

PROPOSED AMENDMENT

SB 10 # 2

DIGEST

State employee retirement matters. Establishes the 2027 retiree health benefit trust. Provides that the retiree health benefit trust fund will be terminated when certain conditions are met. Specifies a process by which certain funds shall be transferred from the state general fund to the state defined contribution plan. Eliminates an obligation of the state with respect to the state defined contribution plan. Makes conforming changes.

- 1 Page 3, line 5, delete "(j)".
- 2 Page 3, line 5, strike "The state is obligated at any particular time
- 3 only for the".
- 4 Page 3, strike lines 6 through 7.
- 5 Page 3, line 8, delete "(k)" and insert "(j)".
- 6 Page 3, line 31, after "Sec. 7.6." insert **"For participants who are**
- 7 **subject to IC 5-10-8.5-9.7(b), the state comptroller shall transfer**
- 8 **from the state general fund a one (1) time contribution of funds to**
- 9 **each participant's defined contribution plan account under**
- 10 **IC 5-10-1.1-1.5(a) based on the contributions the member would**
- 11 **have received according to IC 5-10-8.5-15 based on each member's**
- 12 **age and years of service."**
- 13 Page 3, line 33, delete "the transfer of amounts under
- 14 IC 5-10-8.5-9.7(b)(4)." and insert **"this contribution."**
- 15 Page 3, delete lines 34 through 42.
- 16 Page 4, delete lines 1 through 27, begin a new paragraph and insert:
- 17 "SECTION 4. IC 5-10-8-8.5, AS AMENDED BY P.L.201-2023,
- 18 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 19 UPON PASSAGE]: Sec. 8.5. (a) The ~~retiree health benefit trust fund~~
- 20 **is following are** established to provide funding for a retiree health
- 21 benefit plan developed under IC 5-10-8.5, **including to provide**
- 22 **continued funding for a retiree health benefit plan for individuals**
- 23 **described in IC 5-10-8.5-9.7(a) and the individuals who elect to**
- 24 **continue in the retiree health benefit trust fund pursuant to**
- 25 **IC 5-10-8.5-9.7(c):**
- 26 **(1) Before January 1, 2027, the retiree health benefit trust**

1 **fund.**

2 **(2) After December 31, 2026, the 2027 retiree health benefit**
 3 **trust fund.**

4 **The trust fund described in subdivision (1) will be terminated upon**
 5 **the completion of the action required under IC 5-10-8.5-9.7.**

6 (b) The trust ~~fund~~ **funds** shall be administered by the INPRS. The
 7 expenses of administering the trust ~~fund~~ **funds** shall be paid from
 8 money in the trust ~~fund~~ **funds**. **Subject to section 8.6 of this chapter,**
 9 the trust ~~fund~~ **consists funds consist** of cigarette tax revenues deposited
 10 in the ~~fund~~ **funds** under ~~IC 6-7-1-28.1(6)~~ **IC 6-7-1-28.1(6)(A)** and
 11 other appropriations, revenues, or transfers to the trust ~~fund~~ **funds**
 12 under IC 4-12-1.

13 (c) The INPRS shall invest the money in the trust ~~fund~~ **funds** not
 14 currently needed to meet the obligations of the trust ~~fund~~ **funds** in the
 15 same manner and with the same limitations described in IC 5-10.5-4-1
 16 and IC 5-10.5-5-1.

17 (d) The trust ~~fund~~ **is funds are** considered a trust fund for purposes
 18 of IC 4-9.1-1-7. Money may not be transferred, assigned, or otherwise
 19 removed from the trust ~~fund~~ **funds** by the state board of finance, the
 20 budget agency, or any other state agency, **except as provided under**
 21 **IC 5-10-8.5-9.7.**

22 (e) The trust ~~fund~~ **funds** shall be established and administered in a
 23 manner that complies with Internal Revenue Code requirements
 24 concerning health reimbursement arrangement (HRA) trusts.
 25 Contributions by the state to the trust ~~fund~~ **funds** are irrevocable. All
 26 assets held in the trust ~~fund~~ **funds** must be held for the exclusive
 27 benefit of participants of the retiree health benefit plan developed
 28 under IC 5-10-8.5 and their beneficiaries. **Subject to IC 5-10-8.5-9.7,**
 29 all assets in the trust ~~fund~~ **funds:**

30 (1) are dedicated exclusively to providing benefits to participants
 31 of the plan and their beneficiaries according to the terms of the
 32 plan; and

33 (2) are exempt from levy, sale, garnishment, attachment, or other
 34 legal process.

35 (f) Money in the trust ~~fund~~ **funds** does not revert to the state general
 36 fund at the end of any state fiscal year.

37 (g) The money in the trust ~~fund~~ **funds** is appropriated to the INPRS
 38 for providing the retiree health benefit plan developed under
 39 IC 5-10-8.5.

40 (h) The budget agency may transfer appropriations from federal or

1 dedicated funds to the ~~retiree health benefit trust fund~~. **trust funds.**".

2 Page 4, line 32, after "fund" insert "**or the 2027 retiree health**
3 **benefit trust fund**".

4 Page 5, line 8, delete "fund." and insert "**fund or the 2027 retiree**
5 **health benefit trust fund.**".

6 Page 6, line 4, delete "who received" and insert "**who is eligible to**
7 **receive**".

8 Page 6, line 22, delete "subdivision (2)." and insert "**subdivision (2)**
9 **in accordance with the amounts a member would have received**
10 **under section 15 of this chapter based on each member's age and**
11 **years of service.**".

12 Page 6, delete lines 23 through 26, begin a new paragraph and
13 insert:

14 "**(c) Subsection (b) does not apply to a participant who makes a**
15 **one (1) time irrevocable election to become a participant in a**
16 **successor retirement medical benefits account. An election under**
17 **this subsection must be made to the INPRS:**".

18 Page 6, between lines 29 and 30, begin a new paragraph and insert:

19 "SECTION 8. IC 5-10-8.5-15, AS AMENDED BY P.L.92-2021,
20 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
21 UPON PASSAGE]: Sec. 15. (a) Except as provided in subsections (c),
22 (d), and (e), a participant's employer shall make contributions annually
23 to the account on behalf of the participant sufficient to provide the
24 benefit described in section 17 of this chapter. For a participant
25 meeting the eligibility rules set forth in section 17 of this chapter, the
26 amount credited to the participant's subaccount balance shall be the
27 sum of annual contributions and earnings for each year of service. The
28 amount of the contribution each fiscal year must equal or exceed the
29 following, based on the participant's age on the last day of the calendar
30 year that is in the fiscal year in which the contribution is made:

| 31 Participant's Age in Years | Annual Contribution |
|----------------------------------|---------------------|
| 32 | Amount |
| 33 Less than 30 | \$ 500 |
| 34 At least 30, but less than 40 | \$ 800 |
| 35 At least 40, but less than 50 | \$ 1,100 |
| 36 At least 50 | \$ 1,400 |

37 (b) The INPRS shall determine by rule the date on which the
38 contributions are credited to participants' subaccounts.

39 (c) A contribution under this section shall not be made after June
40 30, 2011, to any of the following participants:

(1) A conservation officer of the department of natural resources.

(2) An employee of the state excise police.

(3) An employee of the state police department, other than the following:

(A) An employee of the state police department who waived coverage under a common and unified plan of self-insurance under IC 5-10-8-6 before July 1, 2011.

(B) An employee of the state police department who makes an election under IC 5-10-8.5-9.5.

(C) An employee of the state police department who makes an election under IC 5-10-8.5-9.6.

(d) For individuals who are employed on June 30, 2011, the accrued annual contributions made in accordance with subsection (a) to an account described in section 14 of this chapter on behalf of the individuals for any years the individuals were employed as described in section 1(b)(1) through 1(b)(3) of this chapter shall be transferred to the respective plans described in IC 5-10-8-6(a) for those individuals and shall be used only to reduce the unfunded other post-employment benefit (OPEB) liability of those plans and not to increase benefits or reduce premiums.

(e) A contribution under this section shall not be made after June 30, 2017, to a participant who on June 30, 2017:

(1) is eligible for a normal, unreduced retirement benefit from the public employee retirement fund of which the participant is a member; and

(2) has completed:

(A) fifteen (15) years of service with the participant's employer; or

(B) ten (10) years of service as an elected or appointed officer.

(f) Each year, the INPRS shall:

(1) report the assets and liabilities of the retiree health benefit trust fund **or the 2027 retiree health benefit trust fund**; and

(2) based on the assets and liabilities of the retiree health benefit trust fund **or the 2027 retiree health benefit trust fund**, recommend an employer contribution amount to fund the participants' benefits described in section 17 of this chapter."

Page 7, line 25, after "fund" insert "**or the 2027 retiree health benefit trust fund**".

Renumber all SECTIONS consecutively.

(Reference is to SB 10 as introduced.)