

# **INTERIM STUDY COMMITTEE ON PENSION MANAGEMENT OVERSIGHT**



**Indiana Legislative Services Agency  
200 W. Washington Street, Suite 301  
Indianapolis, Indiana 46204**

**October 24, 2023**

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2023

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# INTERIM STUDY COMMITTEE ON PENSION MANAGEMENT OVERSIGHT

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### Staff

David Dickmeyer  
Camille Tesch

## FINAL REPORT

### I. STATUTORY DIRECTIVE

The Interim Committee on Pension Management Oversight (Committee) was established by IC 2-5-1.3-4. The Legislative Council, established by IC 2-5-1.1-1, directs the Committee's activities by assigning topics to the Committee for study and by specifying generally applicable rules within which interim study committees operate.

Under Legislative Council Resolution 23-01 (June 13, 2023), the Committee was charged with studying the following topics:

1. The following items:
  - A. Scenarios to increase the contribution rate for supplemental allowance reserve accounts under IC 5-10.2-12 in order to fund a cost of living adjustment (COLA) at increments of one-half of one percent (0.5%) each year.
  - B. Additional contribution rate increase scenarios may also be considered.
  - C. The fiscal impact of each contribution rate increase scenario to the state and local units of government.
  - D. The recommended timing of when a COLA or other postretirement benefit should take effect. (Topics 1(A) through 1(D) are collectively referenced as the "INPRS COLA topic")
  - E. Options that the state police pre-1987 benefit system (IC 10-12-3) and the state police 1987 benefit system (IC 10-12-4) can consider for the creation of a supplemental allowance reserve account for the purpose of funding a COLA and other postretirement benefits. ("State Police SRA topic")
  - F. Death burial funds.
2. Review latest annual financial report of the Indiana Public Retirement System (INPRS) and any other information requested by the Chair of the Interim Study Committee on Pension Management Oversight. (Source: IC 5-10.5-4-1; IC 5-10.5-6-6) ("INPRS financial report")

Subsequently, Senator Brian Buchanan, the Chair of the Committee, sought and obtained authorization from the Legislative Council's Personnel Subcommittee to study the following:

3. The latest local pension report submitted by the Indiana Public Retirement System (INPRS) under IC 5-10.5-6-6.5. ("Local pension report")
4. Any stress tests or risk assessments performed by INPRS under IC 5-10.5-6-6. ("INPRS stress tests")
5. Any stress tests or risk assessments performed by the trustee of the State Police Pension Trust or the pension consultants under IC 10-12-2-12. ("State Police stress tests")

### **III. SUMMARY OF WORK PROGRAM**

The Committee held two meetings. At the first meeting on September 20, 2023, the Committee considered: (1) the INPRS financial report; (2) INPRS stress tests; and (3) the INPRS COLA topic.

The minutes for this meeting are available at the following link: (Link); and the video for this meeting is available at the following link: (Link)

At the second meeting on October 24, 2023, the Committee considered: (1) the State Police SRA topic; (2) State Police stress tests; (3) the local pension report; and (4) the following:

- (A) Increasing the maximum COLA under IC 36-8-8-15 for members of the 1977 police officers' and firefighters' pension and disability fund ("1977 fund").
- (B) Increasing the death benefit payable to the heirs or estate of a fund member under IC 36-8-8-16.
- (C) Increasing the maximum years in the 1977 fund deferred retirement option plan.
- (D) Modifying the definition of "average annual salary" under the State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan.
- (E) Providing a COLA or thirteenth check to members of a fund or plan for which a supplemental allowance reserve account has been established.

The minutes for this meeting are available at the following link: (Link); and the video for this meeting is available at the following link: (Link)

### **IV. COMMITTEE FINDINGS AND RECOMMENDATIONS**

The committee made the following recommendations:

1. The committee recommended the consideration of legislation to do the following, subject to the budget process:
  - a. Provide an annual thirteenth check, paid from the supplemental reserve accounts, to certain members of the public employees' retirement fund, Indiana state teachers' retirement fund, legislators' defined benefit plan, and EG&C plan who retire before a specified date (to be determined); and
  - b. Provide an annual COLA, paid from the supplemental reserve accounts, to certain members of the public employees' retirement fund, Indiana state teachers' retirement fund, legislators' defined benefit plan, and EG&C plan who retire after a specified date (to be determined).
2. The committee recommended the consideration of legislation to require the Indiana State Police to maintain a supplemental allowance reserve account for the purpose of paying postretirement benefits.

**WITNESS LIST**

Steve Russo, Executive Director, INPRS  
Andy Blough, Chief Actuary, INPRS

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