



January 21, 2025

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# HOUSE BILL No. 1081

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DIGEST OF HB 1081 (Updated January 21, 2025 1:17 pm - DI 154)

**Citations Affected:** IC 23-17.

**Synopsis:** Distributions to charitable beneficiaries. Provides that if a charitable organization is designated as the beneficiary of an individual retirement account, retirement account, brokerage transfer on death account, annuity, or life insurance policy, a financial institution or insurance company in control of the funds must transfer the funds directly to the charitable organization without requiring certain conditions to be satisfied, if the charitable organization submits a certain affidavit.

**Effective:** July 1, 2025.

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January 8, 2025, read first time and referred to Committee on Financial Institutions.  
January 21, 2025, amended, reported — Do Pass.

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HB 1081—LS 6476/DI 154





January 21, 2025

First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

## HOUSE BILL No. 1081

A BILL FOR AN ACT to amend the Indiana Code concerning business and other associations.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 23-17-25.7 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2025]:  
4 **Chapter 25.7. Charitable Organization Beneficiary Bequest**  
5 **Protections**  
6 **Sec. 1. The following definitions apply throughout this chapter:**  
7 **(1) "Charitable organization" means any entity that is:**  
8 **(A) recognized as tax exempt under Section 501(c)(3) of the**  
9 **Internal Revenue Code; and**  
10 **(B) organized under IC 23-17-3.**  
11 **(2) "Deceased" means a person who has:**  
12 **(1) died; and**  
13 **(2) designated a charitable organization as the beneficiary**  
14 **of an individual retirement account, retirement account,**  
15 **brokerage transfer on death account, annuity, or life**  
16 **insurance policy**  
17 **(3) "Financial institution" means any:**

HB 1081—LS 6476/DI 154



- 1 (A) bank;  
 2 (B) trust company;  
 3 (C) corporate fiduciary;  
 4 (D) savings association;  
 5 (E) credit union;  
 6 (F) savings bank;  
 7 (G) bank of discount and deposit; or  
 8 (H) industrial loan and investment company;  
 9 organized or reorganized under Indiana law, the law of  
 10 another state (as defined in IC 28-2-17-19), or United States  
 11 law.

12 **Sec. 2. If a charitable organization is designated as the**  
 13 **beneficiary of an individual retirement account, retirement**  
 14 **account, brokerage transfer on death account, annuity, or life**  
 15 **insurance policy, a financial institution or insurance company in**  
 16 **control of the funds shall do the following:**

17 (1) Transfer the funds directly to the charitable organization  
 18 upon receipt of an affidavit submitted by the charitable  
 19 organization that contains the following information:

20 (A) A statement by the charitable organization confirming  
 21 that it is tax exempt under Section 501(c)(3) of the Internal  
 22 Revenue Code.

23 (B) A copy of a corporate resolution authorizing the  
 24 acceptance of the transferred funds.

25 (C) An Internal Revenue Service Form W-9 for  
 26 identification.

27 (D) A copy of:

28 (i) the deceased's death certificate;

29 (ii) a notice of probate for the deceased's estate published  
 30 in a newspaper;

31 (iii) documentation demonstrating that the deceased's  
 32 funeral expenses have been paid; or

33 (iv) a published obituary for the deceased.

34 (2) Refrain from requiring:

35 (A) personal information, including the Social Security  
 36 number, home address, and date of birth, of any employee,  
 37 officer, or agent of the charitable organization; or

38 (B) the charitable organization to open an account or  
 39 otherwise become a customer of the financial institution or  
 40 insurance company;

41 as a condition of transferring the funds.

42 **Sec. 3. (a) A financial institution or insurance company that**



1 receives the affidavit described in section 2(1) of this chapter shall:

2 (1) comply with the requirements of section 2 of this chapter;

3 or

4 (2) provide to the charitable organization that submitted the  
5 affidavit described in section 2(1) of this chapter a reasonable  
6 justification for not complying with the requirements of  
7 section 2 of this chapter;

8 not later than thirty (30) days after receiving the affidavit.

9 (b) It is a reasonable justification for not complying with the  
10 requirements of section 2 of this chapter if compliance would cause  
11 a financial institution to violate 12 U.S.C. 1829b, 12 U.S.C.  
12 1951-1960, 31 U.S.C. 5311-5314, 31 U.S.C. 5316-5336, or 31 C.F.R.  
13 1000-1099.

14 (c) If compliance with the requirements of section 2 of this  
15 chapter would cause a violation of a federal law described in  
16 subsection (b), the financial institution shall include in its  
17 reasonable justification a request to the charitable organization to  
18 provide the information required to comply with the federal law  
19 described in subsection (b).

20 (d) If a financial institution or insurance company fails to  
21 comply or provide a reasonable justification for not complying  
22 with the requirements of section 2 of this chapter not later than  
23 thirty (30) days after receiving the affidavit described in section  
24 2(1) of this chapter, a court:

25 (1) may award the charitable organization damages sustained  
26 due to the delay in receiving the funds under section 2(2) of  
27 this chapter;

28 (2) may award the charitable organization court costs,  
29 including attorney's fees; and

30 (3) shall impose a civil penalty on the financial institution or  
31 insurance company in an amount not less than five hundred  
32 dollars (\$500) and not more than ten thousand dollars  
33 (\$10,000) per incident.

34 Sec. 4. (a) A charitable organization may bring an action in  
35 court or file a complaint with the department of financial  
36 institutions if the charitable organization believes that a financial  
37 institution is not complying with this chapter.

38 (b) A charitable organization may bring an action in court or  
39 file a complaint with the department of insurance if the charitable  
40 organization believes that an insurance company is not complying  
41 with this chapter.

42 (c) If a charitable organization chooses to file a complaint with



1 the department of financial institutions under subsection (a), the  
2 department of financial institutions:  
3 (1) shall investigate the complaint;  
4 (2) may award the charitable organization damages sustained  
5 due to the delay in receiving the funds under section 2(2) of  
6 this chapter; and  
7 (3) shall impose a civil penalty on the financial institution in  
8 an amount not less than five hundred dollars (\$500) and not  
9 more than ten thousand dollars (\$10,000) per incident.  
10 (d) If a charitable organization chooses to file a complaint with  
11 the department of insurance under subsection (b), the department  
12 of insurance:  
13 (1) shall investigate the complaint;  
14 (2) may award the charitable organization damages sustained  
15 due to the delay in receiving the funds under section 2(2) of  
16 this chapter; and  
17 (3) shall impose a civil penalty on the insurance company in  
18 an amount not less than five hundred dollars (\$500) and not  
19 more than ten thousand dollars (\$10,000) per incident.



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred House Bill 1081, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, line 4, after "provide" insert **"to the charitable organization that submitted the affidavit described in section 2(1) of this chapter"**.

Page 3, between lines 6 and 7, begin a new paragraph and insert:

**"(b) It is a reasonable justification for not complying with the requirements of section 2 of this chapter if compliance would cause a financial institution to violate 12 U.S.C. 1829b, 12 U.S.C. 1951-1960, 31 U.S.C. 5311-5314, 31 U.S.C. 5316-5336, or 31 C.F.R. 1000-1099.**

**(c) If compliance with the requirements of section 2 of this chapter would cause a violation of a federal law described in subsection (b), the financial institution shall include in its reasonable justification a request to the charitable organization to provide the information required to comply with the federal law described in subsection (b)."**

Page 3, line 7, delete "(b)" and insert **"(d)"**.

and when so amended that said bill do pass.

(Reference is to HB 1081 as introduced.)

TESHKA

Committee Vote: yeas 10, nays 0.

