

SENATE BILL No. 117

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.2-4-2.

Synopsis: Lump sum payment of ASA contributions. Provides that contributions posted to a public employees' retirement fund (PERF) or teachers' retirement fund (TRF) member's annuity savings account (ASA) after the final date on which the PERF or TRF member's retirement benefit is processed may be distributed to the member as a lump sum payment as determined by the rules of the board of trustees of the Indiana public retirement system. Removes the \$1,000 maximum on the lump sum payment of these contributions.

Effective: July 1, 2014.

Young R Michael

January 8, 2014, read first time and referred to Committee on Pensions and Labor.



Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE BILL No. 117



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 5-10.2-4-2, AS AMENDED BY P.L.35-2012,
2 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2014]: Sec. 2. (a) Unless a member elects otherwise under this
4 section or has elected to withdraw the member's annuity savings
5 account under IC 5-10.2-3-6.5, the retirement benefit for each member
6 consists of the sum of a pension provided by employer contributions
7 plus an annuity provided by the amount credited to the member in the
8 annuity savings account. If a member has elected to withdraw the
9 member's annuity savings account under IC 5-10.2-3-6.5, the member's
10 retirement benefit is equal to the pension provided by employer
11 contributions, unless the member has transferred the creditable service
12 earned under the public employees' retirement fund to another
13 governmental retirement plan under IC 5-10.2-3-1(i). Regardless of a
14 member's election under this section, contributions ~~totaling not more~~
15 ~~than one thousand dollars (\$1,000)~~ that are posted to a member's
16 annuity savings account after the final date on which the member's



1 retirement benefit is processed may be distributed to the member as a
 2 lump sum payment **as determined by the rules of the board.**

3 (b) If a member has not elected to withdraw the entire amount in the
 4 member's annuity savings account under IC 5-10.2-3-6.5, a member
 5 may choose at retirement or upon a disability retirement to receive a
 6 distribution of:

7 (1) the entire amount credited to the member in the annuity
 8 savings account; or

9 (2) an amount equal to the member's federal income tax basis in
 10 the member's annuity savings account balance as it existed on
 11 December 31, 1986.

12 If the member chooses to receive the distribution under subdivision (1),
 13 the member is not entitled to an annuity as part of the retirement or
 14 disability benefit. If the member chooses to receive the distribution
 15 under subdivision (2), the member is entitled to an annuity purchasable
 16 by the amount remaining in the member's annuity savings account after
 17 the payment under subdivision (2).

18 (c) Instead of choosing to receive the benefits described in
 19 subsection (a) or (b), if a member has not elected to withdraw the entire
 20 amount in the member's annuity savings account under IC 5-10.2-3-6.5,
 21 a member may choose upon retirement or upon disability retirement to
 22 begin receiving a pension provided by employer contributions and to
 23 defer receiving in any form the member's annuity savings account. If
 24 a member chooses this option, the member:

25 (1) is not entitled to an annuity as part of the member's retirement
 26 or disability benefit, and the member's annuity savings account
 27 will continue to be invested according to the member's direction
 28 under IC 5-10.2-2-3; and

29 (2) may later choose, as of the first day of a month, or an alternate
 30 date established by the rules of the board, to receive a distribution
 31 of:

32 (A) the entire amount credited to the member in the annuity
 33 savings account; or

34 (B) an amount equal to the member's federal income tax basis
 35 in the member's annuity savings account balance as it existed
 36 on December 31, 1986.

37 If the member chooses to receive the distribution under subdivision
 38 (2)(A), the member is not entitled to an annuity as part of the member's
 39 retirement or disability benefit. If the member chooses to receive the
 40 distribution under subdivision (2)(B), the member is entitled to an
 41 annuity purchasable by the amount remaining in the member's annuity
 42 savings account after the payment under subdivision (2)(B). If the



1 member does not choose to receive a distribution under this subsection,
2 the member is entitled to an annuity purchasable by the entire amount
3 in the member's annuity savings account, and the form of the annuity
4 shall be as described in subsection (d) unless the member elects an
5 option described in section 7(b)(1), 7(b)(2), or 7(b)(4) of this chapter.
6 The amount to be paid under this section shall be determined in the
7 manner described in IC 5-10.2-2-3. However, the board may by rule
8 provide for an alternate valuation date.
9 (d) Retirement benefits must be distributed in a manner that
10 complies with Section 401(a)(9) of the Internal Revenue Code, as
11 specified in IC 5-10.2-2-1.5.

