

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6103
BILL NUMBER: SB 19

NOTE PREPARED: Nov 16, 2008
BILL AMENDED:

SUBJECT: Direct Deposit of Public Pension Benefits.

FIRST AUTHOR: Sen. Boots
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires all state-administered public retirement and pension funds to pay benefits after December 31, 2009, by direct deposit using electronic funds transfer. It provides for a waiver of the direct deposit requirement in limited circumstances. The bill repeals provisions concerning the direct deposit of benefits by the Public Employees' Retirement Fund (PERF).

Effective Date: July 1, 2009.

Explanation of State Expenditures: Below is a table which shows the funds affected, the number of benefit recipients, the number receiving direct deposit benefits, and the percentage.

Fund	Benefit Recipients	Currently Direct Deposit	%
PERF*	65,000	49,400	76%
TRF	44,000	39,600	90%
State Police	1,600	1,220	76%
Former Governor and Surviving Spouse**	2	1	50%
National Guard Pension Plan	NA		

*PERF administers the following funds, and they are included in the total above: (1) Judges' Retirement System; (2) Prosecuting Attorneys' Retirement Fund; (3) State Excise Police, Gaming Agent, Gaming

Control Officer, and Conservation Officer Retirement Fund; (4) 1977 Police Officers' and Firefighters' Pension and Disability Fund; and (5) Legislators Retirement System;

**The Former Governor and Surviving Spouse Pension Plan is administered by the State Auditor.

TRF reports that it spends about \$22,000 annually mailing paper checks to benefit recipients. However, TRF also reports that it spends an additional \$200,000 per year mailing "check stubs" every month to those recipients on direct deposit, which could be saved by the requirement to mail a written notice once per year. The fund affected is the TRF Administrative Fund.

For FY 2009, PERF has budgeted about \$141,000 for the printing and mailing of checks to benefit recipients. Some portion of the budgeted amount would be saved if all benefit recipients were on direct deposit. The fund affected is the PERF Administrative Fund.

While specific mailing data have not been furnished by the State Police, it is likely that there would savings if all benefit recipients were on direct deposit. The funds affected for the State Police are the state General Fund and the Motor Vehicle Highway Account, both of which equally support the State Police Pension Plan.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: PERF; TRF; State Police; Auditor's office as administrators of the Former Governors and Surviving Spouse Pension; Adjutant General.

Local Agencies Affected:

Information Sources: Terren Magid, Executive Director of PERF, 317-233-4133; Steve Russo, Executive Director of TRF, 317-232-3864; Brent Plunkett, Deputy State Auditor for payroll, 317-232-3299; Major Phil Parker, State Police, 317-232-8348.

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