

INDIANA

STATE

POLICE

DEPARTMENT

Supplemental Agreement

(Police Benefit fund)

as amended

1971 Revised

DEPARTMENT OF STATE POLICE
SUPPLEMENTAL AGREEMENT
(POLICE BENEFIT FUND)

THIS AGREEMENT made and entered into this first day of July, 1937, by and between the Department of State Police, Party of the First Part, (hereinafter referred to as the "Department"), and the Treasurer of State, Party of the Second Part, (hereinafter referred to as the "Trustee"), and as last amended on March 15, 1969, has been further amended and modified to conform to the Indiana Code of 1971, Public Law 144 (effective July 1, 1971), and Public Law 145 (effective upon promulgation of the laws of the 1971 Indiana General Assembly.

WITNESSETH:

WHEREAS, the Department is a division of the Indiana State Government with its principal office at Indianapolis, Indiana, and the Department desires to establish a Police Benefit Fund in order to provide supplementary death benefits to the beneficiaries or estates of deceased Employee Beneficiaries, disability expense reimbursement and payments to disabled Employee Beneficiaries, and payments to dependent parents, widows and children of Employee Beneficiaries killed in line of duty, as authorized by the General Assembly of the State of Indiana by Chapter 54, Acts of 1937, as amended, and

WHEREAS, the Trustee is an officer of the State of Indiana with full power to act as Trustee and with its principal office and place of business at Indianapolis, Indiana.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Parties hereto agree as follows:

1. The Trustee will act as Trustee of the Police Benefit Fund established pursuant hereto and will receive and hold in trust, manage, invest and reinvest any moneys paid to it as such Trustee in accordance with the terms and provisions of this Supplemental Trust Agreement.

2. The Police Benefit Fund shall consist of voluntary contributions from the Department, fees, awards, and any other payments or contributions made to the Police Benefit Fund by the State of Indiana or by any other person or persons; firm or corporation and the income and proceeds derived from the investment thereof.

3. The terms "Employee", "Employee Beneficiary", "any person claiming by, through or under any Employee Beneficiary", "fiscal year" and "Engineers" as used in this Supplemental Trust Agreement shall have the same meaning as defined in the Pension Trust.

The term "Pension Trust", as used herein, means the Pension Trust Agreement entered into by and between the Department and the Trustee, effective the first day of July, 1937, as amended.

The term "Pension Advisory Board", as used herein, means the Board established by the terms of the Pension Trust for the purpose of adjusting compensation, approving payments and pensions, formulating policies and assisting in the administration of this program.

4. All Employee Beneficiaries shall be furnished supplementary death benefits in the amount of \$10,000, the cost of which shall be totally paid by the Benefit Fund. Any Employee Beneficiary may also subscribe for additional supplementary death benefits in the amount of \$10,000, the cost of which shall be totally paid by the Employee Beneficiary at a rate per month determined by the Pension Advisory Board for each One Thousand Dollars (\$1,000) of coverage, and this contribution shall be deducted from the Employee Beneficiary's salary by the Department pursuant to the terms of the wage assignment laws of the State and the "Application and Authorization for Deduction" form. All such deductions shall be credited to the "Employee Insurance Fund" hereinafter authorized and described. All Employee Beneficiaries who retire after reaching age fifty (50) or after twenty (20) years of service shall be entitled to have the supplementary death benefit in the amount of \$10,000 continued for the balance of their lives by the Benefit Fund at no cost to such retirees. Supplementary death benefits furnished by the Benefit Fund may be paid directly from the assets of the Benefit Fund or this liability may be reinsured in an old line legal reserve life insurance company selected and approved by the Department and the Engineers and licensed to operate in the State of Indiana.

5. In the event an Employee Beneficiary shall incur disability through the performance of duty (as determined by the Pension Advisory Board) he, his beneficiary or estate shall be entitled to receive reimbursement for all travel, medical, surgical and hospital expense directly resulting from such disability. In addition thereto, he shall be entitled to receive monthly payments which shall commence one month after payment of his last regular wages from the Department and shall continue as long thereafter as disability exists, or death occurs or until the fifty-fifth (55th) birthday, whichever event occurs first. The amount of disability payment shall be determined by the Pension Advisory Board in accordance with the extent of disability, but in no event shall it exceed the maximum pension amount to which such Employee Beneficiary would be entitled at normal retirement age.

In the event an Employee Beneficiary shall become totally disabled in the performance of duty (as determined by the Pension Advisory Board) he shall, in addition to the monthly disability pension payment provided for herein, receive Forty Dollars (\$40.00) per month for each dependent parent and dependent minor child less than eighteen (18) years of age.

In the event an Employee Beneficiary shall become disabled for any cause not directly attributable to performance of duty, he shall be entitled to receive monthly payments of an amount in accordance with the extent of disability (as determined by the Pension Advisory Board), but in no event shall it exceed the maximum pension amount to which such Employee Beneficiary would be entitled at normal retirement age nor shall it continue for a longer period of time than the number of months the person was an employee of the Department prior to disability, death, or the fifty-fifth (55th) birthday, whichever event occurs first.

Disability payments shall be based on the possibility of twenty (20) years service prior to age fifty-five (55) and on a maximum of one-half ($\frac{1}{2}$) average monthly salaries received, or to be received, during the highest paid consecutive twelve (12) months (effective July 1, 1971), prior to the end of the then current biennium, plus Twenty Dollars (\$20.00), except that any moneys received in excess of the monthly wage received by a police employee at the beginning of his third year of service in the grade of Trooper shall not be considered as a part of the averages. Disability payments for Employee Beneficiaries with less than twelve (12) months (effective July 1, 1971) service prior to the end of the then current biennium shall be based on existing averages prior to said end. Disability payments once granted shall not be increased in individual amounts (except when percent of disability is increased by the Pension Advisory Board) but neither shall same decrease (except when percent of disability is decreased by the Pension Advisory Board) except that maximums shall be recomputed biannually, effective July 1, 1955, and Employee Beneficiaries shall be paid any resultant increases.

All authorized deductions made under the authority of this Supplemental Agreement and under the authority of the Pension Trust Agreement shall be withheld from any disability payment during disability status.

6. In the event an Employee Beneficiary dies as a direct result of injury or illness incurred in line of duty (as determined by the Pension Advisory Board), his widow, dependent children, dependent parent or parents, shall be entitled to receive payments as follows:

The maximum monthly pension amount payable to dependent mothers, dependent fathers and widows, shall not exceed the then current basic monthly pension amount paid to retirees and shall cease with the last payment prior to death or remarriage; and the maximum monthly pension amount payable to each dependent unmarried child shall not exceed thirty percent (30%) of the then current basic monthly pension amount paid to retirees and shall cease with the last payment prior to the child's marriage or nineteenth birthday, whichever occurs first, except the total monthly pension amount paid to all dependent unmarried children of any such employee shall not exceed the then current basic monthly amount paid to retirees.

Provided that each such unmarried dependent child who is nineteen years of age or over but under twenty-three years of age, shall be eligible to receive said pension while enrolled as a full-time student in a school, college or university. Provided further, that such dependent children, married or unmarried, shall be eligible to attend any Indiana state-supported college or university tuition free. All dependent mothers, dependent fathers, widows, and dependent children who are now receiving a dependent pension shall receive pensions in the amounts stated above, effective July 1, 1969. Provided further, that any widow electing to or who has previously elected to receive a Joint and Survivor pension under the applicable provisions of the Pension Trust Agreement, shall, in addition to said Joint and Survivor pension amount, be entitled to receive the full widow's monthly pension amount as provided by Item 6 of the Supplemental Agreement, effective upon promulgation of the Indiana Code of 1971. Payments to a dependent parent or parents shall be determined by the Pension Advisory Board in accordance with extent of dependency. Such payments shall begin one month after the death of the Employee Beneficiary and continue as long as either parent survives and remains dependent upon the source of revenue.

7. The Trustee, with the approval of the Department, shall invest, reinvest, and manage the Police Benefit Fund for the purchase of or payment of the following:

a. Such investments as the Trustee may be authorized to invest funds in, under the laws of the State of Indiana.

b. Single premium life insurance contracts or policies on the life of any Employee Beneficiary or any executive officer of the Department.

c. Annuities for Employee Beneficiaries or dependents of deceased Employee Beneficiaries.

d. Payments authorized to be made by the terms of this Agreement.

e. Current operating expense authorized by the Department with the approval of the Engineers.

The right of the Trustee to invest and use the assets of the Police Benefit Fund shall be subject to the following limitations.

a. All annuities and life insurance contracts or policies shall be purchased only for such persons, and at such times, as shall be approved by the Engineers and the Department and from such companies as shall be approved by the Engineers and the Department and are licensed to operate in the State of Indiana.

8. The Trustee with the assistance of the Engineers shall, within ninety days after the close of the fiscal year, prepare and file with the Department and the Indiana Insurance Department, a detailed annual report showing receipts, disbursements, gross value of the assets of the Police Benefit Fund listing investments as to book value and current market value as of the end of the fiscal year, case histories and making recommendations as to the necessary contributions required to keep the program in operation.

9. The gross and net value of the assets of the Police Benefit Fund shall be determined in the same manner as the assets of the Pension Fund, as set out in the Pension Trust.

10. The Police Benefit Fund may be liquidated at any time by the Department and shall be liquidated in the event of liquidation of the Pension Trust.

11. The liquidation of the Police Benefit Fund shall be under the direction and supervision of the Engineers and the Indiana Insurance Department and in the following manner:

All refund annuities which are subject to such conversion shall be converted into life annuities, and all life insurance contracts or policies which have a cash surrender value shall be surrendered, and all remaining assets of the Police Benefit Fund shall be sold or otherwise converted into cash.

If this Supplemental Agreement shall be terminated after July 1, 1959, the net assets of the Police Benefit Fund shall be used as follows:

a. Pensions and payments shall be continued to persons then receiving same, either directly or by purchase of annuities from eligible life insurance companies yielding as nearly as possible the maximum monthly amounts payable to the persons then receiving same.

b. Any balance of the Police Benefit Fund remaining after the payments provided for in (a) of this Item 11 shall revert to the Pension Trust and be administered in accordance with the terms thereof.

12. The Trustee shall at all times employ Engineers, with the approval of the Department, to assist and supervise the operation of the Police Benefit Fund. The terms of employment and compensation of the Engineers shall be as provided in the Pension Trust.

The Trustee shall be reimbursed from the trust assets for any extraordinary service or out-of-pocket expense necessarily and properly incurred by it in the administration of the trust, subject to the approval of the Department. The Trustee shall receive no compensation for its services hereunder.

Neither the Trustee, the Department, the Pension Advisory Board, the Engineers, nor their representatives shall be liable for any error of judgment, mistake or omission made in good faith, but only for negligence or willful misconduct in the performance of their duties hereunder.

The Department shall keep complete records of the amounts authorized to be deducted from the wages of each Employee Beneficiary for the Employee Insurance Program and it shall maintain complete employment records of Employee Beneficiaries. The Engineers and the Trustee shall be entitled to rely upon statements of the Department or its representatives as to the following matters: the amount paid into the Employee Insurance Fund from the wages of

Employee Beneficiaries; the ages of Employee Beneficiaries and their dependents; whether or not Employee Beneficiaries were on the payroll of the Department on stated dates; the length of time Employee Beneficiaries have been on the payroll of the Department; and wages paid by the Department to Employee Beneficiaries.

The Department and Engineers shall be entitled to rely on the statements of the Trustee or its representative, as to the amount held in and the amount paid from the Police Benefit Fund and the Employee Insurance Fund, to any persons whomsoever.

Parties hereto shall be entitled to rely upon any statement contained in any employee's Application and Authorization for Deduction.

A statement shall be deemed to have been made by the Department Pension Advisory Board, Trustee or the Engineers if it shall be signed by one of their respective executive officers or any person authorized to sign such statements by one of their respective executive officers.

Any statement shall be deemed to have been made by the Trustee provided it shall be signed by the Treasurer of State or by any person authorized by the Treasurer of State to sign such statement.

It is not intended that the Trust created by this Agreement shall be administered by or under the supervision of any court: but in the event that any party hereto shall apply to a court for a construction hereof, or for direction as to the duties or rights of any party hereunder, then and in any such event, such application shall be made to any court of competent jurisdiction sitting in Marion County, State of Indiana, and having jurisdiction of the subject matter, and such court shall have jurisdiction to issue such order, decree or judgment as the equity of the case may require. In the event of any such proceeding or proceedings being instituted, it shall not be necessary to make a party or to serve process upon any Employee Beneficiary, any former Employee Beneficiary or any person claiming by, through or under any Employee Beneficiary or former Employee Beneficiary, whether resident or nonresident of the State of Indiana, but it shall be sufficient to publish such notice of the institution of said suit in two newspapers of general paid circulation in Marion County, Indiana, as the court may direct. If in any such proceedings the court shall determine that the Engineers are negligent or guilty of willful misconduct in performing their functions hereunder, the Trustee shall have the right to select successor Engineers, with the approval of the Department, and such successor shall perform the functions agreed hereunder to be performed by the Engineers.

The Trust arising under the operation hereof shall constitute a trust under the laws of the State of Indiana, and this Agreement shall be construed by the applicable laws of Indiana.

13. It is understood and agreed that inasmuch as Employee Beneficiaries are required to make no payments into the Police Benefit Fund neither they, nor any person claiming by, through nor under them, shall have any vested rights in or to the Police Benefit Fund, nor any claim against any party hereto or representatives thereof, including the Engineers and the Pension Advisory Board. Any suggestions or grievances, however, may be presented to the Pension Advisory Board for proper review and consideration, and its decision shall be final and binding upon all parties to the fullest extent permitted by law, unless the decision is contrary to the terms of this Agreement.

14. a. The Police Benefit Fund, consisting of the mortality reserve account, the disability reserve account and the dependent pension reserve account, as authorized by Acts 1937, Chapter 54, Section 6, shall, on and after July 1, 1966, not be commingled with any funds representing authorized deductions from the salary or wages of Employees of the Department, but shall be accounted for and operated as a separate and distinct fund from the Pension Fund and the Employee Insurance Fund.

b. Subject to the approval of the Trustee, the Engineers and the State Actuary, there is hereby authorized and created a separate and distinct fund to be known as the Employees' Insurance Fund which shall, on and after July 1, 1966, be accounted for and operated separately from the Police Pension Fund and the Police Benefit Fund. The Employees' Insurance Fund shall consist of the necessary authorized deductions from the salary and wages of Employees of the Department heretofore made and hereafter made, in accordance with the wage assignment laws of the State. Said fund shall be used for the purposes of providing additional supplementary death benefits and disability income over and above that provided by the Police Benefit Fund (except that accidental death and dismemberment benefits may also be provided) and to provide a Major Medical Health and Hospitalization Plan to supplement the Department's Health and Hospitalization Group Plan, to all qualifying employees who authorize a deduction from salary or wages for said purpose. The Department shall maintain separate accounting records for each employee participating in the Employee Insurance Fund and no part of said fund shall be commingled with the Police Pension Fund or Police Benefit Fund.

15. This Supplemental Trust Agreement may be amended in any particular by the Department, with the consent of the Engineers. A copy of any such amendment shall be filed with the Trustee and the Engineers.

Executed in duplicate at Indianapolis, Indiana, the day and year first above written.

DEPARTMENT OF STATE POLICE OF INDIANA

By Robert W. Hinkle
First Party

Attest: William R. Klein

TREASURER OF STATE

By [Signature]
Second Party

Attest: James A. Theobald

Approved: [Signature]
Engineers