First Regular Session 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

SENATE ENROLLED ACT No. 46

AN ACT to amend the Indiana Code concerning pensions and to make an appropriation.

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

SECTION 1. IC 5-10-9.8 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Chapter 9.8. Special Death Benefit Fund

Sec. 1. The following definitions apply throughout this chapter:

(1) "Board" refers to the board of trustees of the Indiana public retirement system.

(2) "Employer" means an employer of a state employee (as defined in IC 5-10-11-3).

(3) "Fund" refers to the special death benefit fund established by section 2 of this chapter.

Sec. 2. (a) The special death benefit fund is established for the purpose of paying lump sum death benefits under the following statutes:

(1) IC 5-10-10.

(2) IC 5-10-11.

(3) IC 10-12-6.

(4) IC 36-8-6-20.

(5) IC 36-8-7-26.

(6) IC 36-8-7.5-22.

(7) IC 36-8-8-20.

(b) The fund consists of:

(1) appropriations by the general assembly;

(2) fees remitted to the board under IC 35-33-8-3.2 and IC 5-10-10-4.5;

(3) contributions from employers;

(4) gifts; and

(5) interest or other investment income earned on money in the fund.

(c) The fund shall be administered by the board. The expenses of administering the fund shall be paid from money in the fund.

(d) The board shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as the board's other funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 3. If the amount of money available in the fund during a state fiscal year is insufficient to pay death benefit claims under the statutes specified in section 2(a) of this chapter, there is annually appropriated to the board from the state general fund an amount equal to the deficiency for its purpose in administering the fund.

SECTION 2. IC 5-10-10-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. As used in this chapter, "fund" refers to the special death benefit fund **established by IC 5-10-9.8-2.**

SECTION 3. IC 5-10-10-5, AS AMENDED BY P.L.1-2006, SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5. (a) The special death benefit fund is established for the purpose of paying lump sum death benefits under section 6 of this chapter. The fund consists of the fees remitted to the board under IC 35-33-8-3.2 and section 4.5 of this chapter. The fund shall be administered by the board. The expenses of administering the fund shall be paid from money in the fund.

(b) The board shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as the board's other funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(c) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(d) The special death benefit fund established by IC 5-10-9.8-2 is the successor of the fund established under this section. On July 1, 2017, the board shall transfer money in the fund established

under this section to the special death benefit fund established by IC 5-10-9.8-2. As of July 1, 2017, pending claims against the fund under this section become pending claims against the special death benefit fund established by IC 5-10-9.8-2. The board shall maintain the records of the fund established under this section as if the records were created for the purposes of the special death benefit fund established by IC 5-10-9.8-2.

(e) This section expires August 1, 2017.

SECTION 4. IC 5-10-11-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. **(a)** The state shall establish and operate a death benefit program for the payment of lump sum death benefits to the survivors of a state employee who dies in the line of duty. The state may provide these benefits by purchasing group life insurance or by establishing a program of self-insurance.

(b) If the state establishes a program of self-insurance, the state shall ~~establish a fund to be managed by the board and funded~~ **fund the program** by such contributions as considered necessary by the board. **The board shall deposit any contributions received to maintain the program in the special death benefit fund established by IC 5-10-9.8-2, and** the board shall pay benefits out of the **special death benefit** fund. ~~established by the state under this section.~~

(c) This subsection applies if the state established a fund under this section before July 1, 2017. The special death benefit fund established by IC 5-10-9.8-2 is the successor of the fund established under this section. On July 1, 2017, the board shall transfer money in the fund established under this section to the special death benefit fund established by IC 5-10-9.8-2. As of July 1, 2017, pending claims against the fund under this section become pending claims against the special death benefit fund established by IC 5-10-9.8-2. The board shall maintain the records of the fund established under this section as if the records were created for the purposes of the special death benefit fund established by IC 5-10-9.8-2.

SECTION 5. IC 5-10.2-2-8, AS AMENDED BY P.L.115-2008, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 8. (a) For a member who retires after June 30, 2008, with service in more than one (1) retirement fund, the member may choose at the time the member files an application for retirement benefits whether to retire from the Indiana state teachers' retirement fund or from the public employees' retirement fund. The fund that the member chooses shall pay the ~~retirement benefits~~ **pension benefit** to the member. The pension shall be computed and vested status shall be determined on the basis of combined creditable service. The annuity, if any, shall be computed on the basis of **the** amounts credited to the member in annuity savings accounts in all funds minus any amount withdrawn by the member under IC 5-10.2-3-6.5 **and any amounts credited to the member in annuity savings accounts in all funds that the member elects to retain in the annuity savings accounts.** The funds in which the employee was a member shall pay to the fund responsible for payment of benefits

~~(1) the amount credited to the member in the annuity savings account; and~~

~~(2)~~ the proportionate actuarial cost of the member's pension.

(b) A member of the Indiana state teachers' retirement fund who has served as a member of the general assembly and who retires after June 30, 1980, may choose at the member's retirement date whether to retire from the Indiana state teachers' retirement fund or from the public employees' retirement fund. If the member chooses to retire from the public employees' retirement fund, that fund is responsible for the payment of benefits provided in IC 5-10.2-4, and the Indiana state teachers' retirement fund shall pay to the public employees' retirement fund

~~(1) the amount credited to that member in the annuity savings account in the Indiana state teachers' retirement fund; and~~

~~(2)~~ the proportionate actuarial cost of the member's pension.

SECTION 6. IC 5-10.2-3-6.5, AS AMENDED BY P.L.13-2011, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6.5. (a) A member who meets all of the following requirements may elect to withdraw **all or part of** the ~~entire~~ amount in the member's annuity savings account:

(1) The member has attained vested status in the fund.

(2) The member has terminated employment with the applicable fund and is not currently employed in a covered position **for the applicable fund.**

(3) The member has not performed any service in a position covered by the fund for at least thirty (30) days after the date the member terminates employment.

(4) The member makes the election described in this subsection:

(A) after December 31, 2008, if the member is a member of the public employees' retirement fund; or

(B) after June 30, 2009, if the member is a member of the Indiana state teachers' retirement fund.

(5) Except as provided in subsection (b), the member is not eligible for:

(A) before July 1, 2011, a reduced or unreduced retirement; or
(B) after June 30, 2011, an unreduced retirement;

under IC 5-10.2-4 on the date the fund receives notice of the election described in this subsection.

(b) The requirement described in subsection (a)(5) does not apply to a member of the public employees' retirement fund who:

(1) was eligible for a reduced or unreduced retirement; and
(2) received a distribution under this section;

after December 31, 2008, and before June 30, 2010.

(c) A member who elects to withdraw **all or part of** the ~~entire~~ amount in the member's annuity savings account under subsection (a) shall provide notice of the election on a form provided by the board.

(d) The election to withdraw **all or part of** the ~~entire~~ amount in the member's annuity savings account is irrevocable.

(e) The board shall pay ~~the~~ **an** amount ~~in~~ **withdrawn from** the member's annuity savings account **under this section** as a lump sum.

(f) Except as provided in subsection (g), a member who makes a withdrawal under this section is entitled to receive, when the member becomes eligible to receive and applies for a retirement benefit under IC 5-10.2-4, a retirement benefit equal to the pension provided by employer contributions computed under IC 5-10.2-4.

(g) A member who:

(1) transfers creditable service earned under the fund to another governmental retirement plan under section 1(i) of this chapter; and
(2) withdraws the member's annuity savings account under this section to purchase the service;

may not use the transferred service in the computation of a retirement benefit payable under subsection (f).

SECTION 7. IC 5-10.2-3-7.5, AS AMENDED BY P.L.99-2010, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7.5. (a) This subsection applies to members who die after March 31, 1990, and before January 1, 2007. A surviving dependent or surviving spouse of a member who dies in service is entitled to a survivor benefit if:

(1) the member has:
(A) at least ten (10) years of creditable service, if the member died in service as a member of the general assembly;
(B) at least fifteen (15) years of creditable service, if the member died in service in any other position covered by the retirement fund; or
(C) at least ten (10) years but not more than fourteen (14)

years of creditable service if the member:
(i) was at least sixty-five (65) years of age; and
(ii) died in service in a position covered by the teachers' retirement fund; and
(2) the surviving dependent or surviving spouse qualifies for a survivor benefit under subsection (c) or (d).

(b) This subsection applies to members who die after December 31, 2006. A surviving dependent or surviving spouse of a member who dies is entitled to a survivor benefit if:
(1) the member has:
(A) at least ten (10) years of creditable service, if the member died in service as a member of the general assembly;
(B) at least ten (10) years but not more than fourteen (14) years of creditable service if the member was at least sixty-five (65) years of age and died in service in a position covered by the fund (other than a position described in clause (A)); or
(C) at least fifteen (15) years of creditable service, if the member died in service in a position covered by the fund (other than a position described in clause (A)); and
(2) the surviving dependent or surviving spouse qualifies for a survivor benefit under subsection (c) or (d).

(c) If a member described in subsection (a) or (b) dies with a surviving spouse who was married to the member for at least two (2) years, the surviving spouse is entitled to a survivor benefit equal to the monthly pension benefit that would have been payable to the spouse under the joint and survivor option of IC 5-10.2-4-7 upon the member's death following retirement at:
(1) fifty (50) years of age; or
(2) the actual date of death;
whichever is later. However, benefits payable under this subsection are subject to subsections (f) and (h).

(d) If a member described in subsection (a) or (b) dies without a surviving spouse who was married to the member for at least two (2) years, but with a surviving dependent, the surviving dependent is entitled to a survivor benefit in a monthly amount equal to the actuarial equivalent of the monthly pension benefit that would have been payable to the spouse (assuming the spouse would have had the same birth date as the member) under the joint and survivor option of IC 5-10.2-4-7 upon the member's death following retirement at:
(1) fifty (50) years of age; or
(2) the actual date of death;
whichever is later. If there are two (2) or more surviving dependents,

the actuarial equivalent of the benefit described in this subsection shall be calculated and, considering the dependents' attained ages, an equal dollar amount shall be determined as the monthly pension benefit to be paid to each dependent. Monthly pension benefits under this subsection are payable until the date the dependent becomes eighteen (18) years of age or dies, whichever is earlier. However, if a dependent has a permanent and total disability (using disability guidelines established by the Social Security Administration) at the date the dependent reaches eighteen (18) years of age, the monthly pension benefit is payable until the date the dependent no longer has a disability (using disability guidelines established by the Social Security Administration) or dies, whichever is earlier. Benefits payable under this subsection are subject to subsections (f) and (h).

(e) This subsection applies if a member did not designate a beneficiary or the designated beneficiary does not survive the member. Except as provided in subsections (f) and (i), the surviving spouse or surviving dependent of a member who is entitled to a survivor benefit under subsection (c) or (d) or section 7.6 of this chapter may elect to receive ~~a~~ **one (1) or more** lump sum ~~payment of~~ **payments that do not exceed in aggregate** the total amount credited to the member in the member's annuity savings account or an amount equal to the member's federal income tax basis in the member's annuity savings account as of December 31, 1986. **If** a surviving spouse or surviving dependent ~~who~~ makes such an election, ~~is not entitled to~~ **the lump sum payments made to the surviving spouse or surviving dependent under this subsection are excluded from the calculation of** an annuity ~~as~~ **that is** part of the survivor benefit under subsection (c) or (d) or section 7.6 of this chapter. ~~to the extent of the lump sum payment.~~

(f) If a member is survived by a designated beneficiary, the following provisions apply:

(1) If the member is survived by one (1) designated beneficiary, the designated beneficiary is entitled to receive ~~in a lump sum or over a period of up to five (5) years, as elected by the designated beneficiary,~~ the amount credited to the member's annuity savings account, less any disability benefits paid to the member, **in one (1) or more lump sum payments over a period of up to five (5) years.**

(2) If the member is survived by two (2) or more designated beneficiaries, the designated beneficiaries are entitled to receive ~~in a lump sum or over a period of up to five (5) years, as elected by the designated beneficiary,~~ equal shares of the amount credited to the member's annuity savings account unless the member has

allocated the shares among the designated beneficiaries in a manner authorized under IC 5-10.3-8-15 or IC 5-10.4-4-10, less any disability benefits paid to the member. **Each beneficiary may elect to receive the beneficiary's share in one (1) or more lump sum payments over a period of up to five (5) years.**

(3) If the member is also survived by a spouse or dependent who is entitled to a survivor benefit under subsection (c) or (d) or section 7.6 of this chapter, the surviving spouse or dependent is not entitled to an annuity or a lump sum payment as part of the survivor benefit, unless the surviving spouse or dependent is also a designated beneficiary.

(g) If a member dies:

(1) without a surviving spouse or surviving dependent who qualifies for survivor benefits under subsection (c) or (d) or section 7.6 of this chapter; and

(2) without a surviving designated beneficiary who is entitled to receive the member's annuity savings account under subsection (f);

the amount credited to the member's annuity savings account, less any disability benefits paid to the member, shall be paid to the member's estate.

(h) Survivor benefits payable under this section or section 7.6 of this chapter shall be reduced by any disability benefits paid to the member.

(i) Additional annuity contributions, if any, shall not be included in determining survivor benefits under subsection (c) or (d) or section 7.6 of this chapter, but are payable in a lump sum payment to:

(1) the member's surviving designated beneficiary; or

(2) the member's estate, if there is no surviving designated beneficiary.

(j) Survivor benefits provided under this section or section 7.6 of this chapter are subject to IC 5-10.2-2-1.5.

(k) A benefit specified in this section shall be forfeited and credited ~~to the member's retirement fund~~ **in the manner determined by the board** if no person entitled to the benefit claims it within three (3) years after the member's death. However, the board may honor a claim that is made more than three (3) years after the member's death if the board finds, in the board's discretion, that:

(1) the delay in making the claim was reasonable or other extenuating circumstances justify the award of the benefit to the claimant; and

(2) paying the claim would not cause a violation of the applicable Internal Revenue Service rules.

SECTION 8. IC 5-10.2-4-1.3, AS AMENDED BY P.L.35-2012, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 1.3. (a) A member who files an application for retirement benefits must provide the following information on the application form:

(1) The retirement date chosen by the member.

(2) If the member has not elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5, ~~whether~~ the ~~member~~ ~~chooses:~~ **member's choice of any actuarially equivalent combination of:**

(A) an annuity purchased from **all or part of** the amount credited to the member in the annuity savings account;

(B) a total or partial distribution from the annuity savings account under section 2(b) of this chapter; ~~or~~ **and**

(C) a deferral of the payment of any benefits from the annuity savings account under section 2(c) of this chapter.

(3) The name of the beneficiary or beneficiaries designated by the member with respect to the pension portion of the member's retirement benefit.

(4) The name of the beneficiary or beneficiaries designated by the member with respect to the annuity portion of the member's retirement benefit, unless the member chooses total distribution under section 2 of this chapter.

(b) A member's designation of beneficiaries in the application for retirement benefits supersedes any previous designation of beneficiaries by the member.

(c) A member must indicate the name, address, date of birth, and Social Security number of each designated beneficiary and provide proof of birth of each designated beneficiary.

(d) The board shall adopt a form for the application for retirement benefits that meets the requirements of this section.

SECTION 9. IC 5-10.2-4-2, AS AMENDED BY P.L.22-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. (a) Unless a member elects otherwise under this section or has elected to withdraw the member's annuity savings account under IC 5-10.2-3-6.5, the retirement benefit for each member consists of the sum of a pension provided by employer contributions plus an annuity provided by **all or part of** the amount credited to the member in the annuity savings account. If a member has elected to withdraw the member's annuity savings account under IC 5-10.2-3-6.5, the member's retirement benefit is equal to the pension provided by employer contributions, unless the member has transferred the creditable service earned under the public employees' retirement fund to another governmental retirement plan under IC 5-10.2-3-1(i). Regardless of a member's election under this section, contributions that are posted to a member's annuity savings account after the final date on which the member's retirement benefit is processed may be distributed to the member as determined by the rules of the board. If the distribution exceeds one thousand dollars ($1,000), the board shall obtain the member's consent as to the form of the distribution.

(b) **Subject to subsections (d) and (e),** if a member has not elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5, a member may choose at retirement or upon a disability retirement **or at a later time** to receive a distribution of **all or part of:**

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

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

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

(c) ~~Instead of choosing to receive the benefits described in subsection (a) or (b),~~ **Subject to subsections (d) and (e),** if a member has not elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5, a member may choose upon retirement or upon disability retirement to begin receiving a pension provided by employer contributions and to defer receiving ~~in any form~~ **all or part of the amount in** the member's annuity savings account. If a member chooses this option: ~~the member:~~

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

(2) **the member** may later choose, as of the first day of a month, or an alternate date established by the rules of the board, to receive ~~a distribution~~ **one (1) or more distributions** of **all or part of:**

(A) the entire amount **then** credited to the member in the annuity savings account; or

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

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

(d) A member may make any combination of choices under subsections (a) through (c) over time with respect to the remaining amount credited to the member in the annuity savings account.

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

SECTION 10. IC 5-10.2-4-4, AS AMENDED BY P.L.177-2014, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. (a) The computation of benefits under this section is subject to IC 5-10.2-2-1.5.

(b) For retirement benefits payable on and after July 1, 1975, for a member retired on and after January 1, 1956, the pension (p) is computed as follows:

STEP ONE: Multiply one and one-tenths percent (1.1%) times the average of the annual compensation (aac) and obtain a product.

STEP TWO: To obtain the pension, multiply the STEP ONE product by the total creditable service (scr) completed by the member on the member's retirement date.

Expressed mathematically:

p = (.011) times (aac) times (scr)

~~(c) Unless the member:~~

~~(1) has chosen a lump sum payment under section 2(b) of this chapter;~~

~~(2) has elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5; or~~

~~(3) elects to defer receiving in any form the member's annuity savings account under section 2(c) of this chapter;~~

~~the~~ **(c) If a member purchases an** annuity **under this title on any date,** ~~is~~ the amount purchasable on ~~the member's retirement~~ **that** date ~~by~~ **is** the **part of the** amount credited to the member in the annuity savings account **that the member designates for the purchase of the annuity.** The amount purchasable is based on actuarial tables adopted by the board under IC 5-10.2-2-10 at an interest rate determined by the board under IC 5-10.5-4-2.6.

SECTION 11. IC 5-10.2-4-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5. The retirement benefit (rb) payable on and after July 1, 1975, for a member who retired on and after January 1, 1956, before age sixty-five (65) is the sum of the pension (P), as specified in section 4 of this chapter and computed on the basis of the total creditable service and the average of the annual compensation at retirement, multiplied by a percent (p), plus the annuity (A), if any, purchasable by **all or part of** the amount credited to the member in the annuity savings account. This sum is obtained by the following STEPS:

STEP ONE: From seven hundred eighty (780) months, which equals sixty-five (65) years, subtract the age of the member at ~~his~~ **the member's** retirement date expressed in whole months (retirement age in months) and obtain a remainder (X).

STEP TWO:

~~(i)~~ **(A)** If the remainder (X) is less than or equal to sixty (60), then multiply the remainder (X) times one-tenth percent (0.1%) and obtain a product (Y).

~~(ii)~~ **(B)** If the remainder (X) is greater than sixty (60), then multiply five-twelfths percent (5/12%) times the difference obtained by subtracting sixty (60) from the remainder (X) and obtain a product. Add to this six percent (6%) and obtain a sum (Y).

STEP THREE: From one hundred percent (100%) subtract the appropriate (Y) and obtain the percent (p).

STEP FOUR: The early retirement benefit equals (p) times (P) plus the annuity (A).

Expressed mathematically:

If "≤" means "less than or equal to" and if ">" means "greater than"; then:

(I) 780 - (retire age in months) = X;

(II) if X ≤ 60, (X) times (0.1%) = Y; or

if X > 60, (5/12%) times (X-60) + 6% = Y

(III) 100% - Y = p

(IV) rb = pP + A

SECTION 12. IC 5-10.2-4-7, AS AMENDED BY P.L.15-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7. (a) Benefits provided under this section are subject to IC 5-10.2-2-1.5.

(b) A member who retires is entitled to receive monthly retirement benefits, which are guaranteed for five (5) years or until the member's death, whichever is later. A member may select in writing any of the following nonconflicting options for the payment of the member's retirement benefits instead of the five (5) year guaranteed retirement benefit payments. The amount of the optional payments shall be determined under rules of the board and shall be the actuarial equivalent of the benefit payable under sections 4, 5, and 6 of this chapter. A member who has elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5 may not select the cash refund annuity option.

(1) Joint and Survivor Option.

(A) The member receives a decreased retirement benefit during the member's lifetime, and there is a benefit payable after the member's death to a designated beneficiary during the lifetime of the beneficiary, which benefit equals, at the option of the member, either the full decreased retirement benefit or two-thirds (2/3) or one-half (1/2) of that benefit.

(B) If the member dies before retirement, the designated beneficiary may receive only the amount credited to the member in the annuity savings account unless the designated beneficiary is entitled to survivor benefits under IC 5-10.2-3.

(C) If the designated beneficiary dies before the member retires, the selection is automatically canceled and the member may make a new beneficiary election and may elect a different form of benefit under this subsection.

(2) Benefit with No Guarantee. The member receives an increased lifetime retirement benefit without the five (5) year guarantee specified in this subsection.

(3) Integration with Social Security. If the member retires before the age of eligibility for Social Security benefits, in order to provide a level benefit during the member's retirement the member receives an increased retirement benefit until the age of Social Security eligibility and decreased retirement benefits after that age.

(4) Cash Refund Annuity. The member receives a lifetime annuity

purchasable by **all or part of** the amount credited to the member in the annuity savings account, and the member's designated beneficiary receives a refund payment equal to:

(A) the total amount used in computing the annuity; ~~at the retirement date;~~ minus

(B) the total annuity payments paid and due to the member before the member's death.

(c) This subsection does not apply to a member of the Indiana state teachers' retirement fund after June 30, 2007, or to a member of the public employees' retirement fund after June 30, 2008. If:

(1) the designated beneficiary dies while the member is receiving benefits; or

(2) the member is receiving benefits, the member marries, either for the first time or following the death of the member's spouse, after the member's first benefit payment is made, and the member's designated beneficiary is not the member's current spouse or the member has not designated a beneficiary;

the member may elect to change the member's designated beneficiary or form of benefit under subsection (b) and to receive an actuarially adjusted and recalculated benefit for the remainder of the member's life or for the remainder of the member's life and the life of the newly designated beneficiary. The member may not elect to change to a five (5) year guaranteed form of benefit. If the member's new election is the joint and survivor option, the member shall indicate whether the designated beneficiary's benefit shall equal, at the option of the member, either the member's full recalculated retirement benefit or two-thirds (2/3) or one-half (1/2) of this benefit. The cost of recalculating the benefit shall be borne by the member and shall be included in the actuarial adjustment.

(d) Except as provided in subsection (c) or section 7.2 of this chapter, a member who files for regular or disability retirement may not change:

(1) the member's retirement option under subsection (b);

(2) the selection of a lump sum payment under section 2 of this chapter; or

(3) the beneficiary designated on the member's application for benefits if the member selects the joint and survivor option under subsection (b)(1);

after the first day of the month in which benefit payments are scheduled to begin. For purposes of this subsection, it is immaterial whether a benefit check has been sent, received, or negotiated.

(e) A member may direct that the member's retirement benefits be paid to a revocable trust that permits the member unrestricted access to the amounts held in the revocable trust. The member's direction is not an assignment or transfer of benefits under IC 5-10.3-8-10 or IC 5-10.4-5-14.5.

(f) The board may adopt a policy to permit annual payment of a member's retirement benefit whenever the amount of the monthly retirement benefit to be paid to the member is not more than five dollars ($5).

SECTION 13. IC 5-10.3-7-9.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 9.5. (a) The fund may accept cash rollover contributions from a member who is making payments for additional service credits under this chapter if the following conditions are met:

(1) The rollover contribution must represent:

(A) all or a portion of the member's interest in a retirement plan of a former employer which is qualified under Section 401(a) of the Internal Revenue Code and which permits the interest to be transferred to the fund as a qualifying rollover contribution under the Internal Revenue Code;

(B) all or a portion of the member's interest from an individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code;

(C) all or a portion of the member's interest in:

(i) a qualified plan described in Section 403(a) of the Internal Revenue Code; or

(ii) an annuity contract or account described in Section 403(b) of the Internal Revenue Code; or

(D) all or a portion of the member's interest in an eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(2) The amount of the rollover contributions may not exceed the amount of payment required to purchase the service credits under this chapter.

(3) The rollover contributions may contain only tax-deferred contributions and earnings on the contributions, and may not include any post-tax contributions.

(4) The member must be otherwise eligible to purchase the service credit under this chapter.

(b) To the extent permitted by the Internal Revenue Code and the applicable regulations, the fund may accept, on behalf of a member who is purchasing permissive service credit under this chapter, a trustee to trustee transfer from:

(1) an annuity contract or account described in Section 403(b) of the Internal Revenue Code; or

(2) an eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

(c) The fund, the board, and their respective members, officers, and employees do not have any responsibility or liability with respect to the federal and state income tax consequences of any transfer made to the fund under this section. The board may require, as a condition to the fund's acceptance of a rollover contribution:

(1) satisfactory evidence that the proposed transfer is a qualifying rollover contribution under the Internal Revenue Code; and

(2) reasonable releases or indemnifications from the member against any and all liabilities that may be connected with the transfer.

(d) Cash transferred to the fund as a rollover contribution shall be deposited in the retirement allowance account.

(e) A member who terminates employment before satisfying the eligibility requirements necessary for a pension or disability benefit may withdraw the member's rollover contribution, plus accumulated interest, after submitting a properly completed application for a refund to the fund. ~~However, the member must also apply for a refund of the member's entire annuity savings account under IC 5-10.2-3 to be eligible for a refund of the member's rollover amount.~~

(f) Except as provided in this section, the fund shall not accept any other rollover contributions from a member.

(g) The board shall administer this section in accordance with the rollover provisions of the Internal Revenue Code and any applicable regulations.

SECTION 14. IC 5-10.4-4-12, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 12. (a) The fund may accept cash rollover contributions from a member who is making payments for additional service credits under this chapter if the following conditions are met:

(1) The rollover contribution must represent:

(A) all or a part of the member's interest in a retirement plan of a former employer that is qualified under Section 401(a) of the Internal Revenue Code and that permits the interest to be transferred to the fund as a qualifying rollover contribution under the Internal Revenue Code;

(B) all or a part of the member's interest from an individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code;

(C) all or a part of the member's interest in:

(i) a qualified plan described in Section 403(a) of the Internal Revenue Code; or

(ii) an annuity contract or account described in Section 403(b) of the Internal Revenue Code; or

(D) all or a part of the member's interest in an eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(2) The amount of the rollover contributions may not exceed the amount of payment required to purchase the service credits under this chapter.

(3) The rollover contributions may contain only tax deferred contributions and earnings on the contributions and may not include any posttax contributions.

(4) The member must be otherwise eligible to purchase the service credit under this chapter.

(b) To the extent permitted by the Internal Revenue Code and the applicable regulations, the fund may accept, on behalf of a member who is purchasing permissive service credit under this chapter, a trustee to trustee transfer from:

(1) an annuity contract or account described in Section 403(b) of the Internal Revenue Code; or

(2) an eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

(c) The fund, the board, and their respective members, officers, and employees do not have any responsibility or liability with respect to the federal and state income tax consequences of any transfer made to the fund under this section. The board may require, as a condition to the fund's acceptance of a rollover contribution:

(1) satisfactory evidence that the proposed transfer is a qualifying rollover contribution under the Internal Revenue Code; and

(2) reasonable releases or indemnifications from the member against any liabilities that may be connected with the transfer.

(d) Cash transferred to the fund as a rollover contribution shall be deposited in the retirement allowance account in the pre-1996 account or the 1996 account, whichever is appropriate.

(e) A member who terminates employment before satisfying the eligibility requirements necessary for a pension or disability benefit may withdraw the member's rollover contribution, plus accumulated interest, after submitting a properly completed application for a refund to the fund. ~~However, the member must also apply for a refund of the member's entire annuity savings account under IC 5-10.2-3 to be eligible for a refund of the member's rollover amount.~~

(f) Except as provided in this section, the fund shall not accept any other rollover contributions from a member.

(g) The board shall administer this section in accordance with the rollover provisions of the Internal Revenue Code and any applicable regulations.

SECTION 15. IC 5-10.4-6-4, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. (a) Beginning July 1, 1965, a person who receives a retirement benefit shall receive from the fund an amount that when added to the person's pension benefit derived from state sources and the person's Social Security benefit earned as a teacher equals at least one hundred seventeen dollars and fifty cents ($117.50) per month for a person with thirty (30) years of creditable service. The amount of the benefit must be adjusted actuarially for more or fewer years of service.

(b) Beginning July 1, 2017, the minimum pension benefit paid to a regularly retired member receiving an unreduced pension benefit is one hundred eighty-five dollars ($185) per month regardless of amounts paid to the member from Social Security or other state sources of retirement income or assistance.

~~(b)~~ **(c)** There is annually appropriated to the fund from money not otherwise appropriated in the state general fund an amount sufficient to pay the benefits described in this section.

SECTION 16. IC 5-10.4-6-5, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5. (a) A retired member is entitled to a supplemental retirement benefit to be paid by the fund as long as the member meets the following conditions:

(1) The member currently receives an annuity, a pension, or other retirement benefit from the fund.

(2) The member is at least sixty-five (65) years of age.

(3) The amount of all annuities, pensions, and retirement benefits for which the member is eligible under the federal Social Security Act is less than two hundred dollars ($200) per month.

(b) The amount of the supplemental retirement benefit to which a qualifying retired member is entitled each month is the difference between two hundred dollars ($200) and the total of all annuities, pensions, and retirement benefits that the member is eligible to receive under the federal Social Security Act.

(c) A retired member who:

(1) is not eligible for an annuity, a pension, or a retirement benefit under the federal Social Security Act; and

(2) qualifies under subsection (a);

is entitled to a supplemental retirement benefit of two hundred dollars ($200) per month.

(d) Beginning July 1, 2017, the minimum pension benefit paid to a regularly retired member receiving an unreduced pension benefit is one hundred eighty-five dollars ($185) per month regardless of amounts paid to the member from Social Security or other state sources of retirement income or assistance.

~~(d)~~ **(e)** The general assembly shall biennially appropriate to the fund from money not otherwise appropriated in the state general fund the amount necessary to satisfy this section.

SECTION 17. IC 5-10.5-2-2, AS ADDED BY P.L.23-2011, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. The system consists of the following public pension or retirement funds:

(1) The public employees' retirement fund established under IC 5-10.2 and IC 5-10.3.

(2) The Indiana state teachers' retirement fund established under IC 5-10.2 and IC 5-10.4.

(3) The Indiana judges' retirement fund established under IC 33-38-6.

(4) The prosecuting attorneys retirement fund established under IC 33-39-7.

(5) The state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement fund established under IC 5-10-5.5.

(6) The 1977 police officers' and firefighters' pension and disability fund established under IC 36-8-8.

(7) The legislators' retirement system established under IC 2-3.5.

(8) The pension relief fund established under IC 5-10.3-11.

(9) The special death benefit fund established under ~~IC 5-10-10.~~ **IC 5-10-9.8.**

~~(10) The state employees' death benefit fund established under IC 5-10-11.~~

SECTION 18. IC 10-12-6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. A special death benefit of one hundred fifty thousand dollars ($150,000) for a motor carrier inspector or special police employee who dies in the line of duty shall be paid in a lump sum from the special death benefit fund established ~~by IC 5-10-10-5~~ **under IC 5-10-9.8** to the following relative of a motor carrier inspector or special police employee who dies in the line of duty:

(1) The surviving spouse.

(2) If there is no surviving spouse, the surviving children (to be shared equally).

(3) If there is no surviving spouse and there are no surviving children, the parent or parents in equal shares.

SECTION 19. IC 36-8-6-20, AS AMENDED BY P.L.35-2012, SECTION 110, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 20. (a) As used in this section, "dies in the line of duty" has the meaning set forth in section 10.1 of this chapter.

(b) A special death benefit of seventy-five thousand dollars ($75,000) for a fund member who dies in the line of duty before January 1, 1998, and one hundred fifty thousand dollars ($150,000) for a fund member who dies in the line of duty after December 31, 1997, shall be paid in a lump sum by the Indiana public retirement system from the ~~pension relief~~ **special death benefit** fund established under ~~IC 5-10.3-11~~ **IC 5-10-9.8** to the following relative of a fund member who dies in the line of duty:

(1) To the surviving spouse.

(2) If there is no surviving spouse, to the surviving children (to be shared equally).

(3) If there is no surviving spouse and there are no surviving children, to the parent or parents in equal shares.

(c) The benefit provided by this section is in addition to any other benefits provided under this chapter.

SECTION 20. IC 36-8-7-26, AS AMENDED BY P.L.35-2012, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 26. (a) As used in this section, "dies in the line of duty" has the meaning set forth in section 12.4 of this chapter.

(b) A special death benefit of seventy-five thousand dollars ($75,000) for a fund member who dies in the line of duty before January 1, 1998, and one hundred fifty thousand dollars ($150,000) for a fund member who dies in the line of duty after December 31, 1997, shall be paid in a lump sum by the Indiana public retirement system from the ~~pension relief~~ **special death benefit** fund established under ~~IC 5-10.3-11~~ **IC 5-10-9.8** to the following relative of a fund member who dies in the line of duty:

(1) To the surviving spouse.
(2) If there is no surviving spouse, to the surviving children (to be shared equally).
(3) If there is no surviving spouse and there are no surviving children, to the parent or parents in equal shares.

(c) The benefit provided by this section is in addition to any other benefits provided under this chapter.

SECTION 21. IC 36-8-7.5-22, AS AMENDED BY P.L.35-2012, SECTION 112, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 22. (a) As used in this section, "dies in the line of duty" has the meaning set forth in section 14.1 of this chapter.

(b) A special death benefit of seventy-five thousand dollars ($75,000) for a fund member who dies in the line of duty before January 1, 1998, and one hundred fifty thousand dollars ($150,000) for a fund member who dies in the line of duty after December 31, 1997, shall be paid in a lump sum by the Indiana public retirement system from the ~~pension relief~~ **special death benefit** fund established under ~~IC 5-10.3-11~~ **IC 5-10-9.8** to the following relative of a fund member who dies in the line of duty:
(1) To the surviving spouse.
(2) If there is no surviving spouse, to the surviving children (to be shared equally).
(3) If there is no surviving spouse and there are no surviving children, to the parent or parents in equal shares.

(c) The benefit provided by this section is in addition to any other benefits provided under this chapter.

SECTION 22. IC 36-8-8-20, AS AMENDED BY P.L.35-2012, SECTION 138, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 20. (a) As used in this section, "dies in the line of duty" has the meaning set forth in section 14.1 of this chapter.

(b) Benefits paid under this section are subject to section 2.5 of this chapter.

(c) A special death benefit of seventy-five thousand dollars ($75,000) for a fund member who dies in the line of duty before January 1, 1998, and one hundred fifty thousand dollars ($150,000) for a fund member who dies in the line of duty after December 31, 1997, shall be paid in a lump sum by the Indiana public retirement system from the ~~pension relief~~ **special death benefit** fund established under ~~IC 5-10.3-11~~ **IC 5-10-9.8** to the following relative of a fund member who dies in the line of duty:

(1) To the surviving spouse.

(2) If there is no surviving spouse, to the surviving children (to be shared equally).

(3) If there is no surviving spouse and there are no surviving children, to the parent or parents in equal shares.

(d) The benefit provided by this section is in addition to any other benefits provided under this chapter.

President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Governor of the State of Indiana

Date: ________________ Time: ________________