

**TITLE 550**  
**BOARD OF TRUSTEES OF THE INDIANA STATE TEACHERS'**  
**RETIREMENT FUND**

- Art. 1. ADMINISTRATION OF FUND (*REPEALED*)
- Art. 2. INDIANA STATE TEACHERS' RETIREMENT FUND
- Art. 3. MODEL PLAN AMENDMENT
- Art. 4. ANNUAL COMPENSATION LIMITS; IMPLEMENTATION OF ANNUAL COMPENSATION LIMITATIONS PURSUANT TO INTERNAL REVENUE CODE SECTION 401(a)(17)
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**ARTICLE 1. ADMINISTRATION OF FUND**  
**(REPEALED)**

*(Repealed by Board of Trustees of the Indiana State Teachers' Retirement Fund; filed Oct 5, 1992, 5:00 p.m.: 16 IR 713)*

**ARTICLE 2. INDIANA STATE TEACHERS'**  
**RETIREMENT FUND**

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**Rule 1. Definitions**

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**550 IAC 2-1-1 Applicability**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2; IC 21-6.1

Sec. 1. The definitions in this rule apply throughout this article. (*Board of Trustees of the Indiana State*

*Teachers' Retirement Fund; 550 IAC 2-1-1; filed Oct 5, 1992, 5:00 p.m.: 16 IR 703; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

**550 IAC 2-1-2 "Board" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 21-6.1-3

Sec. 2. "Board" means the board of trustees of the Indiana state teachers' retirement fund. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-2; filed Oct 5, 1992, 5:00 p.m.: 16 IR 703; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

**550 IAC 2-1-3 "Employer" or "employing unit" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3; IC 21-6.1-4-1; IC 21-6.1-4-9

Sec. 3. "Employer" or "employing unit" refers to public school districts, the state of Indiana, Ball State University, Indiana State University, University of Southern Indiana, and Vincennes University. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-3; filed Oct 5, 1992, 5:00 p.m.: 16 IR 703; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

**550 IAC 2-1-4 "Employer contribution or share" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-6; IC 21-6.1-4-4.5

Sec. 4. "Employer contribution or share" refers to contributions made to the Indiana state teachers' retirement fund by the state, covered higher education units, and public school districts for those members receiving federal monies. In some instances, members claiming out-of-state service may be required to pay the employer's share for those years. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-4; filed Oct 5, 1992, 5:00 p.m.: 16 IR 703; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

**550 IAC 2-1-5 "In service" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-1; IC 5-10.2-3-7.5; IC 21-6.1-4-1; IC 21-6.1-4-5

Sec. 5. "In service" refers to active teaching in any of the positions covered in IC 21-6.1-4-1, approved leave

from active service while still under contract, or while receiving state disability benefits. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-5; filed Oct 5, 1992, 5:00 p.m.: 16 IR 703; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-1-6 "License" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-1; IC 21-6.1-4-1

Sec. 6. "License" means a teaching license issued by the Indiana state board of education. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-6; filed Oct 5, 1992, 5:00 p.m.: 16 IR 703; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-1-7 "Qualified dependent" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-7.5

Sec. 7. "Qualified dependent" refers to a dependent of a member who had the required years of credit prior to the member's death in service or while eligible to receive but prior to applying for retirement or disability benefits and is either under eighteen (18) years of age at the time of the member's death or is determined to have, at the time of the member's death, a disability that meets Social Security guidelines and was present prior to the dependent's eighteenth birthday. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-7; filed Oct 5, 1992, 5:00 p.m.: 16 IR 703; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-1-8 "Qualified spouse" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-7.5

Sec. 8. "Qualified spouse" refers to a current spouse who was married to a member for at least two (2) years at the time of the member's death in service or while eligible to receive retirement or disability retirement but before applying for those benefits. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-8; filed Oct 5, 1992, 5:00 p.m.: 16 IR 703; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-1-9 "Regular disability" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 21-6.1-5-1

Sec. 9. "Regular disability" refers to a medically confirmed inability to continue classroom teaching due to a mental or physical condition which is not necessarily of sufficient severity to meet Social Security disability

guidelines. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-9; filed Oct 5, 1992, 5:00 p.m.: 16 IR 703; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-1-10 "Regularly employed" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 21-6.1-4-1

Sec. 10. "Regularly employed" refers to employment with covered public schools, institutions, or the state as a teacher or substitute teacher. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-10; filed Oct 5, 1992, 5:00 p.m.: 16 IR 704; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-1-11 "Sabbatical" or "professional leave" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 20-6.1-6-1; IC 20-6.1-6-2; IC 21-6.1-4-5

Sec. 11. "Sabbatical" or "professional leave" refers to a leave of absence for additional education or professional experience which will directly enhance the member's performance of covered employment. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-11; filed Oct 5, 1992, 5:00 p.m.: 16 IR 704; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-1-12 "Supplemental contract" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 21-6.1-4-1; IC 21-6.1-4-2

Sec. 12. "Supplemental contract" refers to a teaching contract for evening or summer school employment in the public schools in a position which has been officially approved and certified by the Indiana state board of education. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-12; filed Oct 5, 1992, 5:00 p.m.: 16 IR 704; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-1-13 "Teacher" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-3; IC 21-6.1-1-9; IC 21-6.1-4-1

Sec. 13. "Teacher" refers to teachers, principals, superintendents, or supervisory personnel who are licensed by the Indiana state board of education and regularly employed in public schools or institutions and faculty and professional staff employed at covered universities. "Teacher" does not include dormitory staff, grounds or facility management personnel, secretarial

staff, or other similar positions. The board shall have the final determination on whether a position is within the meaning of the term. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-13; filed Oct 5, 1992, 5:00 p.m.: 16 IR 704; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-1-14 "Uniform contract" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 21-6.1-4-1

Sec. 14. "Uniform contract" refers to a teaching contract for a single year in a position which has been officially approved and certified by the Indiana state board of education. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-14; filed Oct 5, 1992, 5:00 p.m.: 16 IR 704; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-1-15 "Withdrawal" defined**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-6

Sec. 15. "Withdrawal" means the disbursement to a member of the assets held in the member's annuity savings account at any time prior to retirement. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-1-15; filed Oct 5, 1992, 5:00 p.m.: 16 IR 704; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

### **Rule 2. Administrative Matters**

550 IAC 2-2-1	Withholding of benefit payment
550 IAC 2-2-2	Bank accounts
550 IAC 2-2-3	Benefit payments pending appeal
550 IAC 2-2-4	Estimate of future benefits
550 IAC 2-2-5	Alternative investment plans and reemployment
550 IAC 2-2-6	Interest credited to accounts
550 IAC 2-2-7	Definition of compensation
550 IAC 2-2-8	Jury duty
550 IAC 2-2-9	Worker's compensation and sick leave
550 IAC 2-2-10	Overpayment of benefits

#### **550 IAC 2-2-1 Withholding of benefit payment**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4; IC 21-6.1-5

Sec. 1. Benefit payments may be withheld under any of the following circumstances:

- (1) Order of the board.
- (2) Pending investigation after three (3) consecutive monthly benefit checks have been returned by the United States Postal Service as undeliverable.
- (3) After verification of a member's death.

(4) Pursuant to court order.

(*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-2-1; filed Oct 5, 1992, 5:00 p.m.: 16 IR 704; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-2-2 Bank accounts**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-14; IC 21-6.1-5-17

Sec. 2. Neither the member nor the member's agent may instruct the fund to directly deposit benefit payments to a trust or to a bank account that does not permit the member access to the funds so held. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-2-2; filed Oct 5, 1992, 5:00 p.m.: 16 IR 704; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-2-3 Benefit payments pending appeal**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4; IC 21-6.1-5-9

Sec. 3. A member who elects to exercise the right to appeal an adverse decision issued by the board may receive benefit payments less the disputed amount while the matter is pending. Should the matter be resolved in the member's favor, future benefits will be adjusted accordingly and a lump sum payment for past benefits due shall be issued within sixty (60) days. If, however, the necessary information has not been provided or was delayed, the sixty (60) day period will be extended accordingly. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-2-3; filed Oct 5, 1992, 5:00 p.m.: 16 IR 704; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-2-4 Estimate of future benefits**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4; IC 21-6.1-5-9

Sec. 4. (a) The fund shall provide written estimates of future retirement benefits to a member only if the member has completed an estimate information form and returned it to fund offices or is physically present in the fund office.

(b) The calculation is only an estimate, and a final calculation will be rendered upon a vested member's retirement from service or death, whichever is earlier.

(c) The fund shall not provide an estimate more than two (2) years into the future unless the request is from a vested inactive member who has not effected a withdrawal of contributions and interest.

(d) Estimates are provided as a courtesy, and the fund accepts no liability in the event of error. (*Board of*

*Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-2-4; filed Oct 5, 1992, 5:00 p.m.: 16 IR 705; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

### **550 IAC 2-2-5 Alternative investment plans and reemployment**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-4; IC 5-10.2-3-5; IC 5-10.2-3-6; IC 21-6.1-5-16

Sec. 5. A member who retires after having elected an alternative investment plan shall remain in that plan if the member becomes reemployed. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-2-5; filed Oct 5, 1992, 5:00 p.m.: 16 IR 705; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

### **550 IAC 2-2-6 Interest credited to accounts**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-4; IC 5-10.2-3-5; IC 5-10.2-3-6; IC 21-6.1-4-11

Sec. 6. (a) Interest at a rate set by the board shall be credited to the guaranteed account during the period of the member's active service and for an additional ten (10) years following suspension of membership.

(b) No interest shall be credited to member accounts during the first fiscal year of membership. Subsequently, interest shall be credited as of June 30 of each year of service.

(c) Interest credit shall not exceed that amount permitted by law.

(d) Neither interest nor earnings shall be credited after a member retires. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-2-6; filed Oct 5, 1992, 5:00 p.m.: 16 IR 705; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

### **550 IAC 2-2-7 Definition of compensation**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-3; IC 21-6.1-5-7

Sec. 7. (a) "Basic salary" means the monetary compensation agreed to in advance in writing that is earned by and paid to a teacher for services rendered under a uniform or supplemental contract for a school year running from July 1 through June 30 plus the amounts stated in IC 5-10.2-4-3 that are not paid directly to the member.

(b) Annual compensation does not include any of the following:

- (1) Those amounts excluded under IC 5-10.2-4-3.
- (2) A one (1) time payment, or lump sum payment, by

the employer which is not made for services actually rendered or based upon the member's standard rate of pay.

(3) Back pay awards or settlements arising out of an employment grievance proceeding, except that back pay may be allocated among the years in which the service was rendered.

(4) Payments by the employer for accrued but unused compensatory time for overtime worked.

(5) Meals, lodging, life insurance, or other fringe benefits provided by the employer unless they fall within IC 5-10.2-4-3(c)(2).

(6) Payments by the employer for accrued but unused holiday, sick, personal, and vacation time, even when paid as part of a bargained agreement on a yearly or terminal basis.

(7) Payments for dues for professional or other organizations.

(8) Payments made as bonuses or awards for attendance, incentives, or performance unless such payments are available to all covered members employed by the employing unit.

(9) Payments in lieu of insurance coverage to members who do not participate in employer provided health insurance plans, or other fringe benefits provided by the employer.

(10) Reimbursements for expenditures made by the member.

These items do not constitute an exhaustive list.

(c) A member's basic salary and annual compensation must be certified by an official of the employing unit who has knowledge of and access to the records. A member may not certify his or her basic salary and annual compensation. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-2-7; filed Oct 5, 1992, 5:00 p.m.: 16 IR 705; filed Jul 26, 2000, 2:48 p.m.: 23 IR 3089; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

### **550 IAC 2-2-8 Jury duty**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-3

Sec. 8. Payments to members arising out of jury duty may be included as compensation. The payments shall be handled in the either of the following ways:

(1) The employing unit may pay the teacher the difference between the jury duty pay and the teacher's basic salary.

(2) The teacher may turn over jury duty pay to the employing unit and the employing unit will then pay the teacher the full basic salary.

(*Board of Trustees of the Indiana State Teachers' Retire-*

ment Fund; 550 IAC 2-2-8; filed Oct 5, 1992, 5:00 p.m.: 16 IR 705; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)

### **550 IAC 2-2-9 Worker's compensation and sick leave**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-3

Sec. 9. (a) The combination of worker's compensation and sick leave payments made by the employing unit may not exceed the member's basic salary.

(b) The member must pay to the fund the statutory contributions out of the amounts received pursuant worker's compensation.

(c) The employing unit must provide written verification of the facts surrounding the payment of worker's compensation benefits and the amount of the member's basic salary. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-2-9; filed Oct 5, 1992, 5:00 p.m.: 16 IR 706; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

### **550 IAC 2-2-10 Overpayment of benefits**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 21-6.1-3-7

Sec. 10. If a member, survivor, or beneficiary receives an overpayment of retirement benefits due to an administrative error, failure to inform the fund of reemployment, or any other reason, the erroneous payments must be returned to the fund. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-2-10; filed Oct 5, 1992, 5:00 p.m.: 16 IR 706; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

## **Rule 3. Suspension of Membership**

- 550 IAC 2-3-1 Suspension of membership; withdrawal of contributions
- 550 IAC 2-3-2 Membership following the withdrawal of contributions
- 550 IAC 2-3-3 Reinstatement of creditable service after suspension of membership
- 550 IAC 2-3-4 Repayment after withdrawal

### **550 IAC 2-3-1 Suspension of membership; withdrawal of contributions**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-5; IC 5-10.2-3-6; IC 21-6.1-4-11

Sec. 1. No withdrawal of the member's contributions shall be made when the member is currently under a contract to serve in a covered position or on an approved leave of absence from such a position. A withdrawal may

proceed only after the member's employing unit has verified that the member is no longer employed and advised the fund of the termination date. School verification is not required whenever more than three (3) years lapse from the date of the member's departure from covered employment. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-3-1; filed Oct 5, 1992, 5:00 p.m.: 16 IR 706; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

### **550 IAC 2-3-2 Membership following the withdrawal of contributions**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-5; IC 5-10.2-3-6; IC 21-6.1-4-11

Sec. 2. (a) A member is not entitled to receive benefits after membership is suspended and the amount held in the annuity savings account withdrawn unless the member returns to covered employment in Indiana and teaches for at least one (1) year.

(b) Whenever a member becomes reemployed in a covered position within thirty (30) days after having requested the withdrawal of the annuity savings account, the effective date of the suspension shall automatically be deferred and the member will not be permitted to execute a withdrawal. The member shall notify the fund immediately upon accepting such employment. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-3-2; filed Oct 5, 1992, 5:00 p.m.: 16 IR 706; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

### **550 IAC 2-3-3 Reinstatement of creditable service after suspension of membership**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-5; IC 5-10.2-3-6; IC 21-6.1-4-11

Sec. 3. A teacher who returns to active service after suspension of membership shall receive credit for prior service when the teacher is reemployed in a covered position for at least one (1) year. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-3-3; filed Oct 5, 1992, 5:00 p.m.: 16 IR 706; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

### **550 IAC 2-3-4 Repayment after withdrawal**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-5; IC 21-6.1-4-11

Sec. 4. A member who has withdrawn the assets held in an annuity savings account shall not be permitted to repay the assets in order to establish eligibility for a benefit or for any other reason. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-3-*

4; filed Oct 5, 1992, 5:00 p.m.: 16 IR 706; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)

#### **Rule 4. Membership**

550 IAC 2-4-1	Membership in the fund
550 IAC 2-4-2	Service in a dual position
550 IAC 2-4-3	Part-time and substitute teachers
550 IAC 2-4-4	Teacher aides and higher education graduate assistants
550 IAC 2-4-5	Member designation of beneficiaries

#### **550 IAC 2-4-1 Membership in the fund**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-2; IC 21-6.1-4-1; IC 21-6.1-4-9

Sec. 1. (a) Membership in the fund shall be compulsory for all teachers licensed by the Indiana state board of education or its successor who are regularly employed pursuant to a uniform or supplemental teaching contract to perform educational or administrative services in the public schools of the state of Indiana. Substitute teachers are also required to become members of the fund regardless of whether they are employed under a certified contract. Statutory contributions must be paid to the fund for each covered teacher.

(b) Membership in the fund is compulsory for all licensed teachers regularly employed in state educational institutions supported solely by the state who devote their entire time to teaching or in state benevolent, charitable, or correctional institutions. Both employer and employee contributions must be paid to the fund.

(c) Membership is optional for regularly contracted faculty and professional staff at Ball State University, Indiana State University, University of Southern Indiana, and Vincennes University who are designated as eligible by the board. The universities shall petition the board before new teachers are given the opportunity to join the fund. Both employer and employee contributions must be paid to the fund.

(d) Membership in the fund is optional for employees and officials of a governing body, the Indiana state board of education, and the fund who were licensed by the Indiana state board of education prior to their election or appointment. Appropriate contributions must be made to the fund. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-4-1; filed Oct 5, 1992, 5:00 p.m.: 16 IR 706; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-4-2 Service in a dual position**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-2; IC 21-6.1-3-7; IC 21-6.1-4-9

Sec. 2. Whenever an individual is employed by the

same employer in a position which requires the performance of covered and noncovered service, contributions shall be paid from the portion of the annual compensation attributable to the covered service. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-4-2; filed Oct 5, 1992, 5:00 p.m.: 16 IR 707; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-4-3 Part-time and substitute teachers**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-2; IC 21-6.1-4

Sec. 3. Part-time and substitute teachers who are certified by the Indiana state board of education and employed by the public schools shall become members of the fund and receive credit for service only if they teach the requisite number of days. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-4-3; filed Oct 5, 1992, 5:00 p.m.: 16 IR 707; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-4-4 Teacher aides and higher education graduate assistants**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 21-6.1-4-2

Sec. 4. Teacher aides and higher education graduate assistants are not eligible for membership in the fund. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-4-4; filed Oct 5, 1992, 5:00 p.m.: 16 IR 707; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-4-5 Member designation of beneficiaries**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-2; IC 5-10.2-3-7.5; IC 21-6.1-4-8

Sec. 5. (a) A new member shall designate, by name, primary and secondary beneficiaries to receive the assets present in the annuity savings account on the occasion of the member's death prior to retirement, less any disability benefits paid.

(b) A member may name more than one (1) individual as primary or secondary beneficiaries of the member's annuity savings account. Upon the member's death, the assets held in the account shall be divided equally among the surviving primary beneficiaries or, if none, among the surviving secondary beneficiaries.

(c) A member may name a trust, the member's estate, or other legal entity as the beneficiary of the member's annuity savings account.

(d) A member may change the member's beneficiary on a form provided by the fund at any time. (*Board of*

*Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-4-5; filed Oct 5, 1992, 5:00 p.m.: 16 IR 707; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

#### **Rule 5. Service Credit and Contributions**

550 IAC 2-5-1	One day of service credit
550 IAC 2-5-2	Omitted contributions
550 IAC 2-5-3	Unused vacation, personal, and sick days
550 IAC 2-5-4	Make-up days
550 IAC 2-5-5	Credit for military service
550 IAC 2-5-6	Leave of absence due to pregnancy
550 IAC 2-5-7	Leave of absence due to sickness or disability
550 IAC 2-5-8	Sabbatical or professional improvement leave
550 IAC 2-5-9	Internal Revenue Code Section 401(a)
550 IAC 2-5-10	Out-of-state service prior to July 1, 1981
550 IAC 2-5-11	Purchase of out-of-state service
550 IAC 2-5-12	Payment of contributions

#### **550 IAC 2-5-1 One day of service credit**

**Authority:** IC 21-6.1-3-6  
**Affected:** IC 21-6.1-4-2

Sec. 1. For purposes of IC 21-6.1-4-2(a), a member is entitled to one (1) day of service credit when the member engages in covered service for a standard work day or any fraction thereof. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-5-1; filed Oct 5, 1992, 5:00 p.m.: 16 IR 707; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-5-2 Omitted contributions**

**Authority:** IC 21-6.1-3-6  
**Affected:** IC 5-10.2-3-2; IC 21-6.1-4-9; IC 21-6.1-7-3; IC 21-6.1-7-4

Sec. 2. (a) In any case where the employing unit has failed to report and forward the requisite contributions, service credit will not be granted until the member and/or the employer remits the full amount due.

(b) If a member's annual compensation is retroactively increased through court judgment or order, settlement of a claim, or some other means, contributions shall be deducted at the time the member receives the money even though it is attributable to other years. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-5-2; filed Oct 5, 1992, 5:00 p.m.: 16 IR 707; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-5-3 Unused vacation, personal, and sick days**

**Authority:** IC 21-6.1-3-6  
**Affected:** IC 5-10.2

Sec. 3. In the event of death prior to retirement, no credit shall be given after the last physical day at work for unused vacation, personal, or sick days that may or may not have been paid to the member, the member's beneficiaries, or the member's estate. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-5-3; filed Oct 5, 1992, 5:00 p.m.: 16 IR 708; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-5-4 Make-up days**

**Authority:** IC 21-6.1-3-6  
**Affected:** IC 5-10.2-3-1; IC 5-10.2-4-3; IC 21-6.1-4-2

Sec. 4. When make-up days are required at the conclusion of the school year due to school closings for snow, power failures, or other unforeseeable circumstances, the last official work day will be the make-up day and not the last day actually paid. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-5-4; filed Oct 5, 1992, 5:00 p.m.: 16 IR 708; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-5-5 Credit for military service**

**Authority:** IC 21-6.1-3-6  
**Affected:** IC 21-6.1-4-6.1

Sec. 5. (a) For purposes of IC 21-6.1-4-6.1(c), there is no time frame within which a member who returned to an approved four (4) year teacher training program within the time specified by law must complete the program.

(b) A member seeking military service credit must provide documentary evidence demonstrating that the statutory requirements have been satisfied. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-5-5; filed Oct 5, 1992, 5:00 p.m.: 16 IR 708; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-5-6 Leave of absence due to pregnancy**

**Authority:** IC 21-6.1-3-6  
**Affected:** IC 20-6.1-6-1; IC 20-6.1-6-4; IC 21-6.1-4-5

Sec. 6. (a) A member shall be given credit for leaves of absence due to pregnancy only when leave is requested pursuant to the requirements found in IC 20-6.1-6-4. Credit is limited to one-seventh (1/7) of the total years of service claimed for retirement purposes.

(b) If the member is compensated while on leave, the statutory contributions must be maintained.

(c) No credit for pregnancy leave may be granted prior to April 4, 1975.

(d) Pregnancy leave must be verified by the employing unit on a form provided by the fund. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC*

2-5-6; filed Oct 5, 1992, 5:00 p.m.: 16 IR 708; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)

**550 IAC 2-5-7 Leave of absence due to sickness or disability**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 20-6.1-6-1; IC 20-6.1-6-3; IC 21-6.1-4-5

Sec. 7. (a) If the member is compensated while on sickness or disability leave, the statutory contributions must be maintained.

(b) A member seeking credit for leave of absence due to sickness or disability must provide documentary evidence demonstrating that the statutory requirements have been satisfied. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-5-7; filed Oct 5, 1992, 5:00 p.m.: 16 IR 708; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

**550 IAC 2-5-8 Sabbatical or professional improvement leave**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 20-6.1-6-1; IC 20-6.1-6-2; IC 21-6.1-4-5

Sec. 8. (a) Credit for sabbatical or professional improvement leave of absence shall be awarded to the extent that the member has been reemployed in a covered position in Indiana for a period equal to that of the leave credit sought. Whenever the member's reemployment is for a period less than that of the leave, credit shall be awarded only for the length of the reemployment period. Credit will not be granted in increments of less than one-half (1/2) of a year.

(b) If the member is being paid by the member's employing unit while on leave, contributions to the fund must be maintained.

(c) The member need not return to the same school corporation in order to receive credit.

(d) A member seeking credit for sabbatical or professional improvement leave of absence must provide documentary evidence demonstrating that the statutory requirements have been satisfied. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-5-8; filed Oct 5, 1992, 5:00 p.m.: 16 IR 708; errata filed Jan 8, 1993, 9:00 a.m.: 16 IR 1403; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

**550 IAC 2-5-9 Internal Revenue Code Section 401(a)**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2; IC 21-6.1

Sec. 9. (a) Under Internal Revenue Code Section 401(a), the fund shall maintain its status as a qualified

governmental plan only so long as contributions are made solely by members and governmental entities employing those members.

(b) Credit will not be given for employment with a nonpublic entity. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-5-9; filed Oct 5, 1992, 5:00 p.m.: 16 IR 708; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

**550 IAC 2-5-10 Out-of-state service prior to July 1, 1981**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 21-6.1-4-4.5

Sec. 10. A member who terminated covered Indiana employment prior to July 1, 1981, performed creditable service outside of the state of Indiana, and subsequently returned to teaching in Indiana, may use prior Indiana service to satisfy the requirement that the member have ten (10) years of Indiana service before credit may be claimed. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-5-10; filed Oct 5, 1992, 5:00 p.m.: 16 IR 709; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

**550 IAC 2-5-11 Purchase of out-of-state service**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 21-6.1-4-4.5

Sec. 11. (a) A member who elects to purchase out-of-state credit must pay the employer's share plus accrued interest. The employer's share is equal to the product of:

- (1) the annual compensation reflected on the member's first uniform Indiana contract covering a full school year which follows the out-of-state service being claimed;
- (2) the normal cost determined by the fund actuaries to be in effect at the time the member entered service in Indiana following the out-of-state service; and
- (3) the number of years of out-of-state service the member intends to purchase.

(b) A member purchasing out-of-state service credit pursuant to IC 21-6.1-4-4.5 must make payment for same within one (1) year after the completion of the member's first year of creditable Indiana service in order to avoid interest penalties. If the payment is not received by June 30 of the year following the member's first year of creditable service, interest will accrue at a rate determined by the fund actuary until the payment is received by the fund.

(c) A former or inactive member who has at least ten (10) full years of credit may purchase out-of-state credit after returning to teaching in Indiana for one (1) year.

Interest will begin accruing, however, when payment is not received by June 30 following the first year of the member's return to teaching. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-5-11; filed Oct 5, 1992, 5:00 p.m.: 16 IR 709; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-5-12 Payment of contributions**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-2; IC 21-6.1-4-9

Sec. 12. Contributions shall be paid either wholly by the member or wholly by the employer. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-5-12; filed Oct 5, 1992, 5:00 p.m.: 16 IR 709; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **Rule 6. Death in Service Benefits**

550 IAC 2-6-1	Death in service; survivor benefit options
550 IAC 2-6-2	Death in service; regular disability benefits
550 IAC 2-6-3	Death in service; nonqualified beneficiary
550 IAC 2-6-4	Death in service; surviving dependents
550 IAC 2-6-5	Death in service; dependent with a disability
550 IAC 2-6-6	Dependency test
550 IAC 2-6-7	Purchase of credit by surviving qualified spouse or dependent
550 IAC 2-6-8	Death withdrawal
550 IAC 2-6-9	Death in service; proof required

#### **550 IAC 2-6-1 Death in service; survivor benefit options**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-7.5; IC 5-10.2-3-8; IC 21-6.1-5-14

Sec. 1. (a) Provided no other beneficiary has been designated to receive the annuity savings account, a qualified spouse or dependent of a member who died while in active service may secure payment of survivor benefits in either of the following forms:

(1) A lump sum withdrawal of the annuity savings account plus a monthly benefit.

(2) A monthly benefit which includes actuarial distributions from the annuity savings account.

(b) Whenever the member is survived by a spouse to whom the member was not married for at least two (2) years, the spouse will not receive a monthly benefit but may be entitled to all or a portion of the annuity savings account if designated as a beneficiary thereof.

(c) Whenever the member is survived by a qualified spouse, dependents will not receive a monthly benefit but may be entitled to all or a portion of the annuity savings account when designated as beneficiaries. (*Board of Trustees of the Indiana State Teachers' Retirement Fund;*

*550 IAC 2-6-1; filed Oct 5, 1992, 5:00 p.m.: 16 IR 709; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-6-2 Death in service; regular disability benefits**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-7.5; IC 5-10.2-3-8; IC 21-6.1-5-4; IC 21-6.1-5-14

Sec. 2. Whenever a member dies after or while receiving regular disability benefits and before applying for retirement or disability retirement, the amount held in the annuity savings account shall be reduced by the sum of benefits paid. When the annuity savings account assets are insufficient, the pension portion of any survivor benefit will be actuarially reduced. The remainder, if any, shall be paid to a designated beneficiary or the member's estate. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-6-2; filed Oct 5, 1992, 5:00 p.m.: 16 IR 709; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-6-3 Death in service; nonqualified beneficiary**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-7.5; IC 5-10.2-3-8; IC 21-6.1-5-14

Sec. 3. Whenever the member has designated as a beneficiary a person who is not entitled to monthly benefits as a qualified spouse or dependent, the amount held in the annuity savings account shall be distributed to that person. In such a case, if a qualified survivor is entitled to monthly benefit, that person will not receive anything from the annuity savings account. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-6-3; filed Oct 5, 1992, 5:00 p.m.: 16 IR 710; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-6-4 Death in service; surviving dependents**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-7.5; IC 5-10.2-3-8; IC 21-6.1-5-14

Sec. 4. (a) Whenever a member dies while in active service and is not survived by a qualified spouse but is survived by more than one (1) qualified dependent, the dependents are entitled to an equal share of the monthly benefits determined under the statutory criteria. The benefit amount due shall be calculated by the fund actuaries.

(b) Whenever a member dies while in active service and is not survived by a qualified spouse but is survived

by qualified and not qualified dependents:

- (1) only the qualified dependents are entitled to receive a monthly benefit;
- (2) when the member has named both qualified and nonqualified dependents as beneficiaries of the annuity savings account, only the nonqualified dependents are entitled to receive benefits from that account; or
- (3) when the member has named anyone other than the dependents as a beneficiary of the annuity savings account, the named beneficiary shall receive the monies so held.

*(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-6-4; filed Oct 5, 1992, 5:00 p.m.: 16 IR 710; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

#### **550 IAC 2-6-5 Death in service; dependent with a disability**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-7.5; IC 5-10.2-3-8; IC 21-6.1-5-14

Sec. 5. (a) Whenever a member who dies in service is not survived by a qualified spouse but is survived by a dependent with a qualifying disability, benefits will be paid after the dependent or the dependent's guardian has provided proof that:

- (1) the person was the natural or adopted child of the member and was the dependent of the member at the time of the member's death;
- (2) the dependent is totally and permanently disabled under the Social Security guidelines; and
- (3) when the dependent is over eighteen (18) years of age, that the disability onset date preceded the dependent's eighteenth birthday.

(b) Proof of continuing disability must be provided on an annual basis. When the dependent has been receiving benefits from the Social Security Administration, a waiver of confidentiality may be signed by the dependent or the dependent's guardian permitting the fund to automatically confirm the dependent's disability status.

(c) When the dependent is not eligible for Social Security benefits, the disability assessment shall be made by a fund approved physician who has a demonstrated understanding of the requisite guidelines.

(d) Persons confined in a mental institution need not be reexamined regularly, but the board may rely upon statements from the administrator of the institution. *(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-6-5; filed Oct 5, 1992, 5:00 p.m.: 16 IR 710; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

#### **550 IAC 2-6-6 Dependency test**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-7.5; IC 5-10.2-3-8; IC 21-6.1-5-14

Sec. 6. An individual will be considered dependent for the purpose of this article when claimed by the member for tax purposes under the Internal Revenue Service Code. *(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-6-6; filed Oct 5, 1992, 5:00 p.m.: 16 IR 710; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

#### **550 IAC 2-6-7 Purchase of credit by surviving qualified spouse or dependent**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-7.5; IC 5-10.2-3-8

Sec. 7. A surviving qualified spouse or dependent eligible to receive benefits under IC 5-10.2-3-7.5 or IC 5-10.2-3-8 may purchase or claim service credit which could have been purchased or claimed by the decedent. *(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-6-7; filed Oct 5, 1992, 5:00 p.m.: 16 IR 710; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

#### **550 IAC 2-6-8 Death withdrawal**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-7.5

Sec. 8. A check representing the lump sum payment of benefits owed as the result of the death of a member shall include interest up to the date of the check. *(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-6-8; filed Oct 5, 1992, 5:00 p.m.: 16 IR 710; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

#### **550 IAC 2-6-9 Death in service; proof required**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-7.5; IC 5-10.2-3-8; IC 21-6.1-5-14

Sec. 9. (a) In every case where a member is survived by a qualified spouse, the spouse must present the following:

- (1) Proof of member's and spouse's age.
- (2) Proof of the validity and duration of the marriage.
- (3) Proof of the member's death by means of a death certificate or other official verification.
- (4) The member's and spouse's Social Security number.

(b) In every case where a member is survived by a qualified dependent, the dependent or the dependent's guardian must present the following:

- (1) Proof of member's and dependent's age.
- (2) Proof of relationship by means of a birth certifi-

cate, adoption record, or court decree obtained under IC 34-4-3 [IC 34-4 was repealed by P.L.1-1998, SECTION 221, effective July 1, 1998.].

(3) Proof of the member's death by means of a death certificate or other official verification.

(4) The member's and dependent's Social Security number.

(5) An affidavit stating that no other dependents are known to exist.

(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-6-9; filed Oct 5, 1992, 5:00 p.m.: 16 IR 711; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)

### Rule 7. Retirement

550 IAC 2-7-1	Application for retirement
550 IAC 2-7-2	Retirement effective date
550 IAC 2-7-3	Proof required to commence monthly benefits
550 IAC 2-7-4	Guaranteed plan
550 IAC 2-7-5	Minors and incompetent persons
550 IAC 2-7-6	Interest on lump sum
550 IAC 2-7-7	Death while receiving benefit under five year guarantee option

### 550 IAC 2-7-1 Application for retirement

Authority: IC 21-6.1-3-6

Affected: IC 5-10.2-4-1; IC 21-6.1-5-8

Sec. 1. (a) Application for retirement will not be processed unless properly completed by the member and the employing unit.

(b) The board may investigate any and all applications. (Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-7-1; filed Oct 5, 1992, 5:00 p.m.: 16 IR 711; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)

### 550 IAC 2-7-2 Retirement effective date

Authority: IC 21-6.1-3-6

Affected: IC 5-10.2-4-1; IC 21-6.1-5-8

Sec. 2. A member's retirement shall become effective on the latest of:

- (1) the first day of the month following the last day of compensated service;
- (2) the first day of the month following the date that age, service credit, or disability requirements are met; or
- (3) the first day of any future month requested by the member in writing.

Retirement applications will not be accepted more than one (1) year prior to the retirement effective date. (Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-7-2; filed Oct 5, 1992, 5:00 p.m.: 16 IR

711; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)

### 550 IAC 2-7-3 Proof required to commence monthly benefits

Authority: IC 21-6.1-3-6

Affected: IC 5-10.2-4-4; IC 5-10.2-4-7; IC 21-6.1-5-13

Sec. 3. (a) No retirement benefits shall be paid to a member until the member provides proof of date of birth in any one (1) of the following forms:

(1) A birth certificate from the public health department where the birth was recorded.

(2) A court decree obtained under IC 34-4-3 [IC 34-4 was repealed by P.L.1-1998, SECTION 221, effective July 1, 1998.] and certified by the clerk of the court.

(3) Other evidence relating to the member's date of birth may be submitted and the board shall fix a date based thereon.

(b) A member selecting a joint and survivor retirement option shall also provide evidence of the date of birth of the cosurvivor. (Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-7-3; filed Oct 5, 1992, 5:00 p.m.: 16 IR 711; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)

### 550 IAC 2-7-4 Guaranteed plan

Authority: IC 21-6.1-3-6

Affected: IC 5-10.2-3-9; IC 5-10.2-4-2

Sec. 4. (a) When a member elects the five (5) year guaranteed retirement plan option and does not live to exhaust the full amount of the payments, the balance shall accrue to the beneficiary or the estate of the member.

(b) When a member dies prior to exhausting the balance held in the member's annuity savings account, the balance, after deducting any payments from the account, including death settlements, will be distributed to the designated beneficiary or the member's estate. (Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-7-4; filed Oct 5, 1992, 5:00 p.m.: 16 IR 711; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)

### 550 IAC 2-7-5 Minors and incompetent persons

Authority: IC 21-6.1-3-6

Affected: IC 5-10.2-3-7.5; IC 5-10.2-3-8; IC 5-10.2-4-7; IC 21-6.1-5-13; IC 21-6.1-5-14

Sec. 5. (a) Minor beneficiaries may not receive benefits until a court appointed guardian has filed certified proof of appointment with the fund.

(b) Members or beneficiaries adjudged incompetent

may not receive benefits until the fund has been provided with certified guardianship papers or a copy of a properly executed durable power of attorney. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-7-5; filed Oct 5, 1992, 5:00 p.m.: 16 IR 711; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-7-6 Interest on lump sum**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-4; IC 5-10.2-4-1; IC 5-10.2-4-2; IC 21-6.1-5-13

Sec. 6. Any member retiring after June 1, 1990, and electing to receive the funds held in the member's annuity savings account in a lump sum or partial lump sum is entitled to receive interest thereon from the effective retirement date to the date of distribution at a rate approved by the board. The interest will be paid in the month following the month of the lump sum distribution. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-7-6; filed Oct 5, 1992, 5:00 p.m.: 16 IR 712; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-7-7 Death while receiving benefit under five year guarantee option**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-2

Sec. 7. If a member who selected the five (5) year guarantee retirement option dies prior to the end of the five (5) year period, the remaining payments shall be paid to the beneficiary or the member's estate in a lump sum after being actuarially reduced for early payment. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-7-7; filed Oct 5, 1992, 5:00 p.m.: 16 IR 712; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **Rule 8. Reemployment**

- 550 IAC 2-8-1 Termination of retirement benefits after reemployment
- 550 IAC 2-8-2 Cost of living increases after reemployment
- 550 IAC 2-8-3 Reemployment after the election of the Social Security equalizer option

#### **550 IAC 2-8-1 Termination of retirement benefits after reemployment**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-8; IC 21-6.1-5-16

Sec. 1. (a) In case of reemployment after retirement, benefits shall cease the day following the date on which the exempt amount is exceeded.

(b) Benefits shall cease the first day of compensated service when a retired member signs a uniform or supplemental teaching contract pursuant to which the member earns a basic salary in excess of the exempt amount.

(c) The member shall notify the fund upon returning to covered employment. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-8-1; filed Oct 5, 1992, 5:00 p.m.: 16 IR 712; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-8-2 Cost of living increases after reemployment**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-8.2; IC 5-10.2-4-10; IC 21-6.1-5-16

Sec. 2. Benefits payable to a member who retires after a period of reemployment shall not be augmented by cost of living increases granted during the period of reemployment. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-8-2; filed Oct 5, 1992, 5:00 p.m.: 16 IR 712; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-8-3 Reemployment after the election of the Social Security equalizer option**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-7; IC 5-10.2-4-8; IC 21-6.1-5-16

Sec. 3. (a) A retired member who elected the Social Security equalizer option (A-4) and returns to covered employment may repay with interest that portion of the retirement benefits received which represents the increase in the monthly benefit prior to age sixty-two (62). No other benefits may be repaid.

(b) If a member makes a repayment of the A-4 portion of the benefits, the Social Security equalizer option may not be selected upon rereirement. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-8-3; filed Oct 5, 1992, 5:00 p.m.: 16 IR 712; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **Rule 9. Disability**

- 550 IAC 2-9-1 Regular disability benefits
- 550 IAC 2-9-2 Disability retirement
- 550 IAC 2-9-3 Disability without Social Security eligibility
- 550 IAC 2-9-4 Disability determination pending
- 550 IAC 2-9-5 Disability benefits; benefit commencement
- 550 IAC 2-9-6 Minimum disability retirement benefit

#### **550 IAC 2-9-1 Regular disability benefits**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-1; IC 21-6.1-5-2

Sec. 1. (a) A member seeking benefits due to regular disability may offer medical evaluations and assessments by physicians who have not been approved by the board. This evidence need not be viewed with the same weight as that generated by board selected physicians unless reviewed and affirmed by the same.

(b) A member may submit the name and credentials of a physician for board approval.

(c) A member's continuing eligibility for regular disability benefits shall be reviewed on an annual basis.

(d) A member who remains disabled until eligible for retirement may retire under the requirements of IC 5-10.2-4-1. The retirement calculation will not include service credit for the years during which regular disability benefits were received unless the member has at least twenty-seven (27) years of creditable service. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-9-1; filed Oct 5, 1992, 5:00 p.m.: 16 IR 712; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-9-2 Disability retirement**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-6; IC 21-6.1-5-1

Sec. 2. (a) In order to receive disability retirement benefits, a member must have been employed under a uniform or supplemental contract and receiving compensation from an employing unit on the disability onset date as determined by the Social Security Administration.

(b) A member seeking or receiving disability retirement benefits may execute a waiver authorizing the Social Security Administration to annually release to the fund information regarding the member's eligibility to continue receiving Social Security disability insurance payments. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-9-2; filed Oct 5, 1992, 5:00 p.m.: 16 IR 712; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-9-3 Disability without Social Security eligibility**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-6; IC 21-6.1-5-1

Sec. 3. (a) A member with five (5) or more years of creditable service who cannot qualify for Social Security disability benefits because of working insufficient quarters to qualify, may receive disability retirement benefits from the fund if a board appointed physician familiar with Social Security disability guidelines establishes the existence of a comparable disability and the board approves the disability retirement.

(b) The board shall order reexaminations in such cases on a regular basis and review the results in order to ensure that the disabling condition is ongoing. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-9-3; filed Oct 5, 1992, 5:00 p.m.: 16 IR 713; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-9-4 Disability determination pending**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-6; IC 21-6.1-5-1

Sec. 4. (a) A member who is eligible for early retirement and who has filed with the board a copy of an application for Social Security disability benefits may apply for early retirement and retain the right to disability retirement benefits. When the Social Security Administration finds that the member is disabled and the onset date was on or before the last day of creditable service stated on the application, early retirement benefits will cease and disability retirement benefits will commence.

(b) Retroactive benefits, less any payments already made, must be calculated and paid from the month following the onset date of the disability. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-9-4; filed Oct 5, 1992, 5:00 p.m.: 16 IR 713; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-9-5 Disability benefits; benefit commencement**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-6

Sec. 5. A member who becomes disabled and has sufficient credit for retirement is entitled to disability retirement benefits only after the member has ceased making contributions and receiving credit for service. Benefits shall commence the month after the onset date of the disability or the month after the member's last day of compensable service, whichever is later. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-9-5; filed Oct 5, 1992, 5:00 p.m.: 16 IR 713; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

#### **550 IAC 2-9-6 Minimum disability retirement benefit**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-4-7; IC 21-6.1-5-1

Sec. 6. (a) The minimum monthly disability retirement benefit is one hundred dollars (\$100) only if the member chooses the five (5) year retirement benefit guarantee and

purchases an annuity with the amount credited in the member's annuity savings account.

(b) The minimum monthly disability retirement benefit shall be no less than the actuarial equivalent of one hundred dollars (\$100) if the member chooses:

- (1) to take the amount credited to the member's annuity savings account in a lump sum distribution;
- (2) a retirement benefit option under IC 5-10.2-4-7; or
- (3) a combination of a lump sum distribution of the annuity savings account and an option under IC 5-10.2-4-7.

*(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 2-9-6; filed Oct 5, 1992, 5:00 p.m.: 16 IR 713; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

### ARTICLE 3. MODEL PLAN AMENDMENT

Rule 1. Adoption of IRS Model Amendment to Comply with the Unemployment Compensation Amendments of 1992

Rule 2. Model Amendment Language

#### Rule 1. Adoption of IRS Model Amendment to Comply with the Unemployment Compensation Amendments of 1992

550 IAC 3-1-1	Definitions
550 IAC 3-1-2	Introduction
550 IAC 3-1-3	Purpose

#### 550 IAC 3-1-1 Definitions

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-14; IC 21-6.1

Sec. 1. (a) The definitions in this section apply throughout this article.

(b) "Board of trustees" means the board of trustees of the Indiana state teachers' retirement fund.

(c) "Code" means the Internal Revenue Code of 1986, 26 U.S.C. 1 et seq., and all amendments related thereto.

(d) "EGTRRA" means the Economic Growth and Tax Relief Reconciliation Act of 2001, P.L. 107-16, and all applicable regulations and amendments related thereto.

(e) "Eligible rollover distribution" means any distribution of all or any taxable portion of the benefit to the credit of a member or a member's spouse, except that an eligible rollover distribution does not include the following:

- (1) Any distribution that is one (1) of a series of substantially equal periodic payments, paid not less frequently than annually, made for the life or life expectancy of the member and the member's designated beneficiary.
- (2) Any distribution that is one (1) of a series of substantially equal periodic payments for a specified

period of ten (10) years or more.

(3) Any distribution to the extent such distribution is required under Section 401(a)(9) of the Code.

(4) The portion of any distribution that is not includible in gross income, provided that any portion of any distribution that is not includible in gross income may be an eligible rollover distribution for purposes of a rollover to either:

(A) a traditional individual retirement account or individual retirement annuity; or

(B) a qualified trust that is part of a plan that is a defined contribution plan that will separately account for the taxable and nontaxable portions of the distribution, in a direct trustee-to-trustee transfer.

(5) Any distribution that is made upon hardship by the member.

(f) "Fund" means the Indiana state teachers' retirement fund.

(g) "IRS" means the Internal Revenue Service.

(h) "UCA" refers to the federal Unemployment Compensation Amendments of 1992, P.L.102-318, and all applicable regulations and amendments related thereto. *(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 3-1-1; filed Mar 21, 1995, 2:00 p.m.: 18 IR 2033; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; filed Jul 15, 2003, 4:30 p.m.: 26 IR 3877)*

#### 550 IAC 3-1-2 Introduction

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-14; IC 21-6.1

Sec. 2. (a) The UCA was signed into law on July 3, 1992. The UCA expanded the permanent federal-state extended unemployment benefits program and extended the existing emergency unemployment insurance program. The sources of financing for the UCA benefit extensions include provisions affecting distributions from tax-qualified pension plans such as the fund. The provisions of the UCA were subsequently amended by EGTRRA.

(b) 550 IAC 3-2 includes the model language set forth in Revenue Procedure 93-12, issued December 30, 1992, to amend the fund to comply with the requirements of Section 401(a)(31) of the Code. 550 IAC 3-2 reflects the model amendment drafted by the IRS as amended by EGTRRA. The board of trustees recognizes that some provisions included in the model amendment language are not applicable to a governmental plan as defined in Section 414(d) of the Code. As a result, those provisions that are not applicable to a governmental plan will not be applied by the board of trustees. *(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC*

3-1-2; filed Mar 21, 1995, 2:00 p.m.: 18 IR 2034; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; filed Jul 15, 2003, 4:30 p.m.: 26 IR 3878)

### 550 IAC 3-1-3 Purpose

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-14; IC 21-6.1

Sec. 3. (a) The purpose of this rule is to comply with the UCA to the extent required by Section 401(a)(31) of the Code.

(b) A member of the fund may elect, at the time and in the manner prescribed by the board of trustees, to have all or a portion of an eligible rollover distribution paid directly to another eligible retirement plan as specified by the member.

(c) A surviving spouse who is entitled to receive an eligible rollover distribution may elect, at the time and in the manner prescribed by the board of trustees, to have all or a portion of an eligible rollover distribution paid directly to another eligible retirement plan as specified by the spouse. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 3-1-3; filed Mar 21, 1995, 2:00 p.m.: 18 IR 2034; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; filed Jul 15, 2003, 4:30 p.m.: 26 IR 3878*)

### Rule 2. Model Amendment Language

550 IAC 3-2-1 Model amendment language

550 IAC 3-2-2 Definitions

### 550 IAC 3-2-1 Model amendment language

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-14; IC 21-6.1

Sec. 1. The amendments to this rule required by EGTRRA apply to distributions made on or after January 1, 2002. Notwithstanding any provision of the plan to the contrary that would otherwise limit a distributee's election under this rule, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 3-2-1; filed Mar 21, 1995, 2:00 p.m.: 18 IR 2034; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; filed Jul 15, 2003, 4:30 p.m.: 26 IR 3878*)

### 550 IAC 3-2-2 Definitions

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-14; IC 21-6.1

Sec. 2. (a) The definitions in this section apply

throughout this rule.

(b) "Direct rollover" means a payment by the plan to the eligible retirement plan specified by the distributee.

(c) "Distributee" includes an employee or former employee, as well as the employee's or former employee's surviving spouse. In addition, the employee's or former employee's surviving or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, is a distributee with regard to the interest of the spouse or former spouse.

(d) "Eligible retirement plan" means:

- (1) an individual retirement account described in Section 408(a) of the Code;
- (2) an individual retirement annuity described in Section 408(b) of the Code;
- (3) an annuity plan described in Section 403(a) of the Code;
- (4) a qualified trust described in Section 401(a) of the Code;
- (5) an eligible deferred compensation plan under Section 457(b) of the Code that is maintained by a state, a political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state (so long as the plan agrees to separately account for amounts rolled into the plan); or
- (6) an annuity contract under Section 403(b) of the Code;

that accepts the distributee's eligible rollover distribution.

(e) "Eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include the following:

- (1) Any distribution that is one (1) of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more.
- (2) Any distribution to the extent such distribution is required under Section 401(a)(9) of the Code.
- (3) The portion of any distribution that is not includible in gross income, provided that any portion of any distribution that is not includible in gross income may be an eligible rollover distribution for purposes of a rollover to either:

(A) a traditional individual retirement account or individual retirement annuity; or

(B) a qualified trust that is part of a plan that is a defined contribution plan that will separately account for the taxable and nontaxable portions of the distri-

bution, in a direct trustee-to-trustee transfer.

(4) Any distribution that is made upon hardship by the member.

*(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 3-2-2; filed Mar 21, 1995, 2:00 p.m.: 18 IR 2034; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; filed Jul 15, 2003, 4:30 p.m.: 26 IR 3879)*

**ARTICLE 4. ANNUAL COMPENSATION LIMITS; IMPLEMENTATION OF ANNUAL COMPENSATION LIMITATIONS PURSUANT TO INTERNAL REVENUE CODE SECTION 401(a)(17)**

Rule 1. Annual Compensation Limits

**Rule 1. Annual Compensation Limits**

550 IAC 4-1-1 Definitions (*Expired*)  
 550 IAC 4-1-2 Introduction (*Expired*)  
 550 IAC 4-1-3 Purpose (*Expired*)  
 550 IAC 4-1-4 Text (*Expired*)

**550 IAC 4-1-1 Definitions (*Expired*)**

Sec. 1. (*Expired under IC 4-22-2.5, effective January 1, 2003.*)

**550 IAC 4-1-2 Introduction (*Expired*)**

Sec. 2. (*Expired under IC 4-22-2.5, effective January 1, 2003.*)

**550 IAC 4-1-3 Purpose (*Expired*)**

Sec. 3. (*Expired under IC 4-22-2.5, effective January 1, 2003.*)

**550 IAC 4-1-4 Text (*Expired*)**

Sec. 4. (*Expired under IC 4-22-2.5, effective January 1, 2003.*)

**ARTICLE 5. ANNUAL COMPENSATION LIMITS**

Rule 1. General Provisions

**Rule 1. General Provisions**

550 IAC 5-1-1 Definitions  
 550 IAC 5-1-2 Introduction  
 550 IAC 5-1-3 Purpose  
 550 IAC 5-1-4 Text

**550 IAC 5-1-1 Definitions**

**Authority:** IC 5-10.2-2-1; IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-1.5; IC 21-6.1

Sec. 1. (a) The definitions in this section apply throughout this article.

(b) "Code" means the Internal Revenue Code of 1986, 26 U.S.C. 1 et seq., and all amendments related thereto.

(c) "EGTRRA" means Economic Growth and Tax Relief Reconciliation Act of 2001, P.L. 107-16, and all applicable regulations and amendments related thereto.

(d) "Fund" means the Indiana state teachers' retirement fund.

(e) "IRS" means the Internal Revenue Service.

(f) "OBRA '93" refers to the federal Omnibus Budget Reconciliation Act of 1993, P.L. 103-66, and all applicable regulations and amendments related thereto. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 5-1-1; filed Jul 15, 2003, 4:30 p.m.: 26 IR 3879*)

**550 IAC 5-1-2 Introduction**

**Authority:** IC 5-10.2-2-1; IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-1.5; IC 21-6.1

Sec. 2. (a) OBRA '93 was signed into law on August 10, 1993. Among other things, OBRA '93 contained amendments to Section 401(a)(17) of the Code relating to the annual compensation limit for tax-qualified retirement plans. Section 401(a)(17) of the Code provides an annual compensation limit for each employee under a qualified plan. The annual compensation limit was subsequently amended by EGTRRA for plan years beginning after December 31, 2001. A plan may not base contributions or benefits on annual compensation in excess of this annual compensation limit.

(b) Prior to its amendment by OBRA '93, the annual compensation limit under Section 401(a)(17) of the Code was two hundred thousand dollars (\$200,000), adjusted for cost-of-living increases (two hundred thirty-five thousand eight hundred forty dollars (\$235,840) for 1993). Section 401(a)(17) of the Code was amended by OBRA '93 to reduce the annual compensation limit to one hundred fifty thousand dollars (\$150,000), and to modify the manner in which cost-of-living adjustments are made to the annual compensation limit. EGTRRA subsequently amended this annual compensation limit to two hundred thousand dollars (\$200,000) as modified by cost of living adjustments.

(c) OBRA '93, however, provides a grandfather clause for certain eligible participants in governmental plans. This grandfather rule applies to individuals who already were participants in governmental plans before the first plan year beginning after December 31, 1995, or, if

earlier, the first plan year for which the plan is amended to comply with OBRA '93. Under the grandfather rule, the annual compensation limit contained in OBRA '93 will not apply to those eligible participants to the extent that the annual compensation limit in OBRA '93 would reduce the amount of compensation taken into account under the plan below the amount that was allowed to be taken into account under the plans as in effect on July 1, 1993. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 5-1-2; filed Jul 15, 2003, 4:30 p.m.: 26 IR 3879*)

#### **550 IAC 5-1-3 Purpose**

**Authority:** IC 5-10.2-2-1; IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-1.5; IC 21-6.1

Sec. 3. The purpose of this rule is to comply with OBRA '93 and EGTRRA as those acts amended Section 401(a)(17) of the Code. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 5-1-3; filed Jul 15, 2003, 4:30 p.m.: 26 IR 3880*)

#### **550 IAC 5-1-4 Text**

**Authority:** IC 5-10.2-2-1; IC 21-6.1-3-6

**Affected:** IC 5-10.2-2-1.5; IC 21-6.1

Sec. 4. The annual compensation limitations of Section 401(a)(17) of the Code shall be applied as follows:

(1) The annual compensation limit under Section 401(a)(17) of the Code, as amended by OBRA '93 and EGTRRA, shall not apply to any eligible participant, in any future year, to the extent that the application of the annual compensation limit in Section 401(a)(17) of the Code, as amended by OBRA '93 and EGTRRA, would reduce the amount of annual compensation that is allowed to be taken into account under the fund below the amount that was allowed to be taken into account under the fund as in effect on July 1, 1993. As used in this subdivision, "eligible participants" includes all members who participated in the fund prior to July 1, 1996.

(2) The annual compensation limit under Section 401(a)(17) of the Code, as amended by OBRA '93, will be effective with respect to noneligible participants as of July 1, 1996. As used in this subdivision, "noneligible participants" includes all members who did not participate in a fund prior to July 1, 1996. Effective for years beginning after December 31, 2001, the annual compensation limit under Code Section 401(a)(17), as amended by EGTRRA, will be effective with respect to noneligible participants.

(*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 5-1-4; filed Jul 15, 2003, 4:30 p.m.: 26 IR 3880*)

## **ARTICLE 6. ROLLOVERS, SERVICE PURCHASES, AND ENHANCED RETIREMENT SAVINGS OPPORTUNITIES**

### **Rule 1. General Provisions**

#### **Rule 1. General Provisions**

550 IAC 6-1-1 Definitions

550 IAC 6-1-2 Rollover for purchase of service

550 IAC 6-1-3 Trustee-to-trustee transfer

#### **550 IAC 6-1-1 Definitions**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-10; IC 21-6.1

Sec. 1. (a) The definitions in this section apply throughout this article.

(b) "Board of trustees" means the board of trustees of the Indiana state teachers' retirement fund.

(c) "Code" means the Internal Revenue Code of 1986, 26 U.S.C. 1 et seq., and all amendments related thereto.

(d) "Direct rollover" means a payment from an eligible retirement plan specified by the member to the fund.

(e) "EGTRRA" means the Economic Growth and Tax Relief Reconciliation Act of 2001, P.L. 107-16, and all applicable regulations and amendments related thereto.

(f) "Eligible retirement plan" means:

(1) an individual retirement account described in Section 408(a) of the Code;

(2) an individual retirement annuity described in Section 408(b) of the Code;

(3) an annuity plan described in Section 403(a) of the Code;

(4) a qualified trust described in Section 401(a) of the Code;

(5) an eligible deferred compensation plan under Section 457(b) of the Code that is maintained by a state, a political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state (so long as the plan agrees to separately account for amounts rolled into the plan); or

(6) an annuity contract under Section 403(b) of the Code;

that accepts the distributee's eligible rollover distribution.

(g) "Eligible rollover distribution" means any distribution of all or any taxable portion of the benefit to the credit of a member or a member's spouse, except that an eligible rollover distribution does not include the following:

(1) Any distribution that is one (1) of a series of substantially equal periodic payments, paid not less frequently than annually, made for the life or life expectancy of the member and the member's desig-

nated beneficiary.

(2) Any distribution that is one (1) of a series of substantially equal periodic payments for a specified period of ten (10) years or more.

(3) Any distribution to the extent such distribution is required under Section 401(a)(9) of the Code.

(4) The portion of any distribution that is not includible in gross income, provided that any portion of any distribution that is not includible in gross income may be an eligible rollover distribution for purposes of a rollover to either:

(A) a traditional individual retirement account or individual retirement annuity; or

(B) a qualified trust which is part of a plan which is a defined contribution plan that will separately account for the taxable and nontaxable portions of the distribution, in a direct trustee-to-trustee transfer.

(5) Any distribution that is made upon hardship by the member.

(h) "Fund" means the Indiana state teachers' retirement fund.

(i) "IRS" means the Internal Revenue Service. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 6-1-1; filed Jul 15, 2003, 4:30 p.m.: 26 IR 3880*)

### **550 IAC 6-1-2 Rollover for purchase of service**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-10; IC 21-6.1

Sec. 2. The fund may accept any portion of an eligible rollover distribution in payment of all or a portion of a member's purchase of service credit authorized under the fund's statutes. The fund may accept an eligible rollover distribution paid directly to the system in a direct rollover. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 6-1-2; filed Jul 15, 2003, 4:30 p.m.: 26 IR 3881*)

### **550 IAC 6-1-3 Trustee-to-trustee transfer**

**Authority:** IC 21-6.1-3-6

**Affected:** IC 5-10.2-3-10; IC 21-6.1

Sec. 3. The fund may accept a direct trustee-to-trustee transfer from a deferred compensation plan under Code Section 457(b) or a tax-sheltered annuity under Code Section 403(b) for the purchase of permissive service credit, as defined in Code Section 415(n)(3)(A), or a repayment to which Code Section 415 does not apply by reason of Code Section 415(k)(3). (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 6-1-3; filed Jul 15, 2003, 4:30 p.m.: 26 IR 3881*)

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