



January 21, 2022

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## SENATE BILL No. 77

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DIGEST OF SB 77 (Updated January 19, 2022 9:55 am - DI 144)

**Citations Affected:** IC 10-12; noncode.

**Synopsis:** State police pension trustee. Urges the legislative council to assign to the interim study committee on pension management oversight the task of studying whether the trustee of the state police pension trust and the police benefit fund should be the board of trustees of the Indiana public retirement system. Specifies that the corpus and income of the pension trust shall be distributed to participants and their beneficiaries in accordance with certain provisions.

**Effective:** July 1, 2022.

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## Boots

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January 4, 2022, read first time and referred to Committee on Pensions and Labor.  
January 20, 2022, amended, reported favorably — Do Pass.

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SB 77—LS 6235/DI 144





January 21, 2022

Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

## SENATE BILL No. 77

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

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

- 1 SECTION 1. IC 10-12-2-3, AS AMENDED BY P.L.42-2011,  
2 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2022]: Sec. 3. (a) The pension trust shall satisfy the  
4 qualification requirements in Section 401 of the Internal Revenue  
5 Code, as applicable to the pension trust. In order to meet those  
6 requirements, the pension trust is subject to the following provisions,  
7 notwithstanding any other provision of this chapter, IC 10-12-3, or  
8 IC 10-12-4:  
9 (1) The ~~pension advisory board shall distribute the corpus and~~  
10 income of the pension trust **shall be distributed** to participants  
11 and their beneficiaries in accordance with this chapter,  
12 IC 10-12-3, and IC 10-12-4.  
13 (2) A part of the corpus or income of the pension trust may not be  
14 used or diverted to any purpose other than the exclusive benefit  
15 of the participants and their beneficiaries.  
16 (3) Forfeitures arising from severance of employment, death, or  
17 any other reason may not be applied to increase the benefits any

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1 participant would otherwise receive under this chapter,  
2 IC 10-12-3, or IC 10-12-4.

3 (4) If the pension trust is terminated or if all contributions to the  
4 pension trust are completely discontinued, the rights of each  
5 affected participant to the benefits accrued at the date of the  
6 termination or discontinuance, to the extent then funded, are  
7 nonforfeitable.

8 (5) All benefits paid from the pension trust shall be distributed in  
9 accordance with the requirements of Section 401(a)(9) of the  
10 Internal Revenue Code and the regulations under that section. To  
11 meet those requirements, the pension trust is subject to the  
12 following provisions:

13 (A) The life expectancy of a participant, the participant's  
14 spouse, or the participant's beneficiary shall not be  
15 recalculated after the initial determination for purposes of  
16 determining benefits.

17 (B) If a participant dies before the distribution of the  
18 participant's benefits has begun, distributions to beneficiaries  
19 must begin no later than December 31 of the calendar year  
20 immediately following the calendar year in which the  
21 participant died.

22 (C) The amount of an annuity paid to a participant's  
23 beneficiary may not exceed the maximum determined under  
24 the incidental death benefit requirement of the Internal  
25 Revenue Code.

26 (6) The pension advisory board may not:

27 (A) determine eligibility for benefits;

28 (B) compute rates of contribution; or

29 (C) compute benefits of participants or beneficiaries;

30 in a manner that discriminates in favor of participants who are  
31 considered officers, supervisors, or highly compensated, as  
32 provided under Section 401(a)(4) of the Internal Revenue Code.

33 (7) Benefits paid under this chapter, IC 10-12-3, or IC 10-12-4  
34 may not exceed the maximum benefit specified by Section 415 of  
35 the Internal Revenue Code.

36 (8) The salary taken into account under this chapter, IC 10-12-3,  
37 or IC 10-12-4 may not exceed the applicable amount under  
38 Section 401(a)(17) of the Internal Revenue Code.

39 (9) The trustee may not engage in a transaction prohibited by  
40 Section 503(b) of the Internal Revenue Code.

41 (b) Notwithstanding any other provision of this chapter or  
42 IC 10-12-3, and solely for the purposes of the benefits provided under



1 IC 10-12-3, the benefit limitations of Section 415 of the Internal  
2 Revenue Code shall be determined by applying the provisions of  
3 Section 415(b)(10) of the Internal Revenue Code, as amended by the  
4 Technical and Miscellaneous Revenue Act of 1988. This section  
5 constitutes an election under Section 415(b)(10)(C) of the Internal  
6 Revenue Code to have Section 415(b) of the Internal Revenue Code,  
7 other than Section 415(b)(2)(G) of the Internal Revenue Code, applied  
8 without regard to Section 415(b)(2)(F) of the Internal Revenue Code  
9 (before its repeal on June 7, 2001, by P.L.107-16) to anyone who did  
10 not first become a participant before January 1, 1990.

11 SECTION 2. [EFFECTIVE JULY 1, 2022] **(a) The legislative**  
12 **council is urged to assign to the interim study committee on**  
13 **pension management oversight the task of studying whether the**  
14 **trustee of the state police pension trust and the police benefit fund**  
15 **should be the board of trustees of the Indiana public retirement**  
16 **system.**

17 **(b) This SECTION expires January 1, 2023.**



## COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 77, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17.

Delete pages 2 through 3.

Page 4, delete lines 1 through 15.

Delete pages 6 through 7.

Page 8, delete lines 1 through 29, begin a new paragraph and insert:

"SECTION 2. [EFFECTIVE JULY 1, 2022] **(a) The legislative council is urged to assign to the interim study committee on pension management oversight the task of studying whether the trustee of the state police pension trust and the police benefit fund should be the board of trustees of the Indiana public retirement system.**

**(b) This SECTION expires January 1, 2023."**

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 77 as introduced.)

BOOTS, Chairperson

Committee Vote: Yeas 8, Nays 0.

