency that may arise in the administration of the
- 23 board's trust.
- 24 (9) Determine other matters regarding the board's trust that are
- 25 not specified.
- 26 (10) Enter into agreements with an insurance company to provide
- 27 life, hospitalization, surgical, medical, dental, vision, long term
- 28 care, or supplemental Medicare insurance, using individual or
- 29 group insurance policies for retired teachers, and deduct premium
- 30 payments for the policies from the teachers' retirement benefits
- 31 and remit the payments to the insurance companies when
- 32 deduction is authorized by the respective retired teacher.
- 33 (11) Enter into agreements with one (1) or more insurance
- 34 companies to provide annuities for retired teachers and upon a
- 35 member's authorization transfer the amount credited to the
- 36 member in the annuity savings account to the insurance
- 37 companies.
- 38 (12) Exercise all powers necessary, convenient, or appropriate to
- 39 carry out and effectuate the board's public and corporate purposes
- 40 and to conduct the board's business.
- 41 (13) Establish and amend rules:
- 42 (A) for the administration and regulation of the fund and the

C  
O  
P  
Y



1 board's affairs; and  
 2 (B) to effectuate the powers and purposes of the board;  
 3 without adopting a rule under IC 4-22-2.  
 4 (b) An agreement under subsection (a)(10) may be for a duration of  
 5 three (3) years.  
 6 (c) This subsection does not apply to:  
 7 (1) an agreement under subsection (a)(10); or  
 8 (2) investments of the board.  
 9 A contract that the board enters into under section 10(b) of this chapter  
 10 or any other provision may be for a term of not more than five (5)  
 11 years, with the ability to renew.  
 12 (d) The board's powers and the fund's powers specified in this  
 13 chapter shall be interpreted broadly to effectuate the purposes of this  
 14 chapter and may not be construed as a limitation of powers.  
 15 SECTION 20. IC 5-10.4-3-9, AS ADDED BY P.L.2-2006,  
 16 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JULY 1, 2009]: Sec. 9. (a) The board is responsible for the fund's  
 18 property. The board may take and hold any property given outright or  
 19 on condition to the fund and shall perform the conditions accepted.  
 20 Unless restricted by a condition, the board may transfer the property  
 21 when necessary for the fund's benefit.  
 22 (b) The board shall receipt:  
 23 (1) property belonging to or coming into the fund and shall  
 24 judiciously invest the property; and  
 25 (2) money coming into the fund and, except as specified in  
 26 sections 13 and 14 of this chapter, shall deposit the money with  
 27 the state treasurer in the manner required of other state funds by  
 28 ~~IC 5-13~~ as authorized by the board.  
 29 (c) The board shall make quarterly reports to the auditor of state as  
 30 required by law for the transference of the fund to the auditor of state's  
 31 books.  
 32 ~~(d)~~ (e) The board shall direct the fund's disbursements on itemized  
 33 vouchers to the auditor of state approved by the president of the board  
 34 and the director or, in the absence or incapacity of both officers, by  
 35 another trustee directed by order of the board. The auditor of state then  
 36 shall issue a warrant on the treasurer of state.  
 37 SECTION 21. IC 5-10.4-3-14, AS ADDED BY P.L.2-2006,  
 38 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 39 JULY 1, 2009]: Sec. 14. All income and other receipts from securities  
 40 may be:  
 41 (1) collected by the custodian bank or safekeeping bank approved  
 42 for that purpose by the board and deposited in the custodial

C  
o  
p  
y



- 1 account or a checking account of the board;
- 2 (2) reinvested from the custodial account or checking account
- 3 when the board determines that the receipts may be safely
- 4 invested; or
- 5 (3) withdrawn by the board for the immediate needs of the fund
- 6 from the checking account or custodial account. ~~and then~~
- 7 ~~deposited with the treasurer of state; as required for other money~~
- 8 ~~coming into the fund.~~

9 SECTION 22. IC 5-10.5 IS ADDED TO THE INDIANA CODE AS  
 10 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 11 2009]:

12 **ARTICLE 10.5. INDIANA PUBLIC PENSION**  
 13 **MODERNIZATION ACT**

14 **Chapter 1. Definitions**

15 **Sec. 1. The definitions in this chapter apply throughout this**  
 16 **article.**

17 **Sec. 2. "Board" refers to the board of trustees of the system**  
 18 **established by IC 5-10.5-3-1.**

19 **Sec. 3. "Director" refers to the director of the system.**

20 **Sec. 4. "Public employees' retirement fund" means the public**  
 21 **employees' retirement fund established under IC 5-10.2 and**  
 22 **IC 5-10.3.**

23 **Sec. 5. "Public pension and retirement funds of the system"**  
 24 **means the public pension and retirement funds listed in**  
 25 **IC 5-10.5-2-2.**

26 **Sec. 6. "System" refers to the Indiana public retirement system**  
 27 **established by IC 5-10.5-2-1.**

28 **Sec. 7. "Teachers' retirement fund" means the Indiana state**  
 29 **teachers' retirement fund established under IC 5-10.2 and**  
 30 **IC 5-10.4.**

31 **Chapter 2. Indiana Public Retirement System**

32 **Sec. 1. On August 1, 2009, the Indiana public retirement system**  
 33 **is established.**

34 **Sec. 2. The system consists of the following public pension or**  
 35 **retirement funds:**

- 36 (1) The public employees' retirement fund established under
- 37 IC 5-10.2 and IC 5-10.3.
- 38 (2) The Indiana state teachers' retirement fund established
- 39 under IC 5-10.2 and IC 5-10.4.
- 40 (3) The Indiana judges' retirement fund established under
- 41 IC 33-38-6.
- 42 (4) The prosecuting attorneys retirement fund established

**C**  
**O**  
**P**  
**Y**





1 under IC 33-39-7.

2 (5) The state excise police, gaming agent, gaming control

3 officer, and conservation enforcement officers' retirement

4 fund established under IC 5-10-5.5.

5 (6) The 1977 police officers' and firefighters' pension and

6 disability fund established under IC 36-8-8.

7 (7) The legislators' retirement system established under

8 IC 2-3.5.

9 (8) The pension relief fund established under IC 5-10.3-11.

10 (9) The special death benefit fund established under

11 IC 5-10-10.

12 (10) The state employees' death benefit fund established under

13 IC 5-10-11.

14 **Sec. 3. The system is an independent body corporate and politic.**

15 **The system is not a department or agency of the state but is an**

16 **independent instrumentality exercising essential government**

17 **functions.**

18 **Sec. 4. For purposes of IC 34-13-2, IC 34-13-3, and IC 34-13-4,**

19 **the board, the system, and all employees of the board or the system**

20 **are public employees (as defined in IC 34-6-2-38).**

21 **Sec. 5. The system shall be managed and administered by a**

22 **board of trustees established under IC 5-10.5-3.**

23 **Sec. 6. Each public pension or retirement fund listed in section**

24 **2 of this chapter is a separate fund managed by the board under**

25 **this article and the retirement law applicable to the public pension**

26 **or retirement fund. The obligations of the state and political**

27 **subdivisions for benefit payments are specified in the retirement**

28 **law applicable to each public pension or retirement fund.**

29 **Chapter 3. Board of Trustees**

30 **Sec. 1. (a) The board of trustees of the Indiana public retirement**

31 **system is established.**

32 **(b) The board shall manage and administer each public pension**

33 **or retirement fund that comprises the system in accordance with:**

34 **(1) this article; and**

35 **(2) the retirement law applicable to the public pension or**

36 **retirement fund.**

37 **Sec. 2. (a) The board is composed of seven (7) trustees.**

38 **(b) The governor shall appoint six (6) of the trustees, as follows:**

39 **(1) At least one (1) of the trustees must be an active member**

40 **of the public employees' retirement fund with at least ten (10)**

41 **years of creditable service.**

42 **(2) At least one (1) of the trustees must be a retired member**

**C  
O  
P  
Y**



- 1           **of the public employees' retirement fund.**
- 2           **(3) At least one (1) of the trustees must be an active member**
- 3           **of the teachers' retirement fund.**
- 4           **(4) At least one (1) of the trustees must be a retired member**
- 5           **of the teachers' retirement fund.**
- 6           **(5) At least one (1) of the trustees must be an active or retired**
- 7           **police officer or firefighter who is a member of one (1) of the**
- 8           **following:**
  - 9           **(A) The 1925 police pension fund.**
  - 10           **(B) The 1937 firefighters' pension fund.**
  - 11           **(C) The 1953 police pension fund.**
  - 12           **(D) The 1977 police officers' and firefighters' pension and**
  - 13           **disability fund.**
- 14           **(6) Not more than four (4) trustees may be members of the**
- 15           **same political party.**
- 16           **(c) The director of the budget agency or the director's designee**
- 17           **is an ex officio voting member of the board. An individual**
- 18           **appointed under this subsection to serve as the director's designee**
- 19           **serves as a permanent designee until the individual is replaced by**
- 20           **the director of the budget agency.**
- 21           **(d) The governor shall fill a vacancy on the board by**
- 22           **appointment not later than forty-five (45) days after the date the**
- 23           **vacancy occurs.**
- 24           **(e) During the first year after an individual's initial appointment**
- 25           **as a trustee and each year thereafter during which the individual**
- 26           **serves as a trustee, an individual shall complete at least twelve (12)**
- 27           **hours of trustee education, at least two (2) hours in each of the**
- 28           **following areas:**
  - 29           **(1) Fiduciary duties and responsibilities of a trustee.**
  - 30           **(2) Ethics.**
  - 31           **(3) Governance process and procedures.**
  - 32           **(4) Retirement plan design and administration.**
  - 33           **(5) Investments.**
  - 34           **(6) Actuarial principles and methods.**
- 35           **(f) Subject to the director's approval, each trustee is entitled to**
- 36           **reimbursement for reasonable expenses actually incurred in**
- 37           **fulfilling the educational requirements under subsection (e). The**
- 38           **director shall give a preference for reimbursement for in-state**
- 39           **training that meets the requirements under subsection (e), if**
- 40           **in-state training is available.**
- 41           **Sec. 3. (a) A trustee shall serve a term of four (4) years,**
- 42           **beginning on August 1 following the trustee's appointment.**

**C  
O  
P  
Y**



1           **(b) Whenever a trustee is appointed to fill a vacancy caused by**  
2 **death or resignation, the trustee shall serve the unexpired term of**  
3 **the trustee's predecessor.**  
4           **(c) A trustee shall serve until the trustee's successor is appointed**  
5 **and qualified.**  
6           **Sec. 4. (a) Notwithstanding section 3(a) of this chapter, the**  
7 **initial terms of office for the six (6) individuals appointed to the**  
8 **board under section 2(b) of this chapter are as follows:**  
9           **(1) Two (2) trustees for a term of two (2) years.**  
10           **(2) Two (2) trustees for a term of three (3) years.**  
11           **(3) Two (2) trustees for a term of four (4) years.**  
12           **(b) The initial terms of office for the individuals appointed**  
13 **under subsection (a) begin August 1, 2009. When making the**  
14 **appointments to the board under subsection (a), the governor shall**  
15 **specify the initial term of each trustee appointed.**  
16           **(c) The governor shall appoint to initial terms of office under**  
17 **subsection (a) at least three (3) individuals who, on July 31, 2009,**  
18 **are serving as trustees of a public pension or retirement fund that,**  
19 **on August 1, 2009, becomes part of the system administered by the**  
20 **board.**  
21           **(d) This section expires August 1, 2013.**  
22           **Sec. 5. (a) Each trustee shall take an oath of office. The oath**  
23 **must be:**  
24           **(1) subscribed to by the trustee making the oath;**  
25           **(2) certified by the officer before whom the trustee takes the**  
26 **oath; and**  
27           **(3) filed with the secretary of state.**  
28           **(b) A trustee is qualified for membership on the board when the**  
29 **trustee's oath is filed with the secretary of state.**  
30           **Sec. 6. (a) Each trustee is entitled to reimbursement for**  
31 **necessary expenses actually incurred through service on the board.**  
32           **(b) Trustee expenses shall be paid from resources available to**  
33 **the board for that purpose.**  
34           **Sec. 7. (a) Not later than September 30 each year, the board**  
35 **shall elect a chair and vice chair from its members to serve as the**  
36 **officers of the board.**  
37           **(b) An officer shall serve for one (1) year or until the officer's**  
38 **successor is elected and qualified.**  
39           **Sec. 8. (a) The board shall hold:**  
40           **(1) an annual meeting in September each year; and**  
41           **(2) regular meetings at least quarterly.**  
42           **(b) The board may hold special meetings:**

**C**  
**O**  
**P**  
**Y**



- 1 (1) at the call of the chair; or
- 2 (2) with a written request signed by at least four (4) trustees.
- 3 (c) The board may hold its meetings at the system's general
- 4 offices or at any other place in the state that the board designates.
- 5 (d) All meetings must be open to the public in accordance with
- 6 IC 5-14-1.5.
- 7 (e) The board shall keep a record of its proceedings.
- 8 **Sec. 9. (a) This section applies to any meeting of the board.**
- 9 (b) A member of the board may participate in a meeting of the
- 10 board using any means of communication that permits:
- 11 (1) all other board members participating in the meeting; and
- 12 (2) all members of the public physically present at the place
- 13 where the meeting is conducted;
- 14 to simultaneously communicate with each other during the
- 15 meeting.
- 16 (c) A member of the board who participates in a meeting under
- 17 subsection (b) is considered to be present at the meeting.
- 18 (d) The memorandum of the meeting prepared under
- 19 IC 5-14-1.5-4 must also state the name of each member who:
- 20 (1) was physically present at the place where the meeting was
- 21 conducted;
- 22 (2) participated in the meeting using a means of
- 23 communication described in subsection (b); or
- 24 (3) was absent.
- 25 **Sec. 10. (a) Five (5) trustees constitute a quorum for the**
- 26 **transaction of business.**
- 27 (b) Each trustee is entitled to one (1) vote.
- 28 (c) A majority vote of the trustees appointed to the board is
- 29 required for the board to adopt a resolution or take other action at
- 30 a regular or special meeting.
- 31 **Chapter 4. Board Powers and Duties**
- 32 **Sec. 1. The board has the powers and duties formerly exercised**
- 33 **by:**
- 34 (1) the board of directors of the public employees' retirement
- 35 fund under IC 5-10.3-3-7; and
- 36 (2) the board of directors of the teachers' retirement fund
- 37 under IC 5-10.4-3-6.
- 38 **Sec. 2. The board may exercise any of the powers or perform**
- 39 **any of the duties formerly exercised by:**
- 40 (1) the board of directors of the public employees' retirement
- 41 fund under IC 5-10.3-3-8; and
- 42 (2) the board of directors of the teachers' retirement fund

COPY



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42

under IC 5-10.4-3-8.  
Sec. 3. The board's powers as specified in this article or the retirement law applicable to a public pension or retirement fund of the system:

- (1) shall be interpreted broadly to accomplish the purposes of this article or the applicable retirement law; and
- (2) may not be construed as a limitation of powers.

**Chapter 5. Investments**

Sec. 1. The board has the powers, duties, restrictions, limitations, and penalties in connection with the board's investment and management of the assets of the public pension and retirement funds of the system under the following provisions:

- (1) IC 5-10.2-2-2.5.
- (2) IC 5-10.2-2-13.
- (3) IC 5-10.2-2-18.
- (4) IC 5-10.3-3-7.1.
- (5) IC 5-10.3-5-3.
- (6) IC 5-10.3-5-3.1.
- (7) IC 5-10.3-5-4.
- (8) IC 5-10.3-5-5.
- (9) IC 5-10.3-5-6.
- (10) IC 5-10.4-3-7.
- (11) IC 5-10.4-3-9.
- (12) IC 5-10.4-3-10.
- (13) IC 5-10.4-3-11.
- (14) IC 5-10.4-3-12.
- (15) IC 5-10.4-3-13.
- (16) IC 5-10.4-3-14.
- (17) IC 5-10.4-3-15.
- (18) IC 5-10.4-3-16.

Sec. 2. The board's transactions under this chapter are subject to IC 2-3.5-3-3, IC 5-10-5.5-2.5, IC 5-10.2-2-1.5, IC 33-38-6-13, IC 33-39-7-22, and IC 36-8-8-2.5.

**Chapter 6. Director; Reports and Administration**

Sec. 1. (a) The director is the executive officer of the system and is responsible for the administration of the system.

(b) The director is appointed by and serves at the pleasure of the board.

Sec. 2. The director shall do the following:

- (1) Maintain a record of the board's proceedings.
- (2) Keep the books and records of the system.
- (3) Deposit payments made to the system with the custodian

C  
o  
p  
y



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42

- for the system's accounts.
- (4) Sign vouchers for the payment of money from the system as authorized by the board.
- (5) Execute a corporate surety bond in an amount specified by the board. The premium for the bond is an administrative expense of the system.
- (6) Employ:
  - (A) a manager for the teachers' retirement fund; and
  - (B) a manager for the public employees' retirement fund.
- The director may employ managers for one (1) or more of the other public pension and retirement funds of the system to assist in the operation and administration of the applicable public pension or retirement fund.
- (7) Perform other duties as assigned by the board.

Sec. 3. (a) The board shall maintain individual records for each member of a public pension or retirement fund of the system administered by the board.

(b) A member's record must include at least the following information:

- (1) The member's name.
- (2) Date of birth.
- (3) Age at beginning service.
- (4) Service record.
- (5) Address.
- (6) Contributions.
- (7) Amounts withdrawn.
- (8) Benefits paid.

Sec. 4. (a) Records of:

- (1) individual members of; and
- (2) membership information concerning;

a public pension or retirement fund administered by the board are confidential, except for the name and years of service of a member.

(b) This section does not prohibit the board from providing fund records to an association described in IC 2-3.5-4-12, IC 2-3.5-5-10, IC 5-10.3-8-10, IC 5-10.4-5-14, or IC 36-8-8-17.2.

Sec. 5. (a) Each public pension and retirement fund of the system shall pay the expenses of administration attributable to that public pension or retirement fund.

(b) The board shall:

- (1) prorate the expenses of administration of the system that cannot be attributed to a particular public pension or retirement fund and the bond of the director among; and

C  
O  
P  
Y



1 (2) pay the prorated expenses from;  
2 the public pension and retirement funds of the system.

3 Chapter 7. Short Title and Saving Provisions

4 Sec. 1. This article shall be known as and may be cited as the  
5 Indiana public pension modernization act.

6 Sec. 2. (a) All powers, duties, liabilities, property, equipment,  
7 records, rights, and contracts of the:

8 (1) board of trustees of the public employees' retirement fund;  
9 and

10 (2) board of trustees of the teachers' retirement fund;  
11 are transferred to or assumed by the board on August 1, 2009.

12 (b) The board shall provide indemnification of:

13 (1) the board of trustees of the public employees' retirement  
14 fund; and

15 (2) the board of trustees of the teachers' retirement fund;  
16 as necessary or appropriate in regard to any liabilities of the public  
17 employees' retirement fund or the teachers' retirement fund  
18 assumed by the board.

19 Sec. 3. Any amounts transferred under this subsection to the  
20 system that represent balances in any fund or account of the public  
21 employees' retirement fund or the teachers' retirement fund for the  
22 administration of the public pension and retirement funds  
23 administered by the public employees' retirement fund or the  
24 teachers' retirement fund before August 1, 2009, including any  
25 related services, shall be:

26 (1) deposited in a fund or account designed by the board; and

27 (2) used by the system for the administration of the public  
28 pension and retirement funds of the system and related  
29 services.

30 Sec. 4. The employees of the:

31 (1) public employees' retirement fund; and

32 (2) teachers' retirement fund;

33 become employees of the system on August 1, 2009, without change  
34 in compensation, seniority, or benefits. An employee of the public  
35 employees' retirement fund who is a member of the public  
36 employees' retirement fund before August 1, 2009, and becomes an  
37 employee of the system after July 31, 2009, remains a member of  
38 the public employees' retirement fund after July 31, 2009. An  
39 employee of the teachers' retirement fund who is a member of the  
40 teachers' retirement fund before August 1, 2009, and becomes an  
41 employee of the system after July 31, 2009, remains a member of  
42 the teachers' retirement fund after July 31, 2009.

C  
O  
P  
Y



1           **Sec. 5. Rules and regulations of:**  
2           **(1) the public employees' retirement fund; and**  
3           **(2) the teachers' retirement fund;**  
4           **in effect before August 1, 2009, are considered, after July 31, 2009,**  
5           **rules and regulations of the system.**  
6           **Sec. 6. (a) Any reference or cross-reference to:**  
7           **(1) the board of trustees of the public employees' retirement**  
8           **fund; or**  
9           **(2) the board of trustees of the teachers' retirement fund;**  
10           **in the Indiana Code shall be treated after July 31, 2009, as a**  
11           **reference or cross-reference to the board.**  
12           **(b) Any reference or cross-reference to:**  
13           **(1) the director of the public employees' retirement fund; or**  
14           **(2) the director of the teachers' retirement fund;**  
15           **in the Indiana Code shall be treated after July 31, 2009, as a**  
16           **reference or cross-reference to the director.**  
17           **Sec. 7. If any provision in this article conflicts with a provision**  
18           **in IC 5-10.2, IC 5-10.3, or IC 5-10.4, the provisions shall be read**  
19           **together to the extent possible with any conflict resolved in favor**  
20           **of the provision in this article.**  
21           SECTION 23. IC 33-38-6-2 IS AMENDED TO READ AS  
22           FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. As used in this  
23           chapter, "board" refers to the board of trustees of the ~~public employees'~~  
24           ~~retirement fund.~~ **Indiana public retirement system established by**  
25           **IC 5-10.5-3-1.**  
26           SECTION 24. IC 33-38-7-3 IS AMENDED TO READ AS  
27           FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. As used in this  
28           chapter, "board" refers to the board of trustees of the ~~public employees'~~  
29           ~~retirement fund.~~ **Indiana public retirement system established by**  
30           **IC 5-10.5-3-1.**  
31           SECTION 25. IC 33-38-8-3 IS AMENDED TO READ AS  
32           FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. As used in this  
33           chapter, "board" refers to the board of trustees of the ~~public employees'~~  
34           ~~retirement fund.~~ **Indiana public retirement system established by**  
35           **IC 5-10.5-3-1.**  
36           SECTION 26. IC 33-39-7-3 IS AMENDED TO READ AS  
37           FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. As used in this  
38           chapter, "board" refers to the board of trustees of the ~~public employees'~~  
39           ~~retirement fund.~~ **Indiana public retirement system established by**  
40           **IC 5-10.5-3-1.**  
41           SECTION 27. IC 36-8-8-4 IS AMENDED TO READ AS  
42           FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4. (a) There is

C  
O  
P  
Y





1 established a police officers' and firefighters' pension and disability  
2 fund to be known as the 1977 fund. The 1977 fund consists of fund  
3 member and employer contributions, plus the earnings on them, to be  
4 used to make benefit payments to fund members and their survivors in  
5 the amounts and under the conditions specified in this chapter.

6 (b) The board of trustees of the ~~public employees' retirement fund~~  
7 ~~(referred to in this chapter as the "PERF board")~~ **Indiana public**  
8 **retirement system (referred to in this chapter as the "system**  
9 **board")** shall administer the 1977 fund, which may be commingled  
10 with the public employees' retirement fund for investment purposes.  
11 All actuarial data shall be computed on the total membership of the  
12 fund, and the cost of participation is the same for all employers in the  
13 fund. The fund member and employer contributions shall be recorded  
14 separately for each employer.

15 (c) The 1977 fund advisory committee, referred to as the committee,  
16 is established. The ~~PERF system~~ board shall consult with the  
17 committee on matters pertaining to the administration of this chapter  
18 and IC 5-10.3-11. The committee shall consist of the following  
19 members appointed by the governor every two (2) years for a term of  
20 two (2) years:

- 21 (1) Two (2) firefighters:
  - 22 (A) each of whom must be an active or retired member of the
  - 23 1937 fund or the 1977 fund; and
  - 24 (B) neither of whom may be in an upper level policymaking
  - 25 position.
- 26 (2) Two (2) police officers:
  - 27 (A) each of whom must be an active or retired member of the
  - 28 1925 fund, the 1953 fund, or the 1977 fund; and
  - 29 (B) neither of whom may be in an upper level policymaking
  - 30 position.
- 31 (3) Two (2) members, each of whom must be an executive of an
- 32 employer.
- 33 (4) Two (2) members, each of whom must be a member of the
- 34 legislative body of an employer.

35 The term of each member begins on July 1 following appointment and  
36 continues until ~~his~~ **the member's** successor is qualified. A member of  
37 the committee who no longer holds the position that qualified ~~him~~ **the**  
38 **member** for appointment under subdivision (1), (2), (3), or (4) forfeits  
39 ~~his~~ **the member's** membership on the committee. The governor shall  
40 appoint a person to fill a vacancy on the committee for the remainder  
41 of the unexpired term.

42 (d) Each member of the committee who is not a state employee is

C  
o  
p  
y



1 entitled to reimbursement for expenses actually incurred in connection  
 2 with the member's duties. Such a member is also entitled to  
 3 reimbursement for traveling expenses and other expenses actually  
 4 incurred in connection with the member's duties, as approved by the  
 5 **PERF system** board.

6 SECTION 28. THE FOLLOWING ARE REPEALED [EFFECTIVE  
 7 JULY 1, 2009]: IC 2-3.5-2-9; IC 2-3.5-2-13; IC 5-10.2-2-16;  
 8 IC 5-10.2-2-17; IC 5-10.3-3-1; IC 5-10.3-3-2; IC 5-10.3-3-3;  
 9 IC 5-10.3-3-4; IC 5-10.3-3-5; IC 5-10.3-3-6; IC 5-10.3-3-9;  
 10 IC 5-10.3-4-1; IC 5-10.3-4-2; IC 5-10.3-9-5; IC 5-10.4-3-1;  
 11 IC 5-10.4-3-2; IC 5-10.4-3-3; IC 5-10.4-3-4; IC 5-10.4-3-5.

12 SECTION 29. [EFFECTIVE JULY 1, 2009] (a) As used in this  
 13 SECTION, "PERF board" refers to the board of trustees of the  
 14 public employees' retirement fund established under IC 5-10.3-3-1  
 15 (before its repeal by this act).

16 (b) As used in this SECTION, "PERF director" refers to the  
 17 director of the public employees' retirement fund whose duties are  
 18 described in IC 5-10.3-3-9 (before its repeal by this act).

19 (c) As used in this SECTION, "system board" refers to the  
 20 board of trustees of the Indiana public retirement system  
 21 established by IC 5-10.5-3-1, as added by this act.

22 (d) As used in this SECTION, "system director" refers to the  
 23 director of the Indiana public retirement system appointed under  
 24 IC 5-10.5-6-1, as added by this act.

25 (e) As used in this SECTION, "TRF board" refers to the board  
 26 of trustees of the Indiana state teachers' retirement fund  
 27 established under IC 5-10.4-3-1 (before its repeal by this act).

28 (f) As used in this SECTION, "TRF director" refers to the  
 29 director of the Indiana state teachers' retirement fund appointed  
 30 under IC 5-10.4-3-5 (before its repeal by this act).

31 (g) Notwithstanding the duties assigned to the system board by  
 32 IC 5-10-5.5-3, IC 5-10.2-1-1, IC 5-10.2-2-2, IC 5-10.2-9-2,  
 33 IC 5-10.3-1-1, IC 5-10.3-2-1, IC 5-10.3-11-1, IC 5-10.4-1-5,  
 34 IC 33-38-6-2, IC 33-38-7-3, IC 33-38-8-3, IC 33-39-7-3, and  
 35 IC 36-8-8-4, all as amended by this act, and IC 2-3.5-2-2.7 and  
 36 IC 5-10.5, both as added by this act, the PERF board and TRF  
 37 board shall continue to perform the duties assigned by:

38 (1) IC 5-10-5.5-3, IC 5-10.2-1-1, IC 5-10.2-2-2, IC 5-10.2-9-2,  
 39 IC 5-10.3-1-1, IC 5-10.3-2-1, IC 5-10.3-11-1, IC 5-10.4-1-5,  
 40 IC 33-38-6-2, IC 33-38-7-3, IC 33-38-8-3, IC 33-39-7-3, and  
 41 IC 36-8-8-4 (before their amendment by this act); and

42 (2) IC 2-3.5-2-9, IC 2-3.5-2-13, IC 5-10.2-2-16, IC 5-10.2-2-17,

C  
O  
P  
Y



1 IC 5-10.3-3-1, IC 5-10.3-3-2, IC 5-10.3-3-3, IC 5-10.3-3-4,  
2 IC 5-10.3-3-5, IC 5-10.3-3-6, IC 5-10.3-9-5, IC 5-10.4-3-1,  
3 IC 5-10.4-3-2, IC 5-10.4-3-3, and IC 5-10.4-3-4 (before their  
4 repeal by this act);

5 during the period after June 30, 2009, and before August 1, 2009.

6 (h) Notwithstanding the duties assigned to the system director  
7 by IC 5-10.3-1-2.5, as amended by this act, and IC 5-10.5, as added  
8 by this act, the PERF director and the TRF director shall continue  
9 to perform the duties assigned by:

- 10 (1) IC 5-10.3-1-2.5 (before its amendment by this act); and
- 11 (2) IC 5-10.3-3-9 and IC 5-10.4-3-5 (before their repeal by this
- 12 act);

13 during the period after June 30, 2009, and before August 1, 2009.

14 (i) This SECTION expires June 30, 2010.

15 SECTION 30. [EFFECTIVE JULY 1, 2009] (a) The legislative  
16 services agency shall prepare legislation for introduction in the  
17 2010 regular session of the general assembly to organize and  
18 correct statutes affected by this act.

19 (b) This SECTION expires June 30, 2010.

C  
O  
P  
Y



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred House Bill 1048, 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.

NIEZGODSKI, Chair

Committee Vote: yeas 10, nays 1.

---

 COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred House Bill No. 1048, 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, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 2-3.5-2-2.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 2.7. "Board" refers to the board of trustees of the Indiana public retirement system established by IC 5-10.5-3-1.**

SECTION 2. IC 5-10-5.5-1, AS AMENDED BY P.L.227-2007, SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. As used in this chapter and unless the context clearly denotes otherwise:

(a) **"Board" refers to the board of trustees of the Indiana public retirement system established by IC 5-10.5-2.**

(b) "Department" means the Indiana department of natural resources.

(c) "Commission" means the alcohol and tobacco commission.

(d) "Officer" means any Indiana state excise police officer, any Indiana state conservation enforcement officer, any gaming agent, or any gaming control officer.

(e) "Participant" means any officer who has elected to participate in the retirement plan created by this chapter.

(f) "Salary" means the total compensation, exclusive of expense allowances, paid to any officer by the department or the commission, determined without regard to any salary reduction agreement established under Section 125 of the Internal Revenue Code.

(g) "Average annual salary" means the average annual salary of an officer during the five (5) years of highest annual salary in the ten

C  
O  
P  
Y



(10) years immediately preceding an officer's retirement date, determined without regard to any salary reduction agreement established under Section 125 of the Internal Revenue Code.

~~(g)~~ **(h)** "Public employees' retirement act" means IC 5-10.3.

~~(h)~~ **(i)** "Public employees' retirement fund" means the public employees' retirement fund created by IC 5-10.3-2.

~~(i)~~ **(j)** "Interest" means the same rate of interest as is specified under the public employees' retirement law.

~~(j)~~ **(k)** "Americans with Disabilities Act" refers to the Americans with Disabilities Act (42 U.S.C. 12101 et seq.) and any amendments and regulations related to the Act.

~~(k)~~ **(l)** Other words and phrases when used in this chapter shall, for the purposes of this chapter, have the meanings respectively ascribed to them as set forth in IC 5-10.3-1.

SECTION 3. IC 5-10-5.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. (a) The management administration of the retirement plan created by this chapter is hereby vested in the board. ~~of trustees of the public employees' retirement fund.~~

(b) Records of individual participants in the retirement plan created by this chapter and participants' information are confidential, except for the name and years of service of a retirement plan participant.

SECTION 4. IC 5-10-5.5-7.5, AS ADDED BY P.L.180-2007, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7.5. (a) As used in this section, "board" refers to the board of trustees of the ~~public employees' retirement fund established by IC 5-10.3-3-1.~~ **Indiana public retirement system established by IC 5-10.5-3-1.**

(b) As used in this section, "public retirement fund" refers collectively to:

- (1) the public employees' retirement fund (IC 5-10.3);
- (2) the Indiana state teachers' retirement fund (IC 5-10.4);
- (3) the state police pension trust (IC 10-12); and
- (4) the 1977 police officers' and firefighters' pension and disability fund (IC 36-8-8).

(c) Subject to this section, a participant may purchase service credit for the participant's prior service in a position covered by a public retirement fund.

(d) To purchase the service credit described in subsection (c), a participant must meet the following requirements:

- (1) The participant has at least one (1) year of creditable service in the retirement plan created by this chapter.

C  
O  
P  
Y



(2) The participant has not attained vested status in and is not an active participant in the public retirement fund from which the participant is purchasing the service credit.

(3) Before the participant retires, the participant makes contributions to the retirement plan created by this chapter as follows:

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

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

(ii) A rate, determined by the actuary for the retirement plan created by this chapter, based on the age of the participant at the time the participant actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of service credit the participant intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the retirement plan created by this chapter, for the period from the participant's initial participation in the retirement plan created by this chapter to the date payment is made by the participant.

(e) At the request of the participant purchasing service credit under this section, the amount a participant is required to contribute under subsection (d)(3) may be reduced by a trustee to trustee transfer from a public retirement fund in which the participant has an account that contains amounts attributable to member contributions, **including contributions made on behalf of a member** (plus any credited earnings) to the retirement plan created by this chapter. The participant may direct the transfer of an amount only to the extent necessary to fund the service purchase under subsection (d)(3). The participant shall complete any forms required by the public retirement fund from which the participant is requesting a transfer or the retirement plan created by this chapter before the transfer is made.

(f) At least ten (10) years of service in the retirement plan created by this chapter is required before a participant may receive a benefit based on service credit purchased under this section.

(g) A participant who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive an annual retirement allowance; or

C  
o  
p  
y



(2) receives an annual retirement allowance for the same service from another tax supported governmental retirement plan other than under the federal Social Security Act; may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the retirement plan created by this chapter.

(h) The following may apply to the purchase of service credit under this section:

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

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

(3) A participant may not claim the service credit for purposes of determining eligibility for a benefit or computing benefits unless the participant has made all payments required for the purchase of the service credit.

(i) To the extent permitted by the Internal Revenue Code and applicable regulations, the retirement plan created by this chapter may accept, on behalf of a participant who is purchasing permissive service credit under this chapter, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(j) To the extent permitted by the Internal Revenue Code and applicable regulations, the retirement plan created by this chapter may accept, on behalf of a participant who is purchasing permissive service credit under this chapter, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b)

C  
O  
P  
Y



of the Internal Revenue Code.

SECTION 5. IC 5-10.2-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. ~~Board:~~ "Board" as used in this article means the board of trustees of the ~~Indiana state teachers' retirement fund and the board of trustees of the public employees' retirement fund.~~ **Indiana public retirement system established by IC 5-10.5-3-1.**

SECTION 6. IC 5-10.2-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. ~~Scope; Purpose:~~ (a) This article applies to the Indiana state teachers' retirement fund and the public employees' retirement fund. Each retirement fund covered by this article is a separate retirement fund managed by ~~its~~ **the** board under ~~its~~ **the fund's** retirement fund law. ~~Each~~ **The** board shall make and publish regulations which are appropriate to the efficient administration of this article. The obligations of the state and political subdivisions for benefit payments are specified in each retirement fund law.

(b) Each fund is an independent body corporate and politic. A fund is not a department or agency of the state but is an independent instrumentality exercising essential government functions.

(c) For purposes of ~~IC 34-13-2, IC 34-13-3, and IC 34-13-4,~~ each board, each fund, and all employees of each board or fund are public employees (as defined in ~~IC 34-6-2-38~~): All employees of each board or fund employed within a classification covered by a labor agreement to which the state is a party shall continue to remain subject to the terms and conditions of that agreement and any successor labor agreements entered into by the state.

~~(d)~~ (c) The benefits specified in this article and the benefits from the Social Security Act provide the retirement, disability, and survivor benefits for public employees and teachers. However, this article does not prohibit a political subdivision from establishing and providing before January 1, 1995, and continuing to provide after January 1, 1995, retirement, disability, and survivor benefits for the public employees of the political subdivision independent of this article if the political subdivision took action before January 1, 1995, and was not a participant in the public employees' retirement fund on January 1, 1995, under this article or IC 5-10.3.

SECTION 7. IC 5-10.2-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. (a) The board ~~of the public employees' retirement fund~~ shall maintain the following separate accounts **in the public employees' retirement fund:**

- (1) The annuity savings account.

C  
O  
P  
Y





(2) The retirement allowance account.  
(b) The board of the Indiana state teachers' retirement fund shall maintain the following two (2) separate accounts in the Indiana state teachers' retirement fund:

- (1) The pre-1996 account.
- (2) The 1996 account.

(c) Within each account specified in subsection (b), the board of the Indiana state teachers' retirement fund shall maintain the following separate subaccounts:

- (1) The annuity savings account.
- (2) The retirement allowance account.

SECTION 8. IC 5-10.2-9-2, AS ADDED BY P.L.149-2007, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. As used in this chapter, "board" refers to the following:

- (1) the board of trustees of the Indiana state teachers' retirement fund;
- (2) the board of trustees of the public employees' retirement fund; **board of trustees of the Indiana public retirement system established by IC 5-10.5-3-1.**

SECTION 9. IC 5-10.3-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. ~~Board:~~ "Board" as used in this article means the board of trustees of the ~~public employees' retirement fund:~~ **Indiana public retirement system established by IC 5-10.5-3-1.**

SECTION 10. IC 5-10.3-1-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2.5. As used in this article, "director" refers to the director of the ~~fund:~~ **Indiana public retirement system established by IC 5-10.5-2-1.**

SECTION 11. IC 5-10.3-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. ~~Establishment of Fund and Board:~~ (a) The public employees' retirement fund of Indiana, referred to as the fund, is established to pay benefits to officers and employees of the state and its political subdivisions after specified years of service and under other specified circumstances. The purpose of the fund is to promote economy and efficiency in the administration of state and local government by providing an orderly way for members to be retired without prejudice and without inflicting hardship on the retired member.

(b) The fund is a trust. The board of trustees of the ~~public employees' retirement fund referred to as the board:~~ **Indiana public retirement system** shall administer the fund and implement this

C  
o  
p  
y



article, without the supervision of the department of insurance.

SECTION 12. IC 5-10.3-3-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. The board shall do all of the following:

- (1) Appoint **and fix the salary of** a director. ~~subject to the approval of the governor.~~
- (2) Appoint an actuary and employ or contract with employees, auditors, technical experts, legal counsel, and other service providers as it considers necessary to transact the business of the fund, without the approval of any state officer.
- (3) Fix the compensation of persons:
  - (A) appointed or employed by the board; or
  - (B) who contract with the board.
- (4) Establish a general office in Indianapolis for board meetings and for administrative personnel.
- (5) Provide for the installation in the general office of a complete system of books, accounts including reserve accounts, and records in order to give effect to all the requirements of this article and to assure the proper operation of the fund.
- (6) Provide for a report at least annually, before June 1, to each member of the amount credited to him in the annuity savings account in each investment program under IC 5-10.2-2.
- (7) With the advice of the actuary, adopt actuarial tables and compile data needed for actuarial studies which are necessary for the fund's operation.
- (8) Act on applications for benefits and claims of error filed by members.
- (9) Have the accounts of the fund audited annually by the state board of accounts, **and if the board determines that it is advisable, have the operation of a public pension or retirement fund of the system audited by a certified public accounting firm.**
- (10) Publish for the members a synopsis of the fund's condition.
- (11) Adopt a budget on a calendar year or fiscal year basis that is sufficient, as determined by the board, to perform the board's duties and, as appropriate and reasonable, draw upon fund assets to fund the budget.
- (12) Expend money, including income from the fund's investments, for effectuating the fund's purposes.
- (13) Establish personnel programs and policies for its employees.
- (14) Submit a report of its activities each year **before November 1** to the governor, the pension management oversight commission,

C  
O  
P  
Y



and the budget committee. ~~before November 1 of each year.~~ **The report to the pension management oversight commission must be submitted in an electronic format under IC 5-14-6.** The report under this subdivision must set forth a complete operating and financial statement covering its operations during the most recent **available audited** fiscal year, including information on the following:

- (A) Investment performance.
- (B) Investment and administrative costs as a percentage of assets under management.
- (C) Investment asset allocation strategy.
- (D) Member services.
- (E) Member communications.

(15) Establish a code of ethics or decide to be under the jurisdiction and rules adopted by the state ethics commission.

**(16) Submit to the auditor or treasurer vouchers or reports necessary to claim amounts due from the state to a public pension or retirement fund of the system administered by the board.**

SECTION 13. IC 5-10.3-3-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) The board may do any of the following:

- (1) Establish and amend rules and regulations:
  - (A) for the administration and regulation of the fund and the board's affairs; and
  - (B) to effectuate the powers and purposes of the board; without adopting a rule under IC 4-22-2.
- (2) Make contracts and sue and be sued as the board of trustees of the ~~public employees' retirement fund of Indiana.~~ **Indiana public retirement system.**
- (3) Delegate duties to its employees.
- (4) Enter into agreements with one (1) or more insurance companies to provide life, hospitalization, surgical, medical, dental, vision, long term care, or supplemental Medicare insurance, utilizing individual or group insurance policies for retired members of the fund, and, upon authorization of the respective member, deduct premium payments for such policies from the members' retirement benefits and remit the payments to the insurance companies.
- (5) Enter into agreements with one (1) or more insurance companies to provide annuities for retired members of the fund, and, upon a member's authorization, transfer the amount credited

C  
O  
P  
Y



to the member in the annuity savings account to the insurance companies.

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

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

(8) Amortize prior service liability over a period of forty (40) years or less.

(9) Recover payments made under false or fraudulent representation.

(10) Exercise all powers necessary, convenient, or appropriate to carry out and effectuate its public and corporate purposes and to conduct its business.

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

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

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

SECTION 14. IC 5-10.3-3-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 10. ~~The Actuary. The actuary is the technical advisor on the operation of the fund.~~ The actuary shall perform the duties specified in this article and in IC 5-10.2 and all other duties assigned by the board.

SECTION 15. IC 5-10.3-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4. (a) Securities shall be held for the fund by banks or trust companies under a custodial agreement. Income, interest, proceeds of sale, materials, redemptions, and all other receipts from securities and other investments which the board retains for the cash working balance shall be deposited ~~with the treasurer of state:~~ **as authorized by the board.**

(b) The board may contract with investment counsel, trust companies, or banks to assist the board in its investment program.

SECTION 16. IC 5-10.3-11-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. There is created within the public employees' retirement fund a separate account known as the pension relief fund. This fund is administered by the board of

C  
O  
P  
Y



trustees of the ~~public employees' retirement fund~~, **Indiana public retirement system**, referred to as the "state board" in this chapter. The pension relief fund consists of revenues received under IC 6-7-1-28.1(4), IC 7.1-4-12-1, any appropriations to the fund, and earnings on these revenues.

SECTION 17. IC 5-10.4-1-5, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. "Board" refers to the board of trustees of the ~~Indiana state teachers' retirement fund~~: **Indiana public retirement system established by IC 5-10.5-3-1.**

SECTION 18. IC 5-10.4-3-6, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. (a) A trustee shall give bond as specified periodically by the state board of finance.

(b) The board shall do all the following:

- (1) Act on an application for benefits.
- (2) Provide the necessary forms for administering the fund.
- (3) Establish records and accounts, which:
  - (A) provide the necessary information for an actuary's examination; and
  - (B) are sanctioned by the state board of accounts.
- (4) Maintain individual records for each member containing the member's:
  - (A) name;
  - (B) date of birth;
  - (C) age at beginning service;
  - (D) service record;
  - (E) address;
  - (F) contributions to the fund;
  - (G) amounts withdrawn; and
  - (H) benefits paid;

and other items considered necessary.

(5) Employ or contract with employees, auditors, technical experts, legal counsel, and other service providers as the board considers necessary to transact the business of the fund without the approval of any state officer, and fix the compensation of those persons.

(6) Make rules as required to administer the fund.

(7) Publish a summary of the fund's condition.

(8) Provide for a report for each member, at least annually before June 1, of the value of the amount credited to the member in the annuity savings account in each investment program under

C  
O  
P  
Y



IC 5-10.2-2.

(9) Provide for the installation in the general office of a complete system of:

- (A) books;
- (B) accounts, including reserve accounts; and
- (C) records;

to give effect to all the requirements of this article and to ensure the proper operation of the fund.

(10) Appoint an actuary.

(11) With the advice of the actuary, adopt actuarial tables and compile data needed for actuarial studies necessary for the fund's operation.

(12) Adopt a budget on a calendar year or fiscal year basis that is sufficient, as determined by the board, to perform the board's duties and, as appropriate and reasonable, draw upon fund assets to fund the budget.

(13) Expend money, including income from the fund's investments, for effectuating the fund's purposes.

(14) Establish personnel programs and policies for the employees of the board.

(15) Submit a report of the board's activities to the governor, the pension management oversight commission, and the budget committee before November 1 of each year. **The report to the pension management oversight commission must be submitted in an electronic format under IC 5-14-6.** The report under this subdivision shall set forth a complete operating and financial statement covering the board's operations during the most recent **available audited** fiscal year, including information on the following:

- (A) Investment performance.
- (B) Investment and administrative costs as a percentage of assets under management.
- (C) Investment asset allocation strategy.
- (D) Member services.
- (E) Member communications.

(16) Establish a code of ethics or decide to be under the jurisdiction and rules adopted by the state ethics commission.

SECTION 19. IC 5-10.4-3-8, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) The board may do the following:

(1) **Without adopting a rule under IC 4-22-2**, adopt and enforce rules regarding the fund's administration and the control and

C  
O  
P  
Y



investment of the fund.

(2) Give bond for an employee for the fund's protection.

(3) Receive the state's share of the cost of the pension contribution from the federal government for a member on leave of absence in order to work in a federally supported educational project.

(4) Sue and be sued as the board of trustees of the Indiana ~~state teachers' retirement fund~~: **public retirement system**.

(5) Summon and examine witnesses when adjusting claims.

(6) When adjusting disability claims, require medical examinations by doctors approved or appointed by the board. Not more than two (2) examinations may be conducted in one (1) year.

(7) Conduct investigations to help determine the merit of a claim.

(8) Meet an emergency that may arise in the administration of the board's trust.

(9) Determine other matters regarding the board's trust that are not specified.

(10) Enter into agreements with an insurance company to provide life, hospitalization, surgical, medical, dental, vision, long term care, or supplemental Medicare insurance, using individual or group insurance policies for retired teachers, and deduct premium payments for the policies from the teachers' retirement benefits and remit the payments to the insurance companies when deduction is authorized by the respective retired teacher.

(11) Enter into agreements with one (1) or more insurance companies to provide annuities for retired teachers and upon a member's authorization transfer the amount credited to the member in the annuity savings account to the insurance companies.

(12) Exercise all powers necessary, convenient, or appropriate to carry out and effectuate the board's public and corporate purposes and to conduct the board's business.

(13) Establish and amend rules:

(A) for the administration and regulation of the fund and the board's affairs; and

(B) to effectuate the powers and purposes of the board; without adopting a rule under IC 4-22-2.

(b) An agreement under subsection (a)(10) may be for a duration of three (3) years.

(c) This subsection does not apply to:

(1) an agreement under subsection (a)(10); or

C  
O  
P  
Y



(2) investments of the board.

A contract that the board enters into under section 10(b) of this chapter or any other provision may be for a term of not more than five (5) years, with the ability to renew.

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

SECTION 20. IC 5-10.4-3-9, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 9. (a) The board is responsible for the fund's property. The board may take and hold any property given outright or on condition to the fund and shall perform the conditions accepted. Unless restricted by a condition, the board may transfer the property when necessary for the fund's benefit.

(b) The board shall receipt:

- (1) property belonging to or coming into the fund and shall judiciously invest the property; and
- (2) money coming into the fund and, except as specified in sections 13 and 14 of this chapter, shall deposit the money with the state treasurer in the manner required of other state funds by ~~IC 5-13~~ **as authorized by the board.**

~~(c) The board shall make quarterly reports to the auditor of state as required by law for the transference of the fund to the auditor of state's books.~~

~~(d) (c) The board shall direct the fund's disbursements on itemized vouchers to the auditor of state approved by the president of the board and the director or, in the absence or incapacity of both officers, by another trustee directed by order of the board. The auditor of state then shall issue a warrant on the treasurer of state.~~

SECTION 21. IC 5-10.4-3-14, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 14. All income and other receipts from securities may be:

- (1) collected by the custodian bank or safekeeping bank approved for that purpose by the board and deposited in the custodial account or a checking account of the board;
- (2) reinvested from the custodial account or checking account when the board determines that the receipts may be safely invested; or
- (3) withdrawn by the board for the immediate needs of the fund from the checking account or custodial account. ~~and then deposited with the treasurer of state, as required for other money~~

C  
O  
P  
Y





coming into the fund:

SECTION 22. IC 5-10.5 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

**ARTICLE 10.5. INDIANA PUBLIC PENSION MODERNIZATION ACT**

**Chapter 1. Definitions**

**Sec. 1.** The definitions in this chapter apply throughout this article.

**Sec. 2.** "Board" refers to the board of trustees of the system established by IC 5-10.5-3-1.

**Sec. 3.** "Director" refers to the director of the system.

**Sec. 4.** "Public employees' retirement fund" means the public employees' retirement fund established under IC 5-10.2 and IC 5-10.3.

**Sec. 5.** "Public pension and retirement funds of the system" means the public pension and retirement funds listed in IC 5-10.5-2-2.

**Sec. 6.** "System" refers to the Indiana public retirement system established by IC 5-10.5-2-1.

**Sec. 7.** "Teachers' retirement fund" means the Indiana state teachers' retirement fund established under IC 5-10.2 and IC 5-10.4.

**Chapter 2. Indiana Public Retirement System**

**Sec. 1.** On August 1, 2009, the Indiana public retirement system is established.

**Sec. 2.** The system consists of the following public pension or retirement funds:

- (1) The public employees' retirement fund established under IC 5-10.2 and IC 5-10.3.
- (2) The Indiana state teachers' retirement fund established under IC 5-10.2 and IC 5-10.4.
- (3) The Indiana judges' retirement fund established under IC 33-38-6.
- (4) The prosecuting attorneys retirement fund established under IC 33-39-7.
- (5) The state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement fund established under IC 5-10-5.5.
- (6) The 1977 police officers' and firefighters' pension and disability fund established under IC 36-8-8.
- (7) The legislators' retirement system established under

**C  
O  
P  
Y**



**IC 2-3.5.**

**(8) The pension relief fund established under IC 5-10.3-11.**

**(9) The special death benefit fund established under IC 5-10-10.**

**(10) The state employees' death benefit fund established under IC 5-10-11.**

**Sec. 3. The system is an independent body corporate and politic. The system is not a department or agency of the state but is an independent instrumentality exercising essential government functions.**

**Sec. 4. For purposes of IC 34-13-2, IC 34-13-3, and IC 34-13-4, the board, the system, and all employees of the board or the system are public employees (as defined in IC 34-6-2-38).**

**Sec. 5. The system shall be managed and administered by a board of trustees established under IC 5-10.5-3.**

**Sec. 6. Each public pension or retirement fund listed in section 2 of this chapter is a separate fund managed by the board under this article and the retirement law applicable to the public pension or retirement fund. The obligations of the state and political subdivisions for benefit payments are specified in the retirement law applicable to each public pension or retirement fund.**

**Chapter 3. Board of Trustees**

**Sec. 1. (a) The board of trustees of the Indiana public retirement system is established.**

**(b) The board shall manage and administer each public pension or retirement fund that comprises the system in accordance with:**

- (1) this article; and**
- (2) the retirement law applicable to the public pension or retirement fund.**

**Sec. 2. (a) The board is composed of seven (7) trustees.**

**(b) The governor shall appoint six (6) of the trustees, as follows:**

- (1) At least one (1) of the trustees must be an active member of the public employees' retirement fund with at least ten (10) years of creditable service.**
- (2) At least one (1) of the trustees must be a retired member of the public employees' retirement fund.**
- (3) At least one (1) of the trustees must be an active member of the teachers' retirement fund.**
- (4) At least one (1) of the trustees must be a retired member of the teachers' retirement fund.**
- (5) At least one (1) of the trustees must be an active or retired police officer or firefighter who is a member of one (1) of the**

**C  
O  
P  
Y**



following:

- (A) The 1925 police pension fund.
- (B) The 1937 firefighters' pension fund.
- (C) The 1953 police pension fund.
- (D) The 1977 police officers' and firefighters' pension and disability fund.

(6) Not more than four (4) trustees may be members of the same political party.

(c) The director of the budget agency or the director's designee is an ex officio voting member of the board. An individual appointed under this subsection to serve as the director's designee serves as a permanent designee until the individual is replaced by the director of the budget agency.

(d) The governor shall fill a vacancy on the board by appointment not later than forty-five (45) days after the date the vacancy occurs.

(e) During the first year after an individual's initial appointment as a trustee and each year thereafter during which the individual serves as a trustee, an individual shall complete at least twelve (12) hours of trustee education, at least two (2) hours in each of the following areas:

- (1) Fiduciary duties and responsibilities of a trustee.
- (2) Ethics.
- (3) Governance process and procedures.
- (4) Retirement plan design and administration.
- (5) Investments.
- (6) Actuarial principles and methods.

(f) Subject to the director's approval, each trustee is entitled to reimbursement for reasonable expenses actually incurred in fulfilling the educational requirements under subsection (e). The director shall give a preference for reimbursement for in-state training that meets the requirements under subsection (e), if in-state training is available.

Sec. 3. (a) A trustee shall serve a term of four (4) years, beginning on August 1 following the trustee's appointment.

(b) Whenever a trustee is appointed to fill a vacancy caused by death or resignation, the trustee shall serve the unexpired term of the trustee's predecessor.

(c) A trustee shall serve until the trustee's successor is appointed and qualified.

Sec. 4. (a) Notwithstanding section 3(a) of this chapter, the initial terms of office for the six (6) individuals appointed to the

C  
O  
P  
Y



board under section 2(b) of this chapter are as follows:

- (1) Two (2) trustees for a term of two (2) years.
- (2) Two (2) trustees for a term of three (3) years.
- (3) Two (2) trustees for a term of four (4) years.

(b) The initial terms of office for the individuals appointed under subsection (a) begin August 1, 2009. When making the appointments to the board under subsection (a), the governor shall specify the initial term of each trustee appointed.

(c) The governor shall appoint to initial terms of office under subsection (a) at least three (3) individuals who, on July 31, 2009, are serving as trustees of a public pension or retirement fund that, on August 1, 2009, becomes part of the system administered by the board.

(d) This section expires August 1, 2013.

Sec. 5. (a) Each trustee shall take an oath of office. The oath must be:

- (1) subscribed to by the trustee making the oath;
- (2) certified by the officer before whom the trustee takes the oath; and
- (3) filed with the secretary of state.

(b) A trustee is qualified for membership on the board when the trustee's oath is filed with the secretary of state.

Sec. 6. (a) Each trustee is entitled to reimbursement for necessary expenses actually incurred through service on the board.

(b) Trustee expenses shall be paid from resources available to the board for that purpose.

Sec. 7. (a) Not later than September 30 each year, the board shall elect a chair and vice chair from its members to serve as the officers of the board.

(b) An officer shall serve for one (1) year or until the officer's successor is elected and qualified.

Sec. 8. (a) The board shall hold:

- (1) an annual meeting in September each year; and
- (2) regular meetings at least quarterly.

(b) The board may hold special meetings:

- (1) at the call of the chair; or
- (2) with a written request signed by at least four (4) trustees.

(c) The board may hold its meetings at the system's general offices or at any other place in the state that the board designates.

(d) All meetings must be open to the public in accordance with IC 5-14-1.5.

(e) The board shall keep a record of its proceedings.

**C**  
**O**  
**P**  
**Y**



**Sec. 9. (a) This section applies to any meeting of the board.**

**(b) A member of the board may participate in a meeting of the board using any means of communication that permits:**

- (1) all other board members participating in the meeting; and**
- (2) all members of the public physically present at the place where the meeting is conducted;**

**to simultaneously communicate with each other during the meeting.**

**(c) A member of the board who participates in a meeting under subsection (b) is considered to be present at the meeting.**

**(d) The memorandum of the meeting prepared under IC 5-14-1.5-4 must also state the name of each member who:**

- (1) was physically present at the place where the meeting was conducted;**
- (2) participated in the meeting using a means of communication described in subsection (b); or**
- (3) was absent.**

**Sec. 10. (a) Five (5) trustees constitute a quorum for the transaction of business.**

**(b) Each trustee is entitled to one (1) vote.**

**(c) A majority vote of the trustees appointed to the board is required for the board to adopt a resolution or take other action at a regular or special meeting.**

**Chapter 4. Board Powers and Duties**

**Sec. 1. The board has the powers and duties formerly exercised by:**

- (1) the board of directors of the public employees' retirement fund under IC 5-10.3-3-7; and**
- (2) the board of directors of the teachers' retirement fund under IC 5-10.4-3-6.**

**Sec. 2. The board may exercise any of the powers or perform any of the duties formerly exercised by:**

- (1) the board of directors of the public employees' retirement fund under IC 5-10.3-3-8; and**
- (2) the board of directors of the teachers' retirement fund under IC 5-10.4-3-8.**

**Sec. 3. The board's powers as specified in this article or the retirement law applicable to a public pension or retirement fund of the system:**

- (1) shall be interpreted broadly to accomplish the purposes of this article or the applicable retirement law; and**
- (2) may not be construed as a limitation of powers.**

**C  
O  
P  
Y**



### **Chapter 5. Investments**

**Sec. 1. The board has the powers, duties, restrictions, limitations, and penalties in connection with the board's investment and management of the assets of the public pension and retirement funds of the system under the following provisions:**

- (1) IC 5-10.2-2-2.5.
- (2) IC 5-10.2-2-13.
- (3) IC 5-10.2-2-18.
- (4) IC 5-10.3-3-7.1.
- (5) IC 5-10.3-5-3.
- (6) IC 5-10.3-5-3.1.
- (7) IC 5-10.3-5-4.
- (8) IC 5-10.3-5-5.
- (9) IC 5-10.3-5-6.
- (10) IC 5-10.4-3-7.
- (11) IC 5-10.4-3-9.
- (12) IC 5-10.4-3-10.
- (13) IC 5-10.4-3-11.
- (14) IC 5-10.4-3-12.
- (15) IC 5-10.4-3-13.
- (16) IC 5-10.4-3-14.
- (17) IC 5-10.4-3-15.
- (18) IC 5-10.4-3-16.

**Sec. 2. The board's transactions under this chapter are subject to IC 2-3.5-3-3, IC 5-10-5.5-2.5, IC 5-10.2-2-1.5, IC 33-38-6-13, IC 33-39-7-22, and IC 36-8-8-2.5.**

### **Chapter 6. Director; Reports and Administration**

**Sec. 1. (a) The director is the executive officer of the system and is responsible for the administration of the system.**

**(b) The director is appointed by and serves at the pleasure of the board.**

**Sec. 2. The director shall do the following:**

- (1) **Maintain a record of the board's proceedings.**
- (2) **Keep the books and records of the system.**
- (3) **Deposit payments made to the system with the custodian for the system's accounts.**
- (4) **Sign vouchers for the payment of money from the system as authorized by the board.**
- (5) **Execute a corporate surety bond in an amount specified by the board. The premium for the bond is an administrative expense of the system.**
- (6) **Employ:**

**C  
o  
p  
y**



(A) a manager for the teachers' retirement fund; and

(B) a manager for the public employees' retirement fund.

The director may employ managers for one (1) or more of the other public pension and retirement funds of the system to assist in the operation and administration of the applicable public pension or retirement fund.

(7) Perform other duties as assigned by the board.

Sec. 3. (a) The board shall maintain individual records for each member of a public pension or retirement fund of the system administered by the board.

(b) A member's record must include at least the following information:

- (1) The member's name.
- (2) Date of birth.
- (3) Age at beginning service.
- (4) Service record.
- (5) Address.
- (6) Contributions.
- (7) Amounts withdrawn.
- (8) Benefits paid.

Sec. 4. (a) Records of:

- (1) individual members of; and
- (2) membership information concerning;

a public pension or retirement fund administered by the board are confidential, except for the name and years of service of a member.

(b) This section does not prohibit the board from providing fund records to an association described in IC 2-3.5-4-12, IC 2-3.5-5-10, IC 5-10.3-8-10, IC 5-10.4-5-14, or IC 36-8-8-17.2.

Sec. 5. (a) Each public pension and retirement fund of the system shall pay the expenses of administration attributable to that public pension or retirement fund.

(b) The board shall:

- (1) prorate the expenses of administration of the system that cannot be attributed to a particular public pension or retirement fund and the bond of the director among; and
- (2) pay the prorated expenses from;

the public pension and retirement funds of the system.

**Chapter 7. Short Title and Saving Provisions**

Sec. 1. This article shall be known as and may be cited as the Indiana public pension modernization act.

Sec. 2. (a) All powers, duties, liabilities, property, equipment, records, rights, and contracts of the:

**C  
O  
P  
Y**



(1) board of trustees of the public employees' retirement fund;  
and  
(2) board of trustees of the teachers' retirement fund;  
are transferred to or assumed by the board on August 1, 2009.

(b) The board shall provide indemnification of:

(1) the board of trustees of the public employees' retirement fund; and  
(2) the board of trustees of the teachers' retirement fund;  
as necessary or appropriate in regard to any liabilities of the public employees' retirement fund or the teachers' retirement fund assumed by the board.

Sec. 3. Any amounts transferred under this subsection to the system that represent balances in any fund or account of the public employees' retirement fund or the teachers' retirement fund for the administration of the public pension and retirement funds administered by the public employees' retirement fund or the teachers' retirement fund before August 1, 2009, including any related services, shall be:

(1) deposited in a fund or account designed by the board; and  
(2) used by the system for the administration of the public pension and retirement funds of the system and related services.

Sec. 4. The employees of the:

(1) public employees' retirement fund; and  
(2) teachers' retirement fund;

become employees of the system on August 1, 2009, without change in compensation, seniority, or benefits. An employee of the public employees' retirement fund who is a member of the public employees' retirement fund before August 1, 2009, and becomes an employee of the system after July 31, 2009, remains a member of the public employees' retirement fund after July 31, 2009. An employee of the teachers' retirement fund who is a member of the teachers' retirement fund before August 1, 2009, and becomes an employee of the system after July 31, 2009, remains a member of the teachers' retirement fund after July 31, 2009.

Sec. 5. Rules and regulations of:

(1) the public employees' retirement fund; and  
(2) the teachers' retirement fund;  
in effect before August 1, 2009, are considered, after July 31, 2009, rules and regulations of the system.

Sec. 6. (a) Any reference or cross-reference to:

(1) the board of trustees of the public employees' retirement

C  
O  
P  
Y





**fund; or**

**(2) the board of trustees of the teachers' retirement fund; in the Indiana Code shall be treated after July 31, 2009, as a reference or cross-reference to the board.**

**(b) Any reference or cross-reference to:**

**(1) the director of the public employees' retirement fund; or**

**(2) the director of the teachers' retirement fund;**

**in the Indiana Code shall be treated after July 31, 2009, as a reference or cross-reference to the director.**

**Sec. 7. If any provision in this article conflicts with a provision in IC 5-10.2, IC 5-10.3, or IC 5-10.4, the provisions shall be read together to the extent possible with any conflict resolved in favor of the provision in this article.**

SECTION 23. IC 33-38-6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. As used in this chapter, "board" refers to the board of trustees of the ~~public employees' retirement fund~~. **Indiana public retirement system established by IC 5-10.5-3-1.**

SECTION 24. IC 33-38-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. As used in this chapter, "board" refers to the board of trustees of the ~~public employees' retirement fund~~. **Indiana public retirement system established by IC 5-10.5-3-1.**

SECTION 25. IC 33-38-8-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. As used in this chapter, "board" refers to the board of trustees of the ~~public employees' retirement fund~~. **Indiana public retirement system established by IC 5-10.5-3-1.**

SECTION 26. IC 33-39-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. As used in this chapter, "board" refers to the board of trustees of the ~~public employees' retirement fund~~. **Indiana public retirement system established by IC 5-10.5-3-1.**

SECTION 27. IC 36-8-8-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4. (a) There is established a police officers' and firefighters' pension and disability fund to be known as the 1977 fund. The 1977 fund consists of fund member and employer contributions, plus the earnings on them, to be used to make benefit payments to fund members and their survivors in the amounts and under the conditions specified in this chapter.

(b) The board of trustees of the ~~public employees' retirement fund~~ (referred to in this chapter as the "PERF board") **Indiana public**

**C  
O  
P  
Y**



**retirement system (referred to in this chapter as the "system board")** shall administer the 1977 fund, which may be commingled with the public employees' retirement fund for investment purposes. All actuarial data shall be computed on the total membership of the fund, and the cost of participation is the same for all employers in the fund. The fund member and employer contributions shall be recorded separately for each employer.

(c) The 1977 fund advisory committee, referred to as the committee, is established. The **PERF system** board shall consult with the committee on matters pertaining to the administration of this chapter and IC 5-10.3-11. The committee shall consist of the following members appointed by the governor every two (2) years for a term of two (2) years:

(1) Two (2) firefighters:

(A) each of whom must be an active or retired member of the 1937 fund or the 1977 fund; and

(B) neither of whom may be in an upper level policymaking position.

(2) Two (2) police officers:

(A) each of whom must be an active or retired member of the 1925 fund, the 1953 fund, or the 1977 fund; and

(B) neither of whom may be in an upper level policymaking position.

(3) Two (2) members, each of whom must be an executive of an employer.

(4) Two (2) members, each of whom must be a member of the legislative body of an employer.

The term of each member begins on July 1 following appointment and continues until ~~his~~ **the member's** successor is qualified. A member of the committee who no longer holds the position that qualified ~~him~~ **the member** for appointment under subdivision (1), (2), (3), or (4) forfeits ~~his~~ **the member's** membership on the committee. The governor shall appoint a person to fill a vacancy on the committee for the remainder of the unexpired term.

(d) Each member of the committee who is not a state employee is entitled to reimbursement for expenses actually incurred in connection with the member's duties. Such a member is also entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties, as approved by the **PERF system** board.

SECTION 28. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2009]: IC 2-3.5-2-9; IC 2-3.5-2-13; IC 5-10.2-2-16;

**EH 1048—LS 6330/DI 102+**



**C  
O  
P  
Y**

IC 5-10.2-2-17; IC 5-10.3-3-1; IC 5-10.3-3-2; IC 5-10.3-3-3;  
 IC 5-10.3-3-4; IC 5-10.3-3-5; IC 5-10.3-3-6; IC 5-10.3-3-9;  
 IC 5-10.3-4-1; IC 5-10.3-4-2; IC 5-10.3-9-5; IC 5-10.4-3-1;  
 IC 5-10.4-3-2; IC 5-10.4-3-3; IC 5-10.4-3-4; IC 5-10.4-3-5.

**SECTION 29. [EFFECTIVE JULY 1, 2009] (a) As used in this SECTION, "PERF board" refers to the board of trustees of the public employees' retirement fund established under IC 5-10.3-3-1 (before its repeal by this act).**

**(b) As used in this SECTION, "PERF director" refers to the director of the public employees' retirement fund whose duties are described in IC 5-10.3-3-9 (before its repeal by this act).**

**(c) As used in this SECTION, "system board" refers to the board of trustees of the Indiana public retirement system established by IC 5-10.5-3-1, as added by this act.**

**(d) As used in this SECTION, "system director" refers to the director of the Indiana public retirement system appointed under IC 5-10.5-6-1, as added by this act.**

**(e) As used in this SECTION, "TRF board" refers to the board of trustees of the Indiana state teachers' retirement fund established under IC 5-10.4-3-1 (before its repeal by this act).**

**(f) As used in this SECTION, "TRF director" refers to the director of the Indiana state teachers' retirement fund appointed under IC 5-10.4-3-5 (before its repeal by this act).**

**(g) Notwithstanding the duties assigned to the system board by IC 5-10-5.5-3, IC 5-10.2-1-1, IC 5-10.2-2-2, IC 5-10.2-9-2, IC 5-10.3-1-1, IC 5-10.3-2-1, IC 5-10.3-11-1, IC 5-10.4-1-5, IC 33-38-6-2, IC 33-38-7-3, IC 33-38-8-3, IC 33-39-7-3, and IC 36-8-8-4, all as amended by this act, and IC 2-3.5-2-2.7 and IC 5-10.5, both as added by this act, the PERF board and TRF board shall continue to perform the duties assigned by:**

**(1) IC 5-10-5.5-3, IC 5-10.2-1-1, IC 5-10.2-2-2, IC 5-10.2-9-2, IC 5-10.3-1-1, IC 5-10.3-2-1, IC 5-10.3-11-1, IC 5-10.4-1-5, IC 33-38-6-2, IC 33-38-7-3, IC 33-38-8-3, IC 33-39-7-3, and IC 36-8-8-4 (before their amendment by this act); and**

**(2) IC 2-3.5-2-9, IC 2-3.5-2-13, IC 5-10.2-2-16, IC 5-10.2-2-17, IC 5-10.3-3-1, IC 5-10.3-3-2, IC 5-10.3-3-3, IC 5-10.3-3-4, IC 5-10.3-3-5, IC 5-10.3-3-6, IC 5-10.3-9-5, IC 5-10.4-3-1, IC 5-10.4-3-2, IC 5-10.4-3-3, and IC 5-10.4-3-4 (before their repeal by this act);**

**during the period after June 30, 2009, and before August 1, 2009.**

**(h) Notwithstanding the duties assigned to the system director by IC 5-10.3-1-2.5, as amended by this act, and IC 5-10.5, as added**

**C  
o  
p  
y**



by this act, the PERF director and the TRF director shall continue to perform the duties assigned by:

- (1) IC 5-10.3-1-2.5 (before its amendment by this act); and
- (2) IC 5-10.3-3-9 and IC 5-10.4-3-5 (before their repeal by this act);

during the period after June 30, 2009, and before August 1, 2009.

(i) This SECTION expires June 30, 2010.

SECTION 30. [EFFECTIVE JULY 1, 2009] (a) The legislative services agency shall prepare legislation for introduction in the 2010 regular session of the general assembly to organize and correct statutes affected by this act.

(b) This SECTION expires June 30, 2010."

Delete page 2.

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1048 as printed February 17, 2009.)

KRUSE, Chairperson

Committee Vote: Yeas 6, Nays 3.

C  
O  
P  
Y

