



February 11, 2014

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**ENGROSSED  
SENATE BILL No. 117**

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DIGEST OF SB 117 (Updated February 11, 2014 9:11 am - DI 84)

**Citations Affected:** IC 5-10.2.

**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 determined by the rules of the board of trustees (board) of the Indiana public retirement system. Removes a requirement that these contributions be paid as a lump sum. Requires the board to obtain the member's consent to the form of the distribution if the amount exceeds \$1,000.

**Effective:** July 1, 2014.

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**Young R Michael, Buck, Tallian,  
Randolph**

(HOUSE SPONSOR — FRIZZELL)

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January 8, 2014, read first time and referred to Committee on Pensions and Labor.  
January 16, 2014, reported favorably — Do Pass.  
January 21, 2014, read second time, amended, ordered engrossed.  
January 22, 2014, engrossed.  
January 23, 2014, read third time, passed. Yeas 47, nays 0.

HOUSE ACTION

February 4, 2014, read first time and referred to Committee on Employment, Labor and Pensions.  
February 11, 2014, reported — Do Pass.

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ES 117—LS 6469/DI 102





February 11, 2014

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.

## ENGROSSED SENATE BILL No. 117

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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

ES 117—LS 6469/DI 102



1 retirement benefit is processed may be distributed to the member as a  
 2 ~~lump sum payment~~ **determined by the rules of the board. If the**  
 3 **distribution exceeds one thousand dollars (\$1,000), the board shall**  
 4 **obtain the member's consent as to the form of the distribution.**

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

9 (1) the entire amount credited to the member in the annuity  
 10 savings account; or

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

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

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

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

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

34 (A) the entire amount credited to the member in the annuity  
 35 savings account; or

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

39 If the member chooses to receive the distribution under subdivision  
 40 (2)(A), the member is not entitled to an annuity as part of the member's  
 41 retirement or disability benefit. If the member chooses to receive the  
 42 distribution under subdivision (2)(B), the member is entitled to an



1 annuity purchasable by the amount remaining in the member's annuity  
2 savings account after the payment under subdivision (2)(B). If the  
3 member does not choose to receive a distribution under this subsection,  
4 the member is entitled to an annuity purchasable by the entire amount  
5 in the member's annuity savings account, and the form of the annuity  
6 shall be as described in subsection (d) unless the member elects an  
7 option described in section 7(b)(1), 7(b)(2), or 7(b)(4) of this chapter.  
8 The amount to be paid under this section shall be determined in the  
9 manner described in IC 5-10.2-2-3. However, the board may by rule  
10 provide for an alternate valuation date.

11 (d) Retirement benefits must be distributed in a manner that  
12 complies with Section 401(a)(9) of the Internal Revenue Code, as  
13 specified in IC 5-10.2-2-1.5.



COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 117, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 117 as introduced.)

Committee Vote: Yeas 6, Nays 0

Senator Boots, Chairperson

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SENATE MOTION

Madam President: I move that Senate Bill 117 be amended to read as follows:

Page 2, line 1, strike "a".

Page 2, line 2, strike "lump sum payment".

Page 2, line 2, delete "as".

Page 2, line 2, after "board." insert "**If the distribution exceeds one thousand dollars (\$1,000), the board shall obtain the member's consent as to the form of the distribution.**".

(Reference is to SB 117 as printed January 17, 2014.)

YOUNG R MICHAEL

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Employment, Labor and Pensions, to which was referred Senate Bill 117, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to SB 117 as printed January 22, 2014.)

Committee Vote: Yeas 12, Nays 0

Representative Gutwein

