



April 10, 2015

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# ENGROSSED HOUSE BILL No. 1466

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DIGEST OF HB 1466 (Updated April 9, 2015 12:31 pm - DI 73)

**Citations Affected:** IC 4-3; IC 5-10.2; IC 5-10.3; IC 5-10.5; IC 21-38; IC 36-8.

**Synopsis:** Various pension matters. Provides that an employer that is eligible but not required to participate in the public employees' retirement fund (PERF) must pay the employer's share of the unfunded liability attributable to the employer's current and former employees if the employer withdraws from PERF or otherwise phases out its participation in PERF. Establishes a procedure by which a political subdivision may participate in the defined contribution only plan (the plan) and choose whether the political subdivision's employees participate in PERF, the plan, or may elect whether to participate in PERF or the plan. Provides that an ordinance or resolution adopted by the governing body of a political subdivision that specifies the  
(Continued next page)

**Effective:** Upon passage; July 1, 2015.

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## Carbaugh, Burton, Forestal

(SENATE SPONSOR — BROWN L)

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January 14, 2015, read first time and referred to Committee on Employment, Labor and Pensions.

January 22, 2015, amended, reported — Do Pass.

January 26, 2015, read second time, amended, ordered engrossed.

January 27, 2015, engrossed. Read third time, passed. Yeas 97, nays 0.

### SENATE ACTION

February 24, 2015, read first time and referred to Committee on Pensions & Labor.

April 2, 2015, amended, reported favorably — Do Pass; reassigned to Committee on Appropriations.

April 9, 2015, amended, reported favorably — Do Pass.

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departmental, occupational, or other definable classification of employees: (1) who are required to become members of the plan; or (2) who may elect whether to become members of PERF or of the plan; may not take effect before January 2, 2016. Permits a political subdivision that allows its employees to make an election to choose a default option for employees who fail to do so. Provides that the default option is PERF, if a political subdivision does not choose a default option. Permits a political subdivision to establish its employer contribution rate to the plan and to elect to match a percentage of its employees' additional contributions to the plan. Requires the board of trustees (board) of the Indiana public retirement system (INPRS) to assess an employer a supplemental contribution to PERF, if necessary, to fund the employer's share of the actuarial accrued liability that is unfunded because the employer's employees are members of the plan rather than PERF. Requires the board to notify the interim study committee for pension management oversight (interim committee) if the board determines contributions and contribution rates for one or more employers participating in PERF or teachers' retirement fund (TRF) that differ from the contributions and contribution rates recommended by the INPRS actuaries. For purposes of the statutes allowing the state to make an election or take discretionary action under the public retirement system laws, specifies which entities may make the election or take the action. Requires the office of management and budget to report to the interim committee each year concerning information received from political subdivisions about the subdivisions' retirement plans other than plans administered by INPRS. Requires participation in the plan by an entity or political subdivision that withdraws from or freezes participation in PERF and thereafter offers its employees a retirement benefit. Requires any other public employer that is eligible but not required to participate in PERF and that wishes to offer a retirement benefit to an employee after June 30, 2015, to participate in either PERF or the plan. Grandfathers participation in another defined contribution plan for entities, political subdivisions, and other public employers participating in another plan on July 1, 2015. Provides that after December 31, 2015, members and beneficiaries of any public pension fund administered by INPRS may receive monthly benefits only by direct deposit or another method approved by the board. Expires a section concerning other methods of paying monthly benefits to members and beneficiaries of PERF and TRF. Permits a retired member of the 1977 police officers' and firefighters' pension and disability fund (1977 fund) who is at least 55 years of age to: (1) be rehired by the same unit that employed the member in a position covered by the 1977 fund for a position not covered by the 1977 fund without a minimum period of separation from employment; and (2) continue to receive the member's retirement benefit from the 1977 fund.



April 10, 2015

First Regular Session of the 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## ENGROSSED HOUSE BILL No. 1466

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

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

- 1 SECTION 1. IC 4-3-22-19 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]: **Sec. 19. The OMB shall, not later than October**  
4 **1 each year, submit to the interim study committee on pension**  
5 **management oversight a written report that summarizes and**  
6 **analyzes the retirement plan information received for the**  
7 **immediately preceding state fiscal year under IC 5-11-20. The**  
8 **report must be in an electronic format under IC 5-14-6.**  
9 SECTION 2. IC 5-10.2-1-4.3 IS ADDED TO THE INDIANA  
10 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
11 [EFFECTIVE UPON PASSAGE]: **Sec. 4.3. As used in this article,**  
12 **"miscellaneous participating entity" means an entity that**  
13 **participates in the public employees' retirement fund, except:**  
14 (1) the executive (including the administrative), legislative, or  
15 judicial branches of the state; or(2) a political subdivision (as

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1           **defined in IC 5-10.3-1-6).**

2           SECTION 3. IC 5-10.2-2-6, AS AMENDED BY P.L.35-2012,  
3           SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4           JULY 1, 2015]: Sec. 6. (a) The retirement allowance account of the  
5           public employees' retirement fund consists of the retirement fund,  
6           exclusive of the annuity savings account. The retirement allowance  
7           account also includes any amounts received under ~~IC 5-10.3-12-24(b)~~  
8           **IC 5-10.3-12-24 or IC 5-10.3-12-24.5.** For the public employees'  
9           retirement fund, separate accounts within the retirement allowance  
10          account shall be maintained for contributions made by each  
11          contribution rate group.

12          (b) The retirement allowance account of the pre-1996 account  
13          consists of the pre-1996 account, exclusive of the annuity savings  
14          account.

15          (c) The retirement allowance account of the 1996 account consists  
16          of the 1996 account, exclusive of the annuity savings account.

17          SECTION 4. IC 5-10.2-2-11, AS AMENDED BY P.L.195-2013,  
18          SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
19          JULY 1, 2015]: Sec. 11. (a) Based on the actuarial investigation and  
20          valuation in section 9 of this chapter, the board shall determine:

21               (1) the normal contribution for each contribution rate group,  
22               which is the amount necessary to fund the pension portion of the  
23               retirement benefit;

24               (2) the rate of normal contribution;

25               (3) the unfunded accrued liability of the public employees'  
26               retirement fund, the pre-1996 account, and the 1996 account,  
27               which is the excess of total accrued liability over the fund's or  
28               account's total assets, respectively; and

29               (4) the period, which must be thirty (30) years or a shorter period,  
30               necessary to amortize the unfunded accrued liability determined  
31               in subdivision (3).

32          (b) Based on the information in subsection (a), the board may  
33          determine, in its sole discretion, contributions and contribution rates for  
34          individual employers or for a group of employers.

35          **(c) The board shall require an employer to make a supplemental**  
36          **contribution to the fund in addition to the amounts described in**  
37          **subsection (a)(3) and (a)(4) in an amount necessary to pay the**  
38          **employer's share of the fund's actuarial unfunded liability that**  
39          **other employers would otherwise be required to pay because the**  
40          **employer's employees are becoming members of the plan under**  
41          **IC 5-10.3-12 instead of the fund. The amount necessary to pay an**  
42          **employer's contribution under this subsection in full must be made**



1 **in a lump sum or in a series of payments determined by the board.**

2 **(e) (d)** The board's determinations under subsection (a):

3 (1) are subject to sections 1.5 and 11.5 of this chapter; and

4 (2) may not include an amount for a retired member for whom the  
5 employer may not make contributions during the member's period  
6 of reemployment as provided under IC 5-10.2-4-8(e).

7 **(e) If the board determines contributions and contribution rates**  
8 **for one (1) or more employers under this section differ from the**  
9 **contributions and contribution rates determined by the actuarial**  
10 **investigation under section 9 of this chapter, the board shall notify**  
11 **the interim study committee for pension management oversight of**  
12 **this fact by reporting the board's action to the legislative services**  
13 **agency in an electronic format under IC 5-14-6.**

14 SECTION 5. IC 5-10.2-2-20 IS ADDED TO THE INDIANA CODE  
15 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
16 UPON PASSAGE]: Sec. 20. (a) As used in this section:

17 (1) "fund" means the public employees' retirement fund; and

18 (2) "withdrawing participating entity" means a miscellaneous  
19 participating entity that takes an action described in  
20 subsection (b).

21 (b) Subject to the provisions of this section, a miscellaneous  
22 participating entity may do the following:

23 (1) Stop its participation in the fund and withdraw all of the  
24 miscellaneous participating entity's employees from  
25 participation in the fund.

26 (2) Withdraw a departmental, an occupational, or other  
27 definable classification of employees from participation in the  
28 fund.

29 (3) Stop the miscellaneous participating entity's participation  
30 in the fund by:

31 (A) selling all of the miscellaneous participating entity's  
32 assets; or

33 (B) ceasing to exist.

34 (c) The withdrawal of a miscellaneous participating entity's  
35 participation in the fund is effective on a termination date  
36 established by the board. The termination date may not occur  
37 before all the following have occurred:

38 (1) The withdrawing participating entity has provided written  
39 notice of the following to the board:

40 (A) The withdrawing participating entity's intent to cease  
41 participation.

42 (B) The names of the withdrawing participating entity's



1           current employees and former employees as of the date on  
2           which the notice is provided.

3           **(2) The expiration of:**

4           **(A) a ninety (90) day period following the filing of the**  
5           **notice with the board, for a withdrawing participating**  
6           **entity that sells all of the withdrawing participating**  
7           **entity's assets or that ceases to exist; or**

8           **(B) a two (2) year period following the filing of the notice**  
9           **with the board, for all other withdrawing participating**  
10           **entities.**

11           **(3) The withdrawing participating entity takes all actions**  
12           **required in subsections (d) through (g).**

13           **(d) With respect to retired members who have creditable service**  
14           **with the withdrawing participating entity, the withdrawing**  
15           **participating entity must contribute to the fund any additional**  
16           **amounts that the board determines are necessary to provide for**  
17           **reserves with sufficient assets to pay all future benefits from the**  
18           **fund to those retired members attributable to service with the**  
19           **withdrawing participating entity. The contribution by the**  
20           **withdrawing participating entity must be made in a lump sum or**  
21           **in a series of payments over a term that does not exceed thirty (30)**  
22           **years.**

23           **(e) A member who is an employee of the miscellaneous**  
24           **participating entity as of the date of the notice under subsection (c)**  
25           **is vested in the pension portion of the member's retirement benefit.**  
26           **The withdrawing participating entity must contribute to the fund**  
27           **the amount the board determines is necessary to fund fully the**  
28           **vested benefit attributable to service with the withdrawing**  
29           **participating entity. The contribution by the withdrawing**  
30           **participating entity must be made in a lump sum or in a series of**  
31           **payments over a term that does not exceed thirty (30) years.**

32           **(f) A member who is covered by subsection (e) and who is at**  
33           **least sixty-five (65) years of age may elect to retire under**  
34           **IC 5-10.2-4-1 even if the member has fewer than ten (10) years of**  
35           **service. The benefit for the member shall be computed under**  
36           **IC 5-10.2-4-4 using the member's actual years of service.**

37           **(g) With respect to members of the fund who have creditable**  
38           **service with the withdrawing participating entity and who are not**  
39           **employees as of the date of the notice under subsection (c), the**  
40           **withdrawing participating entity must contribute the amount that**  
41           **the board determines is necessary to fund fully the service for those**  
42           **members that is attributable to service with the withdrawing**



1 participating entity. The contribution by the withdrawing  
 2 participating entity must be made in a lump sum or in a series of  
 3 payments over a term that does not exceed thirty (30) years.

4 SECTION 6. IC 5-10.2-2-21 IS ADDED TO THE INDIANA CODE  
 5 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 6 UPON PASSAGE]: Sec. 21. (a) This section applies to a  
 7 miscellaneous participating entity that takes any of the following  
 8 actions on or after December 31, 2010:

9 (1) The miscellaneous participating entity determines a date:

10 (A) before which newly hired employees of a departmental,  
 11 occupational, or other definable classification of employees  
 12 are required or allowed to participate in the fund; and

13 (B) on or after which newly hired employees of the  
 14 departmental, occupational, or other definable  
 15 classification of employees are not allowed to participate  
 16 in the fund.

17 (2) The miscellaneous participating entity determines a date:

18 (A) before which newly hired employees of a departmental,  
 19 occupational, or other definable classification of employees  
 20 are required to participate in the fund; and

21 (B) on or after which newly hired employees of the  
 22 departmental, occupational, or other definable  
 23 classification of employees are allowed to choose to  
 24 participate in a retirement plan other than the fund.

25 (3) The miscellaneous participating entity modifies its  
 26 employee classification scheme as of a specified date in such  
 27 a way that there is at least one (1) position that:

28 (A) is covered by the fund before the specified date; and

29 (B) is not covered by the fund after the specified date.

30 (b) The following definitions apply throughout this section:

31 (1) "Freeze" or "freeze participation in the fund" means to  
 32 take an action described in subsection (a).

33 (2) "Freezing participating entity" means a miscellaneous  
 34 participating entity that freezes its participation in the fund.

35 (3) "Fund" means the public employees' retirement fund.

36 (c) A miscellaneous participating entity that freezes its  
 37 participation in the fund after December 31, 2010, shall do the  
 38 following:

39 (1) Provide written notice of the following to the board:

40 (A) The action that was taken under subsection (a) by the  
 41 freezing participating entity.

42 (B) The effective date of the action taken under subsection



- 1 (a).  
 2 (C) The employee classifications that:  
 3 (i) are covered by the fund before the effective date of  
 4 the freeze; and  
 5 (ii) will not be covered by the fund on or after the  
 6 effective date of the freeze.  
 7 (D) The names of the freezing participating entity's current  
 8 employees and former employees as of the date on which  
 9 the notice is provided.  
 10 (2) Comply with subsections (d) through (f).  
 11 (d) With respect to retired members who have creditable service  
 12 with the freezing participating entity, the freezing participating  
 13 entity shall contribute to the fund any additional amounts that the  
 14 board determines are necessary to provide for reserves with  
 15 sufficient assets to pay all future benefits from the fund to those  
 16 retired members attributable to service with the freezing  
 17 participating entity. The board shall collaborate with the freezing  
 18 participating entity by sharing the actuarial method and report  
 19 used in determining the amounts under this subsection and under  
 20 subsections (e) and (f). The contribution by the freezing  
 21 participating entity must be made in a lump sum or in a series of  
 22 payments over a term that does not exceed thirty (30) years, as  
 23 determined by the freezing participating entity.  
 24 (e) With respect to members of the fund who have creditable  
 25 service with the freezing participating entity and who are not  
 26 employees as of the effective date on which the miscellaneous  
 27 participating entity freezes its participation in the fund, the  
 28 freezing participating entity shall contribute the amount that the  
 29 board determines is necessary to fund fully the service for those  
 30 members that is attributable to service with the freezing  
 31 participating entity. The contribution by the freezing participating  
 32 entity must be made in a lump sum or in a series of payments over  
 33 a term that does not exceed thirty (30) years, as determined by the  
 34 freezing participating entity.  
 35 (f) With respect to members of the fund who are employees of  
 36 the freezing participating entity on the date of the notice under  
 37 subsection (c) the freezing participating entity shall continue to  
 38 contribute the amounts required under section 11 of this chapter  
 39 for those employees for the duration of their employment with the  
 40 freezing participating entity. In addition, the freezing participating  
 41 entity shall contribute to the fund the amount the board determines  
 42 is necessary to fund fully the benefits attributable to service with





1 the freezing participating entity that are vested or will become  
 2 vested and are not expected to be fully funded through the  
 3 continuing contributions under section 11 of this chapter during  
 4 the duration of the members' employment with the freezing  
 5 participating entity. The contribution by the freezing participating  
 6 entity must be made in a lump sum or in a series of payments, as  
 7 determined by the freezing participating entity.

8 (g) The Indiana public retirement system may do any of the  
 9 following to determine a miscellaneous participating entity's  
 10 compliance with this section:

11 (1) Require reports from the miscellaneous participating  
 12 entity.

13 (2) Audit the miscellaneous participating entity.

14 SECTION 7. IC 5-10.2-2-22 IS ADDED TO THE INDIANA CODE  
 15 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 16 UPON PASSAGE]: Sec. 22. (a) This section applies to a  
 17 miscellaneous participating entity that:

18 (1) either:

19 (A) withdraws from the public employees' retirement fund  
 20 under section 20 of this chapter; or

21 (B) freezes its participation in the public employees'  
 22 retirement fund as described in section 21 of this chapter;  
 23 and

24 (2) chooses thereafter to offer a retirement plan to its  
 25 employees.

26 (b) Except as provided in subsection (c), a miscellaneous  
 27 participating entity to which this section applies may offer a  
 28 retirement plan to its employees only by participating in the  
 29 defined contribution plan under IC 5-10.3-12.

30 (c) If, on July 1, 2015, a miscellaneous participating entity to  
 31 which this section applies has established or is otherwise  
 32 participating in a defined contribution plan other than the defined  
 33 contribution plan under IC 5-10.3-12, the miscellaneous  
 34 participating entity may continue to participate in the defined  
 35 contribution plan in which the miscellaneous participating entity  
 36 participated on July 1, 2015.

37 SECTION 8. IC 5-10.2-2-23 IS ADDED TO THE INDIANA CODE  
 38 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 39 UPON PASSAGE]: Sec. 23. If any provision of this article,  
 40 IC 5-10.3, or IC 5-10.4 allows the state as an employer to make an  
 41 election or take discretionary action, the election or discretionary  
 42 action shall be taken by the following entities, as applicable:



- 1           **(1) The governor, if the election or discretionary action**  
 2           **involves an elected officer, appointed officer, or employee of**  
 3           **the executive branch.**
- 4           **(2) The legislative council, if the election or discretionary**  
 5           **action involves a senator, a representative, or an employee of**  
 6           **the legislative branch.**
- 7           **(3) The chief justice of the supreme court, if the election or**  
 8           **discretionary action involves:**
- 9                   **(A) a justice;**  
 10                   **(B) a judge;**  
 11                   **(C) a prosecuting attorney;**  
 12                   **(D) an officer paid by the state under IC 33-23-5-10,**  
 13                   **IC 33-38-5-7, or IC 33-39-6-2; or**  
 14                   **(E) an employee of the judicial branch of state government.**
- 15           SECTION 9. IC 5-10.2-4-1.2, AS AMENDED BY P.L.115-2009,  
 16           SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17           UPON PASSAGE]: Sec. 1.2. (a) Each fund shall adopt a policy that  
 18           requires direct deposit or another method approved by the board as the  
 19           preferred way for members and beneficiaries to receive monthly  
 20           benefits.
- 21           (b) A member or beneficiary who does not wish to have payments  
 22           to the person deposited by direct deposit or another method approved  
 23           by the board under subsection (a) may request the board or a designee  
 24           of the board to grant a waiver of the requirement of direct deposit or  
 25           another method approved by the board. The member or beneficiary  
 26           must:
- 27                   (1) state the reason to the board for requesting the waiver; and  
 28                   (2) sign a waiver form.
- 29           (c) The board or a designee of the board shall grant the member's or  
 30           beneficiary's request for a waiver, approval of which shall not be  
 31           unreasonably denied, if any of the following apply:
- 32                   (1) The member or beneficiary currently does not have a savings  
 33                   or checking account.  
 34                   (2) The member or beneficiary is unable to establish a savings or  
 35                   checking account within the geographic area of the home of the  
 36                   member or beneficiary without payment of a service fee. In  
 37                   support of this reason, the member or beneficiary must submit a  
 38                   written statement of the inability to establish the account without  
 39                   the payment of a fee with the waiver request.  
 40                   (3) The home of the member or beneficiary is too remote to have  
 41                   access to a financial institution where direct deposit or another  
 42                   method approved by the board may be made.



- 1 (4) The financial institution of the member or beneficiary is  
 2 unable to:  
 3 (A) accept direct deposit or another method approved by the  
 4 board; or  
 5 (B) process electronic withdrawal.  
 6 The member or beneficiary must submit with the waiver a written  
 7 statement from the financial institution of the member or  
 8 beneficiary that the financial institution is unable to accept direct  
 9 deposit or another method approved by the board or process  
 10 electronic withdrawal.  
 11 (5) The board determines that the facts of the particular case  
 12 warrant a waiver of the requirement of direct deposit or another  
 13 method approved by the board.  
 14 (d) The policy of the board must provide that a member or  
 15 beneficiary who is in pay status as of July 1, 2009, and is receiving  
 16 monthly benefits in a manner other than direct deposit or another  
 17 method approved by the board shall not have the monthly benefits  
 18 stopped for receiving monthly benefits in a manner other than direct  
 19 deposit or another method approved by the board.  
 20 **(e) This section expires January 1, 2016.**  
 21 SECTION 10. IC 5-10.3-2-4 IS ADDED TO THE INDIANA CODE  
 22 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 23 UPON PASSAGE]: **Sec. 4. (a) The following definitions apply**  
 24 **throughout this section:**  
 25 (1) **"Defined contribution plan" refers to the public**  
 26 **employees' defined contribution plan established under**  
 27 **IC 5-10.3-12.**  
 28 (2) **"Eligible entity" means an entity that is eligible but not**  
 29 **required to participate in the public employees' retirement**  
 30 **fund.**  
 31 (3) **"Qualifying employee" means an employee who would be**  
 32 **eligible under IC 5-10.3-7 to become a member of the fund, if**  
 33 **the employee's employer were to participate in the fund.**  
 34 (b) **Except as otherwise provided in this section, if an eligible**  
 35 **entity wishes to offer a retirement plan to a qualifying employee,**  
 36 **the eligible entity must provide the retirement plan to the**  
 37 **qualifying employee by participating in the fund or the defined**  
 38 **contribution plan.**  
 39 (c) **If, on July 1, 2015, an eligible employer is providing a**  
 40 **retirement plan other than the fund or the defined contribution**  
 41 **plan to a departmental, occupational, or other definable**  
 42 **classification of an eligible entity's employees, the qualifying**



1 employees in the departmental, occupational, or other  
 2 classification of employees may continue to participate in the  
 3 retirement plan, regardless of whether the qualifying employees in  
 4 the departmental, occupational, or other definable classification  
 5 begin employment with the eligible entity after June 30, 2015.

6 (d) An eligible entity may offer a retirement plan other than the  
 7 fund or the defined contribution plan to an employee, if the  
 8 employee is not a qualifying employee.

9 SECTION 11. IC 5-10.3-6-0.5 IS ADDED TO THE INDIANA  
 10 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 11 [EFFECTIVE UPON PASSAGE]: Sec. 0.5. As used in this chapter,  
 12 "plan" refers to the public employees' defined contribution plan  
 13 under IC 5-10.3-12.

14 SECTION 12. IC 5-10.3-6-1 IS AMENDED TO READ AS  
 15 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) ~~By ordinance~~  
 16 ~~or resolution of~~ The governing body of a political subdivision may  
 17 **adopt an ordinance or resolution** specifying ~~by~~ a departmental,  
 18 occupational, or other definable classification ~~the~~ of employees:

- 19 (1) ~~who will~~ **are required to** become members of the fund;  
 20 (2) **who are required to become members of the plan; or**  
 21 (3) **who may each elect whether to become members of the**  
 22 **fund or members of the plan.**

23 An ordinance or resolution adopted by the governing body of a  
 24 political subdivision under this subsection that specifies the  
 25 departmental, occupational, or other definable classification of  
 26 employees who are required under subdivision (2) to become  
 27 members of the plan or who may under subdivision (3) elect  
 28 whether to become members of the fund or plan may not take  
 29 effect before January 2, 2016. A political subdivision may become a  
 30 participant in the fund or the plan, or both, as applicable, if the  
 31 ordinance or resolution is filed with and approved by the board.

32 (b) An ordinance or resolution adopted under subsection (a)  
 33 that includes a provision described under subsection (a)(3) may  
 34 also include one (1) of the following provisions:

- 35 (1) If an employee who may elect whether to become a  
 36 member of the fund or a member of the plan does not make  
 37 an election under IC 5-10.3-7-1.1, the employee becomes a  
 38 member of the plan.  
 39 (2) If an employee who may elect whether to become a  
 40 member of the fund or a member of the plan does not make  
 41 an election under IC 5-10.3-12-20.5, the employee becomes a  
 42 member of the fund.



1 **If an ordinance or resolution adopted under subsection (a) that**  
 2 **includes a provision described under subsection (a)(3) does not**  
 3 **include either of the provisions described in subdivisions (1) or (2),**  
 4 **subdivision (2) applies to the departmental, occupational, or other**  
 5 **definable classification of employees that may elect to become**  
 6 **members of the fund or members of the plan.**

7 **(c) If an ordinance or resolution adopted under subsection (a)**  
 8 **includes a provision described under subsection (a)(2) or (a)(3), or**  
 9 **both, the ordinance or resolution shall include a specification of the**  
 10 **political subdivision's contribution rate to the plan as a percentage**  
 11 **of each member's compensation. Each year, the political**  
 12 **subdivision's contribution rate specified under this subsection must**  
 13 **be greater than or equal to zero percent (0%) and may not exceed**  
 14 **the percentage that would produce the normal cost for**  
 15 **participation in the fund under IC 5-10.2-2-11, if the political**  
 16 **subdivision were a participant in the fund. If a provision specifying**  
 17 **the political subdivision's contribution rate is not included in the**  
 18 **ordinance or resolution, the political subdivision's contribution**  
 19 **rate to the plan is zero percent (0%).**

20 **(d) If an ordinance or resolution adopted under subsection (a)**  
 21 **includes a provision described under subsection (a)(2) or (a)(3), or**  
 22 **both, the ordinance or resolution shall include a specification of the**  
 23 **political subdivision's matching rate that is the percentage of each**  
 24 **member's additional contributions to the plan that the political**  
 25 **subdivision will match. A political subdivision may specify only:**

- 26 **(1) zero percent (0%); or**  
 27 **(2) fifty percent (50%).**

28 **If a provision specifying the political subdivision's matching rate**  
 29 **is not included in the ordinance or resolution, the political**  
 30 **subdivision's matching rate for the plan is zero percent (0%).**

31 ~~(b)~~ **(e) A governing body may include in its ordinance or resolution**  
 32 **adopted under subsection (a) a determination of the date from which**  
 33 **prior service for its employees will be computed. Creditable service for**  
 34 **these employees is determined under IC 5-10.3-7-7.5.**

35 ~~(c)~~ **(f) The effective date of participation is the earlier of January 1**  
 36 **or July 1 after the date of approval. However, no retirement benefit may**  
 37 **be paid until six (6) months after the effective date of participation.**

38 **SECTION 13. IC 5-10.3-6-1.5 IS AMENDED TO READ AS**  
 39 **FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. (a) This**  
 40 **section applies to a third class city or a town.**

41 **(b) The clerk-treasurer of a city or town is that city's or town's**  
 42 **authorized agent for all matters concerning the fund and the plan.**



1 SECTION 14. IC 5-10.3-6-4, AS AMENDED BY P.L.23-2011,  
 2 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 UPON PASSAGE]: Sec. 4. The board shall maintain separate accounts  
 4 for each contribution rate group. Credits and charges to these accounts  
 5 shall be made as prescribed in IC 5-10.2-2 **and IC 5-10.3-12, as**  
 6 **applicable.**

7 SECTION 15. IC 5-10.3-6-7, AS AMENDED BY P.L.115-2009,  
 8 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 9 UPON PASSAGE]: Sec. 7. (a) If the employer or political subdivision  
 10 fails to make payments required by this chapter, the amount payable  
 11 may be:

12 (1) withheld by the auditor of state from moneys payable to the  
 13 employer or subdivision and transferred to the fund **or the plan,**  
 14 **as applicable; or**

15 (2) recovered in a suit in the circuit or superior court of the county  
 16 in which the political subdivision is located. The suit shall be an  
 17 action by the state on the relation of the board, prosecuted by the  
 18 attorney general.

19 (b) If:

20 (1) service credit is verified for a member who has filed an  
 21 application for retirement benefits; and

22 (2) the member's employer at the time the service credit was  
 23 earned has not made contributions for or on behalf of the member  
 24 for the service credit;

25 liability for the unfunded service credit shall be charged against the  
 26 employer's account and collected by the fund as provided in subsection  
 27 (a). Processing of a member's application for retirement benefits may  
 28 not be delayed by an employer's failure to make contributions for the  
 29 service credit earned by the member while the member was employed  
 30 by the employer.

31 (c) If the employer or political subdivision fails to file the reports or  
 32 records required by this chapter or by IC 5-10.3-7-12.5, the auditor of  
 33 state shall:

34 (1) withhold the penalty described in IC 5-10.3-7-12.5 from  
 35 money payable to the employer or the political subdivision; and

36 (2) transfer the penalty to the fund **or the plan, as applicable.**

37 SECTION 16. IC 5-10.3-6-8 IS AMENDED TO READ AS  
 38 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) As used in  
 39 this section, "withdrawing political subdivision" means a political  
 40 subdivision that takes an action described in subsection (b).

41 (b) Subject to the provisions of this section, a political subdivision  
 42 may do the following:



- 1 (1) Stop its participation in the fund and withdraw all of the  
 2 political subdivision's employees from participation in the fund.  
 3 (2) Withdraw a departmental, an occupational, or other definable  
 4 classification of employees from participation in the fund.  
 5 (3) Stop the political subdivision's participation in the fund by:  
 6 (A) selling all of the political subdivision's assets; or  
 7 (B) ceasing to exist as a political subdivision.  
 8 (c) The withdrawal of a political subdivision's participation in the  
 9 fund is effective on a termination date established by the board. The  
 10 termination date may not occur before all of the following have  
 11 occurred:  
 12 (1) The withdrawing political subdivision has provided written  
 13 notice of the following to the board:  
 14 (A) The withdrawing political subdivision's intent to cease  
 15 participation.  
 16 (B) The names of the withdrawing political subdivision's  
 17 current employees and former employees as of the date on  
 18 which the notice is provided.  
 19 (2) The expiration of:  
 20 (A) a ninety (90) day period following the filing of the notice  
 21 with the board, for a withdrawing political subdivision that  
 22 sells all of the withdrawing political subdivision's assets or that  
 23 ceases to exist as a political subdivision; or  
 24 (B) a two (2) year period following the filing of the notice with  
 25 the board, for all other withdrawing political subdivisions.  
 26 (3) The withdrawing political subdivision takes all actions  
 27 required in subsections (d) through ~~(h)~~ (g).  
 28 (d) With respect to retired members who have creditable service  
 29 with the withdrawing political subdivision, the withdrawing political  
 30 subdivision must contribute to the fund any additional amounts that the  
 31 board determines are necessary to provide for reserves with sufficient  
 32 assets to pay all future benefits from the fund to those retired members  
 33 **attributable to service with the withdrawing political subdivision.**  
 34 The contribution by the withdrawing political subdivision must be  
 35 made in a lump sum or in a series of payments **over a term** determined  
 36 by the board **that does not exceed thirty (30) years.**  
 37 (e) A member who is an employee of the political subdivision as of  
 38 the date of the notice under subsection (c) is vested in the pension  
 39 portion of the member's retirement benefit. The withdrawing political  
 40 subdivision must contribute to the fund the amount the board  
 41 determines is necessary to fund fully the vested benefit **attributable to**  
 42 **service with the withdrawing political subdivision.** The contribution



1 by the withdrawing political subdivision must be made in a lump sum  
 2 or in a series of payments **over a term** determined by the board **that**  
 3 **does not exceed thirty (30) years.**

4 (f) A member who is covered by subsection (e) and who is at least  
 5 sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even  
 6 if the member has fewer than ten (10) years of service. The benefit for  
 7 the member shall be computed under IC 5-10.2-4-4 using the member's  
 8 actual years of service.

9 (g) With respect to members of the fund who have creditable service  
 10 with the withdrawing political subdivision and who are not employees  
 11 as of the date of the notice under subsection (c), the withdrawing  
 12 political subdivision must contribute the amount that the board  
 13 determines is necessary to fund fully the service for those members that  
 14 is attributable to service with the withdrawing political subdivision.  
 15 The contribution by the withdrawing political subdivision must be  
 16 made in a lump sum or in a series of payments **over a term** determined  
 17 by the board **that does not exceed thirty (30) years.**

18 (h) ~~The board shall evaluate each withdrawal under this section to~~  
 19 ~~determine if the withdrawal affects the fund's compliance with Section~~  
 20 ~~401(a)(4) of the Internal Revenue Code of 1954, as in effect on~~  
 21 ~~September 1, 1974. The board may deny a political subdivision~~  
 22 ~~permission to withdraw if the denial is necessary to achieve compliance~~  
 23 ~~with Section 401(a)(4) of the Internal Revenue Code of 1954, as in~~  
 24 ~~effect on September 1, 1974.~~

25 SECTION 17. IC 5-10.3-6-8.2 IS ADDED TO THE INDIANA  
 26 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 27 **[EFFECTIVE UPON PASSAGE]: Sec. 8.2. (a) The following**  
 28 **definitions apply throughout this section:**

29 (1) "Freeze" or "freeze participation in the fund" means to  
 30 take an action described under subsection (b)(1), (b)(2), or  
 31 (b)(3).

32 (2) "Freezing political subdivision" means a political  
 33 subdivision that freezes its participation in the fund.

34 (b) Subject to the provisions of this section, a political  
 35 subdivision that did not take an action described in this subsection  
 36 before the effective date of this section may adopt an ordinance or  
 37 resolution, which may not be effective before January 2, 2016, to  
 38 do the following:

39 (1) Determine a date (which may not be before January 2,  
 40 2016):

41 (A) before which newly hired employees of a departmental,  
 42 occupational, or other definable classification of employees





- 1 are eligible to participate in the fund; and  
 2 (B) on or after which newly hired employees of the  
 3 departmental, occupational, or other definable  
 4 classification of employees are not eligible to participate in  
 5 the fund.
- 6 (2) Determine a date (which may not be before January 2,  
 7 2016):  
 8 (A) before which newly hired employees of a departmental,  
 9 occupational, or other definable classification of employees  
 10 are required to participate in the fund; and  
 11 (B) on or after which newly hired employees of the  
 12 departmental, occupational, or other definable  
 13 classification of employees are allowed to choose whether  
 14 to participate in a retirement benefit system other than the  
 15 fund.
- 16 (3) Modify the political subdivision's employee classification  
 17 scheme as of a specified date (which may not be before  
 18 January 2, 2016) in such a way that there is at least one (1)  
 19 position that:  
 20 (A) is covered by the fund before the specified date; and  
 21 (B) is not covered by the fund on or after the specified date.
- 22 (c) A political subdivision that freezes its participation in the  
 23 fund after December 31, 2010, shall do the following:  
 24 (1) Provide written notice of the following to the board:  
 25 (A) The action that was taken under subsection (b) by the  
 26 freezing political subdivision.  
 27 (B) The effective date of the action taken under subsection  
 28 (b).  
 29 (C) The employee classifications that:  
 30 (i) are covered by the fund before the effective date of  
 31 the freeze; and  
 32 (ii) will not be covered by the fund on or after the  
 33 effective date of the freeze.  
 34 (D) The names of the freezing political subdivision's  
 35 current employees and former employees as of the date on  
 36 which the notice is provided.
- 37 (2) Comply with subsections (d) through (f).  
 38 (d) With respect to retired members who have creditable service  
 39 with the freezing political subdivision, the freezing political  
 40 subdivision shall contribute to the fund any additional amounts  
 41 that the board determines are necessary to provide for reserves  
 42 with sufficient assets to pay all future benefits from the fund to



1 those retired members attributable to service with the freezing  
 2 political subdivision. The board shall collaborate with the freezing  
 3 political subdivision by sharing the actuarial method and report.  
 4 The contribution by the freezing political subdivision must be made  
 5 in a lump sum or in a series of payments over a term that does not  
 6 exceed thirty (30) years, as determined by the freezing political  
 7 subdivision.

8 (e) With respect to members of the fund who have creditable  
 9 service with the freezing political subdivision and who are not  
 10 employees as of the effective date on which the political subdivision  
 11 freezes its participation in the fund, the freezing political  
 12 subdivision shall contribute the amount that the board determines  
 13 is necessary to fund fully the service for those members that is  
 14 attributable to service with the freezing political subdivision. The  
 15 contribution by the freezing political subdivision must be made in  
 16 a lump sum or in a series of payments over a term that does not  
 17 exceed thirty (30) years, as determined by the freezing political  
 18 subdivision.

19 (f) With respect to members of the fund who are employees of  
 20 the freezing political subdivision as of the date of the notice under  
 21 subsection (c) the freezing political subdivision shall continue to  
 22 contribute the amounts required under IC 5-10.2-2-11 for those  
 23 employees for the duration of their employment with the freezing  
 24 political subdivision. In addition, the freezing political subdivision  
 25 shall contribute to the fund the amount the board determines is  
 26 necessary to fund fully the benefits attributable to service with the  
 27 freezing political subdivision that are vested or will become vested  
 28 and are not anticipated to be fully funded through the continuing  
 29 contributions under IC 5-10.2-2-11 during the duration of the  
 30 members' employment with the freezing political subdivision. The  
 31 contribution by the freezing participating entity must be made in  
 32 a lump sum or in a series of payments, as determined by the  
 33 freezing political subdivision.

34 (g) The Indiana public retirement system may do any of the  
 35 following to determine a political subdivision's compliance with  
 36 this section:

37 (1) Require reports from the political subdivision.

38 (2) Audit the political subdivision.

39 SECTION 18. IC 5-10.3-6-8.3 IS ADDED TO THE INDIANA  
 40 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 41 [EFFECTIVE UPON PASSAGE]: **Sec. 8.3. (a) This section applies to**  
 42 **a political subdivision that:**



- 1           **(1) either:**  
 2           **(A) withdraws from the fund under section 8 of this**  
 3           **chapter; or**  
 4           **(B) freezes its participation in the fund as described in**  
 5           **section 8.2 of this chapter; and**  
 6           **(2) chooses thereafter to offer a retirement plan to its**  
 7           **employees.**  
 8           **(b) Except as provided in subsection (c), a political subdivision**  
 9           **to which this section applies may offer a retirement plan to its**  
 10           **employees only by participating in the defined contribution plan**  
 11           **under IC 5-10.3-12.**  
 12           **(c) If, on July 1, 2015, a political subdivision to which this**  
 13           **section applies has established or is otherwise participating in a**  
 14           **defined contribution plan other than the defined contribution plan**  
 15           **under IC 5-10.3-12, the political subdivision may continue to**  
 16           **participate in the defined contribution plan in which the political**  
 17           **subdivision participated on July 1, 2015.**  
 18           SECTION 19. IC 5-10.3-7-1, AS AMENDED BY P.L.195-2013,  
 19           SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 20           UPON PASSAGE]: Sec. 1. (a) This section does not apply to:  
 21           (1) members of the general assembly; or  
 22           (2) employees covered by section 3 of this chapter.  
 23           **(b) As used in this section, "employees of the state" includes:**  
 24           **(1) employees of the judicial circuits whose compensation is**  
 25           **paid from state funds;**  
 26           **(2) elected and appointed state officers;**  
 27           **(3) prosecuting attorneys and deputy prosecuting attorneys of**  
 28           **the judicial circuits, whose compensation is paid in whole or**  
 29           **in part from state funds, including participants in the**  
 30           **prosecuting attorneys retirement fund established under**  
 31           **IC 33-39-7;**  
 32           **(4) employees in the classified service;**  
 33           **(5) employees of any state department, institution, board,**  
 34           **commission, office, agency, court, or division of state**  
 35           **government receiving state appropriations and having the**  
 36           **authority to certify payrolls from appropriations or from a**  
 37           **trust fund held by the treasurer of state or by any**  
 38           **department;**  
 39           **(6) employees of any state agency which is a body politic and**  
 40           **corporate;**  
 41           **(7) except as provided under IC 5-10.5-7-4, employees of the**  
 42           **board of trustees of the Indiana public retirement system;**



- 1           **(8) persons who:**  
 2           **(A) are employed by the state;**  
 3           **(B) have been classified as federal employees by the United**  
 4           **States Secretary of Agriculture; and**  
 5           **(C) are excluded from coverage as federal employees by**  
 6           **the federal Social Security program under 42 U.S.C. 410;**  
 7           **(9) the directors and employees of county offices of family and**  
 8           **children;**  
 9           **(10) employees of the center for agricultural science and**  
 10           **heritage (the barn); and**  
 11           **(11) members and employees of the state lottery commission.**  
 12           ~~(b)~~ **(c) An employee of the state or of a participating political**  
 13           subdivision who:  
 14                   (1) became a full-time employee of the state or of a participating  
 15                   political subdivision in a covered position; and  
 16                   (2) had not become a member of the fund;  
 17           before April 1, 1988, shall on April 1, 1988, become a member of the  
 18           fund unless the employee is excluded from membership under section  
 19           2 of this chapter.  
 20           ~~(e)~~ **(d) Except as otherwise provided,** any individual who becomes  
 21           a full-time employee of the state or of a participating political  
 22           subdivision in a covered position after March 31, 1988, becomes a  
 23           member of the fund on the date the individual's employment begins  
 24           unless the individual is excluded from membership under section 2 of  
 25           this chapter.  
 26           ~~(d)~~ **For the purposes of this section, "employees of the state"**  
 27           **includes:**  
 28                   (1) employees of the judicial circuits whose compensation is paid  
 29                   from state funds;  
 30                   (2) elected and appointed state officers;  
 31                   (3) prosecuting attorneys and deputy prosecuting attorneys of the  
 32                   judicial circuits, whose compensation is paid in whole or in part  
 33                   from state funds, including participants in the prosecuting  
 34                   attorneys retirement fund established under IC 33-39-7;  
 35                   (4) employees in the classified service;  
 36                   (5) employees of any state department, institution, board,  
 37                   commission, office, agency, court, or division of state government  
 38                   receiving state appropriations and having the authority to certify  
 39                   payrolls from appropriations or from a trust fund held by the  
 40                   treasurer of state or by any department;  
 41                   (6) employees of any state agency which is a body politic and  
 42                   corporate;



- 1 (7) except as provided under IC 5-10.5-7-4; employees of the
- 2 board of trustees of the Indiana public retirement system;
- 3 (8) persons who:
- 4 (A) are employed by the state;
- 5 (B) have been classified as federal employees by the Secretary
- 6 of Agriculture of the United States; and
- 7 (C) are excluded from coverage as federal employees by the
- 8 federal Social Security program under 42 U.S.C. 410;
- 9 (9) the directors and employees of county offices of family and
- 10 children;
- 11 (10) employees of the center for agricultural science and heritage
- 12 (the barn); and
- 13 (11) members and employees of the state lottery commission.
- 14 **(e) An individual:**
- 15 **(1) who becomes a full-time employee of a political**
- 16 **subdivision in a covered position after June 30, 2015;**
- 17 **(2) who is employed by a political subdivision that has elected**
- 18 **in an ordinance or resolution adopted under IC 5-10.3-6-1 and**
- 19 **approved by the board to require an employee in the covered**
- 20 **position to become a member of the fund; and**
- 21 **(3) who is not excluded from membership under section 2 of**
- 22 **this chapter;**
- 23 **becomes a member of the fund on the date the individual's**
- 24 **employment begins.**
- 25 **(f) An individual:**
- 26 **(1) who becomes a full-time employee of a political**
- 27 **subdivision in a covered position after an ordinance or**
- 28 **resolution described in subdivision (2) that is adopted by the**
- 29 **political subdivision has been approved by the board;**
- 30 **(2) who is employed by a political subdivision that has elected**
- 31 **in an ordinance or resolution adopted under IC 5-10.3-6-1 and**
- 32 **approved by the board:**
- 33 **(A) to allow an employee in the covered position to become**
- 34 **a member of the fund or a member of the public**
- 35 **employee's defined contribution plan at the discretion of**
- 36 **the employee; and**
- 37 **(B) to require an employee in a covered position to make**
- 38 **an election under IC 5-10.3-12-20.5 in order to become a**
- 39 **member of the plan;**
- 40 **(3) who does not make an election under IC 5-10.3-12-20.5 to**
- 41 **become a member of the public employees' defined**
- 42 **contribution plan; and**



1           **(4) who is not excluded from membership under section 2 of**  
2           **this chapter;**  
3           **becomes a member of the fund on the date the individual's**  
4           **employment begins.**  
5           **(g) An individual:**  
6           **(1) who becomes a full-time employee of a political**  
7           **subdivision in a covered position after an ordinance or**  
8           **resolution described in subdivision (2) that is adopted by the**  
9           **political subdivision has been approved by the board;**  
10           **(2) who is employed by a political subdivision that has elected**  
11           **in an ordinance or resolution adopted under IC 5-10.3-6-1 and**  
12           **approved by the board:**  
13           **(A) to allow an employee in the covered position to become**  
14           **a member of the fund or the public employees' defined**  
15           **contribution plan at the discretion of the employee; and**  
16           **(B) to require an employee to make an election under**  
17           **section 1.1 of this chapter in order to become a member of**  
18           **the fund;**  
19           **(3) who does make an election under section 1.1 of this**  
20           **chapter to become a member of the fund; and**  
21           **(4) who is not excluded from membership under section 2 of**  
22           **this chapter;**  
23           **becomes a member of the fund on the date the individual's**  
24           **employment begins.**  
25           SECTION 20. IC 5-10.3-7-1.1 IS ADDED TO THE INDIANA  
26           CODE AS A NEW SECTION TO READ AS FOLLOWS  
27           [EFFECTIVE UPON PASSAGE]: **Sec. 1.1. (a) An individual:**  
28           **(1) who becomes a full-time employee of a political**  
29           **subdivision in a covered position after an ordinance or**  
30           **resolution described in subdivision (2) that is adopted by the**  
31           **political subdivision has been approved by the board;**  
32           **(2) who is employed by a political subdivision that has elected**  
33           **in an ordinance or resolution adopted under IC 5-10.3-6-1 and**  
34           **approved by the board:**  
35           **(A) to allow an employee in the covered position to become**  
36           **a member of the fund or the public employees' defined**  
37           **contribution plan at the discretion of the employee; and**  
38           **(B) to require an employee to make an election under this**  
39           **section in order to become a member of the fund; and**  
40           **(3) who is not excluded from membership under section 2 of**  
41           **this chapter;**  
42           **may elect to become a member of the fund.**



- 1           **(b) An election under this section:**
- 2               **(1) must be made in writing on a form prescribed by the**
- 3               **board;**
- 4               **(2) must be filed with the board; and**
- 5               **(3) is irrevocable.**
- 6           **(c) An individual who:**
- 7               **(1) is eligible to make the election under this section; and**
- 8               **(2) does not make the election;**
- 9           **becomes a member of the public employees' defined contribution**
- 10           **plan.**
- 11           SECTION 21. IC 5-10.3-7-7.5 IS AMENDED TO READ AS
- 12           FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7.5.
- 13           Notwithstanding IC 5-10.2-3-1, for the purpose of computing benefits
- 14           the creditable service of a member covered by an ordinance or
- 15           resolution adopted by a political subdivision's governing body under
- 16           ~~IC 5-10.3-6-1(b)~~ **IC 5-10.3-6-1(e)** excludes all service with the
- 17           political subdivision before the prior service credit date contained in
- 18           the resolution. However, service with the political subdivision before
- 19           the prior service credit date shall be considered for the purpose of
- 20           determining eligibility for benefits.
- 21           SECTION 22. IC 5-10.3-7-12.5, AS AMENDED BY P.L.165-2009,
- 22           SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 23           UPON PASSAGE]: Sec. 12.5. (a) An employer or department shall
- 24           make the reports, membership records, or payments required by
- 25           IC 5-10.3-6 or by sections 10 through 12 of this chapter:
- 26               (1) not more than thirty (30) days after the end of the calendar
- 27               quarter, if applicable;
- 28               (2) another due date specified in sections 10 through 12 of this
- 29               chapter; or
- 30               (3) an alternate due date established by the rules of the board.
- 31           (b) If the employer or department does not make the reports,
- 32           records, or payments within the time specified in subsection (a):
- 33               (1) the board may fine the employer or department one hundred
- 34               dollars (\$100) for each additional day that the reports, records, or
- 35               payments are late, to be withheld under IC 5-10.3-6-7; and
- 36               (2) if the employer or department is habitually late, as determined
- 37               by the board, the board shall report the employer or the
- 38               department to the auditor of state for additional withholding under
- 39               IC 5-10.3-6-7.
- 40           (c) After December 31, 2009, an employer or department shall
- 41           submit:
- 42               (1) the reports and records described in subsection (a) in a



1 uniform format through a secure connection over the Internet or  
 2 through other electronic means specified by the board in  
 3 accordance with IC 5-10.2-2-12.5; and

4 (2) both:

5 (A) employer contributions determined under IC 5-10.2-2-11,  
 6 **IC 5-10.3-12-24, or IC 5-10.3-12-24.5**; and

7 (B) contributions paid by or on behalf of a member under  
 8 section 9 of this chapter **or IC 5-10.3-12-23**;

9 by electronic funds transfer in accordance with IC 5-10.2-2-12.5.

10 SECTION 23. IC 5-10.3-8-14, AS AMENDED BY P.L.91-2014,  
 11 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 12 UPON PASSAGE]: Sec. 14. (a) Except as provided in subsection ~~(c)~~,  
 13 **(d)**, this section applies to employees of the state ~~(as defined in~~  
 14 ~~IC 5-10.3-7-1(d))~~ who are:

15 (1) members of the fund; and

16 (2) paid by the auditor of state by salary warrants.

17 (b) Except as provided in subsection ~~(c)~~, **(d)**, this section does not  
 18 apply to the employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~  
 19 employed by:

20 (1) a body corporate and politic of the state created by state  
 21 statute; or

22 (2) a state educational institution (as defined in IC 21-7-13-32).

23 **(c) As used in this section, "employees of the state" has the**  
 24 **meaning set forth in IC 5-10.3-7-1.**

25 ~~(c)~~ **(d)** The chief executive officer of a body or institution described  
 26 in subsection (b) may elect to have this section apply to the employees  
 27 of the state ~~(as defined in IC 5-10.3-7-1(d))~~ employed by the body or  
 28 institution by submitting a written notice of the election to the director.  
 29 An election under this subsection is effective on the later of:

30 (1) the date the notice of the election is received by the director;  
 31 or

32 (2) July 1, 2013.

33 ~~(d)~~ **(e)** The board shall adopt provisions to establish a retirement  
 34 medical benefits account within the fund under Section 401(h) or as a  
 35 separate fund under another applicable section of the Internal Revenue  
 36 Code for the purpose of converting unused excess accrued leave to a  
 37 monetary contribution for an employee of the state to fund on a pretax  
 38 basis benefits for sickness, accident, hospitalization, and medical  
 39 expenses for the employee and the spouse and dependents of the  
 40 employee after the employee's retirement. The state may match all or  
 41 a portion of an employee's contributions to the retirement medical  
 42 benefits account established under this section.





1           ~~(e)~~ (f) The board is the trustee of the account described in  
 2 subsection ~~(d)~~; (e). The account must be qualified, as determined by the  
 3 Internal Revenue Service, as a separate account within the fund whose  
 4 benefits are subordinate to the retirement benefits provided by the fund.

5           ~~(f)~~ (g) The board may adopt rules under IC 5-10.5-4-2 that it  
 6 considers appropriate or necessary to implement this section after  
 7 consulting with the state personnel department. The rules adopted by  
 8 the board under this section must:

9           (1) be consistent with the federal and state law that applies to:

10           (A) the account described in subsection ~~(d)~~; (e); and

11           (B) the fund; and

12           (2) include provisions concerning:

13           (A) the type and amount of leave that may be converted to a  
 14 monetary contribution;

15           (B) the conversion formula for valuing any leave that is  
 16 converted;

17           (C) the manner of employee selection of leave conversion; and

18           (D) the vesting schedule for any leave that is converted.

19           ~~(g)~~ (h) The board may adopt the following:

20           (1) Account provisions governing:

21           (A) the investment of amounts in the account; and

22           (B) the accounting for converted leave.

23           (2) Any other provisions that are necessary or appropriate for  
 24 operation of the account.

25           ~~(h)~~ (i) The account described in subsection ~~(d)~~ (e) may be  
 26 implemented only if the board has received from the Internal Revenue  
 27 Service any rulings or determination letters that the board considers  
 28 necessary or appropriate.

29           ~~(i)~~ (j) To the extent allowed by:

30           (1) the Internal Revenue Code; and

31           (2) rules adopted by:

32           (A) the board under this section; and

33           (B) the state personnel department under IC 5-10-1.1-7.5;

34 employees of the state may convert unused excess accrued leave to a  
 35 monetary contribution under this section and under IC 5-10-1.1-7.5.

36           SECTION 24. IC 5-10.3-12-1, AS AMENDED BY P.L.54-2013,  
 37 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 38 UPON PASSAGE]: Sec. 1. (a) Except as **otherwise** provided in  
 39 **subsection (e)**, **this section**, this chapter applies to **the following**:

40           (1) An individual who:

41           (A) on or after the effective date of the plan, ~~(i)~~ becomes for  
 42 the first time a full-time employee of the state: ~~(as defined in~~



- 1           ~~IC 5-10.3-7-1(d)~~:
- 2           ~~(A)~~ **(i)** in a position that would otherwise be eligible for
- 3           membership in the fund under IC 5-10.3-7; and
- 4           ~~(B)~~ **(ii)** who is paid by the auditor of state by salary
- 5           warrants; and
- 6           ~~(2)~~ **(B)** makes the election described in section 20 of this
- 7           chapter to become a member of the plan.
- 8           **(2) An individual:**
- 9           **(A)** who becomes a full-time employee of a participating
- 10           political subdivision in a covered position after an
- 11           ordinance or resolution described in clause (C) that is
- 12           adopted by the political subdivision has been approved by
- 13           the board;
- 14           **(B)** who would otherwise be eligible for membership in the
- 15           fund under IC 5-10.3-7; and
- 16           **(C)** who is employed by a political subdivision that has
- 17           elected in an ordinance or resolution adopted under
- 18           IC 5-10.3-6-1 and approved by the board to require an
- 19           employee in the covered position to become a member of
- 20           the plan.
- 21           **(3) An individual:**
- 22           **(A)** who becomes a full-time employee of a political
- 23           subdivision in a covered position after an ordinance or
- 24           resolution described in clause (C) that is adopted by the
- 25           political subdivision has been approved by the board;
- 26           **(B)** who would otherwise be eligible for membership in the
- 27           fund under IC 5-10.3-7;
- 28           **(C)** who is employed by a political subdivision that has
- 29           elected in an ordinance or resolution adopted under
- 30           IC 5-10.3-6-1 and approved by the board:
- 31           **(i)** to allow an employee in the covered position to
- 32           become a member of the fund or a member of the plan at
- 33           the discretion of the employee; and
- 34           **(ii)** to require an employee in a covered position to make
- 35           an election under section 20.5 of this chapter in order to
- 36           become a member of the plan; and
- 37           **(D)** who makes an election under section 20.5 of this
- 38           chapter to become a member of the plan.
- 39           **(4) An individual:**
- 40           **(A)** who becomes a full-time employee of a political
- 41           subdivision in a covered position after an ordinance or
- 42           resolution described in clause (C) that is adopted by the



- 1                   **political subdivision has been approved by the board;**  
 2                   **(B) who would otherwise be eligible for membership in the**  
 3                   **fund under IC 5-10.3-7;**  
 4                   **(C) who is employed by a political subdivision that has**  
 5                   **elected in an ordinance or resolution adopted under**  
 6                   **IC 5-10.3-6-1 and approved by the board:**  
 7                    (i) **to allow an employee in the covered position to**  
 8                    **become a member of the fund or a member of the plan at**  
 9                    **the discretion of the employee; and**  
 10                   (ii) **to require an employee to make an election under**  
 11                    **IC 5-10.3-7-1.1 in order to become a member of the**  
 12                    **fund; and**  
 13                   **(D) who does not make an election under IC 5-10.3-7-1.1 to**  
 14                    **become a member of the fund.**
- 15           (b) Except as provided in subsection (c), this chapter does not apply  
 16           to an individual who, on or after the effective date of the plan:  
 17            (1) becomes for the first time a full-time employee of the state ~~(as~~  
 18            ~~defined in IC 5-10.3-7-1(d))~~ in a position that would otherwise be  
 19            eligible for membership in the fund under IC 5-10.3-7; and  
 20            (2) is employed by:  
 21                (A) a body corporate and politic of the state created by state  
 22                statute; or  
 23                (B) a state educational institution (as defined in  
 24                IC 21-7-13-32).
- 25           (c) The chief executive officer of a body or institution described in  
 26           subsection (b) may elect, by submitting a written notice of the election  
 27           to the director, to have this chapter apply to individuals who, as  
 28           employees of the body or institution, become for the first time full-time  
 29           employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in positions that  
 30           would otherwise be eligible for membership in the fund under  
 31           IC 5-10.3-7. An election under this subsection is effective on the later  
 32           of:  
 33                (1) the date the notice of the election is received by the director;  
 34                or  
 35                (2) March 1, 2013.
- 36           (d) This chapter does not apply to ~~an individual who:~~ **the following:**  
 37                (1) **An individual who before the effective date of the plan,** is or  
 38                was a member (as defined in IC 5-10.3-1-5) of the fund ~~or before~~  
 39                **otherwise becoming eligible to become a member of the plan.**  
 40                (2) **An individual who:**  
 41                    (A) on or after the effective date of the plan, ~~(A)~~ except as  
 42                    provided in subsection (c), becomes for the first time a



1 full-time employee of the state: ~~(as defined in~~  
 2 ~~IC 5-10.3-7-1(d))~~;

3 (i) in a position that would otherwise be eligible for  
 4 membership in the fund under IC 5-10.3-7; and

5 (ii) who is not paid by the auditor of state by salary warrants;  
 6 or

7 (B) does not elect to participate in the plan.

8 **(3) An individual who:**

9 **(A) is eligible to make the election under IC 5-10.3-7-1.1 to**  
 10 **become a member of the fund; and**

11 **(B) does make the election under IC 5-10.3-7-1.1 to become**  
 12 **a member of the fund.**

13 **(4) An individual who is required to become a member of the**  
 14 **fund.**

15 SECTION 25. IC 5-10.3-12-7.5 IS ADDED TO THE INDIANA  
 16 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 17 [EFFECTIVE JULY 1, 2015]: **Sec. 7.5. As used in this chapter,**  
 18 **"employees of the state" has the meaning set forth in IC 5-10.3-7-1.**

19 SECTION 26. IC 5-10.3-12-8, AS ADDED BY P.L.22-2011,  
 20 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 UPON PASSAGE]: **Sec. 8. As used in this chapter, "employer" means**  
 22 **the state or a participating political subdivision.**

23 SECTION 27. IC 5-10.3-12-12, AS ADDED BY P.L.22-2011,  
 24 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 UPON PASSAGE]: **Sec. 12. As used in this chapter, "member" means**  
 26 **an individual who has elected or is required to participate in the plan.**

27 SECTION 28. IC 5-10.3-12-14.5 IS ADDED TO THE INDIANA  
 28 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 29 [EFFECTIVE UPON PASSAGE]: **Sec. 14.5. As used in this chapter,**  
 30 **"participating political subdivision" means a political subdivision**  
 31 **which is participating in the plan as specified in IC 5-10.3-6.**

32 SECTION 29. IC 5-10.3-12-20, AS ADDED BY P.L.22-2011,  
 33 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 34 JULY 1, 2015]: **Sec. 20. (a) This section applies only to an individual**  
 35 **who, on or after the effective date of the plan, becomes for the first**  
 36 **time a full-time employee of the state ~~(as defined in IC 5-10.3-7-1(d))~~**  
 37 **in a position that would otherwise be eligible for membership in the**  
 38 **fund under IC 5-10.3-7.**

39 **(b) An individual to whom this section applies** may elect to  
 40 become a member of the plan. An election under this section:

41 (1) must be made in writing;

42 (2) must be filed with the board, on a form prescribed by the



- 1 board; and  
 2 (3) is irrevocable.  
 3 ~~(b)~~ **(c)** An individual who does not elect to become a member of the  
 4 plan becomes a member (as defined in IC 5-10.3-1-5) of the fund.  
 5 SECTION 30. IC 5-10.3-12-20.5 IS ADDED TO THE INDIANA  
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 7 [EFFECTIVE JULY 1, 2015]: **Sec. 20.5. (a) This section applies to an**  
 8 **individual described in section 1(a)(3) of this chapter who is**  
 9 **otherwise eligible to become a member of the plan.**  
 10 **(b) An individual described in subsection (a) may elect to**  
 11 **become a member of the plan on the date the individual begins the**  
 12 **individual's employment in a covered position with a political**  
 13 **subdivision that participates in the plan.**  
 14 **(c) An election under this section:**  
 15 **(1) must be made in writing;**  
 16 **(2) must be filed with the board on a form prescribed by the**  
 17 **board; and**  
 18 **(3) is irrevocable.**  
 19 **(d) An individual described in subsection (a) who does not elect**  
 20 **to become a member of the plan becomes a member (as defined in**  
 21 **IC 5-10.3-1-5) of the fund.**  
 22 SECTION 31. IC 5-10.3-12-21, AS AMENDED BY P.L.35-2012,  
 23 SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 JULY 1, 2015]: Sec. 21. (a) The plan consists of the following:  
 25 (1) Each member's contributions to the plan under section 23 of  
 26 this chapter.  
 27 (2) Contributions made by an employer to the plan on behalf of  
 28 each member under section 24 **or 24.5** of this chapter.  
 29 (3) Rollovers to the plan by a member under section 29 of this  
 30 chapter.  
 31 (4) All earnings on investments or deposits of the plan.  
 32 (5) All contributions or payments to the plan made in the manner  
 33 provided by the general assembly.  
 34 (b) The plan shall establish an account for each member. A  
 35 member's account consists of two (2) subaccounts credited individually  
 36 as follows:  
 37 (1) The member contribution subaccount consists of:  
 38 (A) the member's contributions to the plan under section 23 of  
 39 this chapter; and  
 40 (B) the net earnings on the contributions described in clause  
 41 (A) as determined under section 22 of this chapter.  
 42 (2) The employer contribution subaccount consists of:



- 1 (A) the employer's contributions made on behalf of the  
 2 member to the plan under section 24 **or 24.5** of this chapter;  
 3 and  
 4 (B) the earnings on the contributions described in clause (A)  
 5 as determined under section 22 of this chapter.
- 6 The board may combine the two (2) subaccounts established under this  
 7 subsection into a single account, if the board determines that a single  
 8 account is administratively appropriate and permissible under  
 9 applicable law.
- 10 (c) If a member makes rollover contributions under section 29 of  
 11 this chapter, the plan shall establish a rollover account as a separate  
 12 subaccount within the member's account.
- 13 SECTION 32. IC 5-10.3-12-23, AS AMENDED BY P.L.5-2014,  
 14 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15 UPON PASSAGE]: Sec. 23. (a) Each member's contribution to the plan  
 16 is equal to three percent (3%) of the member's compensation.
- 17 **(b) For a member who is an employee of the state**, the state shall  
 18 pay the member's contribution on behalf of ~~each the member of the~~  
 19 ~~plan~~ each year.
- 20 **(c) For a member who is an employee of a political subdivision,**  
 21 **the political subdivision may pay all or part of the member's**  
 22 **contribution on behalf of the member.**
- 23 ~~(b)~~ **(d)** To the extent permitted by the Internal Revenue Code and  
 24 applicable regulations, a member of the plan may make contributions  
 25 to the plan in addition to the contribution required under subsection (a).  
 26 IC 5-10.2-3-2(c) and IC 5-10.2-3-2(d) govern additional contributions  
 27 made under this subsection.
- 28 ~~(c)~~ **(e)** Member contributions will be credited to the member's  
 29 account as specified in IC 5-10.2-3.
- 30 ~~(d)~~ **(f)** Although designated as employee contributions, the  
 31 contributions made under subsection ~~(a)~~ **(b)** are picked up and paid by  
 32 the state as the employer in lieu of the contributions being paid by the  
 33 employee in accordance with Section 414(h)(2) of the Internal Revenue  
 34 Code.
- 35 **(g) Although designated as employee contributions, the**  
 36 **contributions made under subsection (c) by a political subdivision**  
 37 **may be picked up and paid by the employer instead of the**  
 38 **contributions being paid by the employee in accordance with**  
 39 **Section 414(h)(2) of the Internal Revenue Code.**
- 40 **(h)** A member may not receive any amounts paid by ~~the state an~~  
 41 **employer** under this section directly instead of having the amounts  
 42 paid to the plan.



1 SECTION 33. IC 5-10.3-12-24, AS ADDED BY P.L.22-2011,  
 2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 UPON PASSAGE]: Sec. 24. (a) The state shall make employer  
 4 contributions to the plan based on the rate determined under this  
 5 section.

6 (b) The ~~employer's state's~~ contribution rate for the plan ~~shall be~~ **is**  
 7 equal to the employer's contribution rate for the fund as determined by  
 8 the board under IC 5-10.2-2-11(b). The amount credited from the  
 9 employer's contribution rate to the member's account shall not be  
 10 greater than the normal cost of the fund. Any amount not credited to the  
 11 member's account shall be applied to the unfunded accrued liability of  
 12 the fund as determined under IC 5-10.2-2-11(a)(3) and  
 13 IC 5-10.2-2-11(a)(4).

14 (c) The state's minimum contribution under this section is equal to  
 15 three percent (3%) of the compensation of all members of the plan **who**  
 16 **are employees of the state.**

17 (d) The state shall submit the employer contributions determined  
 18 under this section as provided in IC 5-10.2-2-12.5.

19 SECTION 34. IC 5-10.3-12-24.5 IS ADDED TO THE INDIANA  
 20 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 21 [EFFECTIVE UPON PASSAGE]: **Sec. 24.5. (a) A participating**  
 22 **political subdivision shall make employer contributions to the plan**  
 23 **based on the rate determined under this section.**

24 (b) **A participating political subdivision's contribution rate for**  
 25 **the plan is equal to the sum of:**

- 26 (1) **the contribution rate determined by the participating**  
 27 **political subdivision under IC 5-10.3-6-1(c); and**  
 28 (2) **the sum, for each member employed by the participating**  
 29 **political subdivision, of:**

30 (A) **the member's additional contribution to the plan under**  
 31 **section 23(d) of this chapter; multiplied by**

32 (B) **the participating political subdivision's matching rate**  
 33 **determined under IC 5-10.3-6-1(d).**

34 (c) **For each employee of a participating political subdivision,**  
 35 **the amount credited to the member's account is the part of the**  
 36 **employer's contribution determined under subsection (b) that is**  
 37 **attributable to the member's compensation and the member's**  
 38 **additional contributions.**

39 (d) **A participating political subdivision shall submit the**  
 40 **employer contributions determined under this section as provided**  
 41 **in IC 5-10.2-2-12.5.**

42 SECTION 35. IC 5-10.3-12-25, AS AMENDED BY P.L.6-2012,



1 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 2 UPON PASSAGE]: Sec. 25. (a) Member contributions and net  
 3 earnings on the member contributions in the member contribution  
 4 subaccount belong to the member at all times and do not belong to ~~the~~  
 5 ~~state.~~ **any employer.**

6 (b) A member is vested in the employer contribution subaccount in  
 7 accordance with the following schedule:

8 9 10	Years of participation in the plan	Vested percentage of employer contributions and earnings
11	1	20%
12	2	40%
13	3	60%
14	4	80%
15	5	100%

16 For purposes of vesting in the employer contribution subaccount, only  
 17 a member's full years of participation in the plan may be counted.

18 (c) The amount that a member may withdraw from the member's  
 19 account is limited to the vested portion of the account.

20 (d) A member who attains normal retirement age is fully vested in  
 21 all amounts in the member's account.

22 (e) If a member separates from service with the ~~state member's~~  
 23 **employer** before the member is fully vested in the employer  
 24 contribution subaccount, the amount in the employer contribution  
 25 subaccount that is not vested is forfeited as of the date the member  
 26 separates from service.

27 (f) Amounts forfeited under subsection (e) must be used to reduce  
 28 the ~~state's~~ unfunded accrued liability of the fund as determined under  
 29 IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

30 (g) A member may not earn creditable service (as defined in  
 31 IC 5-10.2-3-1(a)) under the plan.

32 SECTION 36. IC 5-10.3-12-31, AS ADDED BY P.L.22-2011,  
 33 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 34 UPON PASSAGE]: Sec. 31. (a) If a member of the plan separates from  
 35 employment with the ~~state member's employer~~ and later returns to  
 36 ~~state~~ employment in a position covered by the plan:

37 (1) **the member resumes the member's participation in the**  
 38 **plan; and**

39 (2) the member is entitled to receive credit for the member's years  
 40 of participation in the plan before the member's separation.

41 However, any amounts forfeited by the member under section 25(e) of  
 42 this chapter may not be restored to the member's account.





1 (b) An individual who elected under section 20 of this chapter to  
 2 become a member of the plan resumes membership in the plan upon  
 3 the individual's return to state employment.

4 (c) An individual who (b) If a member (as defined in  
 5 IC 5-10.3-1-5) of the fund separates from employment with the  
 6 member's employer and later returns to employment in a position  
 7 covered by the fund, did not elect to become a member of the plan  
 8 individual resumes the membership member's participation in the  
 9 fund.

10 (d) (c) An individual who returns to state employment having had  
 11 an opportunity to make an election under section 20 of this chapter  
 12 during an earlier period of state employment is not entitled to a second  
 13 opportunity to make an election under section 20 of this chapter.

14 SECTION 37. IC 5-10.5-4-4 IS ADDED TO THE INDIANA CODE  
 15 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 16 UPON PASSAGE]: Sec. 4. (a) This section applies after December  
 17 31, 2015.

18 (b) Members and beneficiaries of the public pension and  
 19 retirement funds of the system may receive monthly benefits only  
 20 by direct deposit or another method approved by the board.

21 SECTION 38. IC 21-38-3-3, AS AMENDED BY P.L.3-2008,  
 22 SECTION 146, IS AMENDED TO READ AS FOLLOWS  
 23 [EFFECTIVE UPON PASSAGE]: Sec. 3. The board of trustees of Ball  
 24 State University may define the duties and provide compensation for  
 25 faculty and staff of the university. **Subject to IC 5-10.2-2-20 and**  
 26 **IC 5-10.2-2-21**, the authority of the board under this section includes  
 27 the authority to establish fringe benefit programs, including retirement  
 28 benefits, that may be supplemental to, or instead of, state retirement  
 29 programs for teachers or other public employees as authorized by law.

30 SECTION 39. IC 21-38-3-4, AS ADDED BY P.L.2-2007,  
 31 SECTION 279, IS AMENDED TO READ AS FOLLOWS  
 32 [EFFECTIVE UPON PASSAGE]: Sec. 4. The board of trustees of  
 33 Indiana University may:

- 34 (1) elect a president, the professors, and other officers for Indiana  
 35 University as necessary and prescribe the duties and salaries of  
 36 those positions;  
 37 (2) employ other persons as necessary; and  
 38 (3) **subject to IC 5-10.2-2-20 and IC 5-10.2-2-21**, establish  
 39 programs of fringe benefits and retirement benefits for Indiana  
 40 University's officers, faculty, and other employees that may be  
 41 supplemental to, or instead of, state retirement programs  
 42 established by statute for public employees.



1 SECTION 40. IC 21-38-3-5, AS ADDED BY P.L.2-2007,  
 2 SECTION 279, IS AMENDED TO READ AS FOLLOWS  
 3 [EFFECTIVE UPON PASSAGE]: Sec. 5. The board of trustees of  
 4 Indiana State University may prescribe the duties and provide the  
 5 compensation, including retirement and other benefits, of the faculty,  
 6 administration, and employees of Indiana State University. **The**  
 7 **authorization under this section to provide retirement benefits to**  
 8 **the faculty, administration, and employees of Indiana State**  
 9 **University is subject to IC 5-10.2-2-20 and IC 5-10.2-2-21.**

10 SECTION 41. IC 21-38-3-7, AS ADDED BY P.L.169-2007,  
 11 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 12 UPON PASSAGE]: Sec. 7. The board of trustees of Ivy Tech  
 13 Community College may do the following:

14 (1) Develop a statewide salary structure and classification system,  
 15 including provisions for employee group insurance, employee  
 16 benefits, and personnel policies.

17 (2) Employ the chief administrator of each region.

18 (3) Authorize the chief administrator of a region to employ the  
 19 necessary personnel for the region, determine qualifications for  
 20 positions, and fix compensation for positions in accordance with  
 21 statewide policies established under subdivision (1).

22 **The authorizations under this section to provide for employee**  
 23 **benefits and compensation are subject to IC 5-10.2-2-20 and**  
 24 **IC 5-10.2-2-21.**

25 SECTION 42. IC 21-38-3-8, AS ADDED BY P.L.2-2007,  
 26 SECTION 279, IS AMENDED TO READ AS FOLLOWS  
 27 [EFFECTIVE UPON PASSAGE]: Sec. 8. The board of trustees of  
 28 Purdue University may elect all professors and teachers, removable at  
 29 the board's pleasure; fix and regulate compensations, including  
 30 programs of fringe benefits and retirement benefits that may be  
 31 supplemental to or in lieu of state retirement programs established by  
 32 statute for public employees. **The authorization to provide**  
 33 **retirement benefits under this section is subject to IC 5-10.2-2-20**  
 34 **and IC 5-10.2-2-21.**

35 SECTION 43. IC 21-38-3-9, AS ADDED BY P.L.2-2007,  
 36 SECTION 279, IS AMENDED TO READ AS FOLLOWS  
 37 [EFFECTIVE UPON PASSAGE]: Sec. 9. The University of Southern  
 38 Indiana may employ a faculty and staff for the university, define the  
 39 duties of the faculty and staff, and provide compensation for the faculty  
 40 and staff, including a program of fringe benefits and a program of  
 41 retirement benefits that may supplement or supersede the state  
 42 retirement programs established by statute for teachers or other public



1 employees. **The authorization to provide retirement benefits under**  
 2 **this section is subject to IC 5-10.2-2-20 and IC 5-10.2-2-21.**

3 SECTION 44. IC 21-38-3-11, AS ADDED BY P.L.2-2007,  
 4 SECTION 279, IS AMENDED TO READ AS FOLLOWS  
 5 [EFFECTIVE UPON PASSAGE]: Sec. 11. The board of trustees of  
 6 Vincennes University may elect and appoint persons of suitable  
 7 learning and talents to be president and professors of Vincennes  
 8 University and, **subject to IC 5-10.2-2-20 and IC 5-10.2-2-21**, agree  
 9 with them for their salaries and emoluments. The board of trustees shall  
 10 appoint a president to preside over and govern Vincennes University.

11 SECTION 45. IC 21-38-7-3, AS ADDED BY P.L.2-2007,  
 12 SECTION 279, IS AMENDED TO READ AS FOLLOWS  
 13 [EFFECTIVE UPON PASSAGE]: Sec. 3. **Subject to IC 5-10.2-2-20**  
 14 **and IC 5-10.2-2-21**, a state educational institution may establish a  
 15 retirement benefit system for the employees of the state educational  
 16 institution.

17 SECTION 46. IC 36-8-8-11.5, AS AMENDED BY P.L.35-2012,  
 18 SECTION 125, IS AMENDED TO READ AS FOLLOWS  
 19 [EFFECTIVE JULY 1, 2015]: Sec. 11.5. (a) **This subsection applies**  
 20 **to a fund member who is less than fifty-five (55) years of age on the**  
 21 **date on which the fund member retires.** Not less than thirty (30) days  
 22 after a fund member retires from a position covered by this chapter, the  
 23 fund member may:

24 (1) be rehired by the same unit that employed the fund member in  
 25 a position covered by this chapter for a position not covered by  
 26 this chapter; and

27 (2) continue to receive the fund member's retirement benefit  
 28 under this chapter.

29 **(b) This subsection applies to a fund member who is at least**  
 30 **fifty-five (55) years of age on the date on which the fund member**  
 31 **retires. In accordance with the federal Pension Protection Act of**  
 32 **2006 (P.L.109-280) and unless otherwise prohibited by law, a fund**  
 33 **member may:**

34 **(1) be rehired by the same unit that employed the fund**  
 35 **member in a position covered by this chapter for a position**  
 36 **not covered by this chapter without a minimum period of**  
 37 **separation from employment; and**

38 **(2) continue to receive the fund member's retirement benefit**  
 39 **under this chapter.**

40 ~~(b)~~ (c) This section may be implemented unless the system board  
 41 receives from the Internal Revenue Service a determination that  
 42 prohibits the implementation.



1           **SECTION 47. An emergency is declared for this act.**



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Employment, Labor and Pensions, to which was referred House Bill 1466, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 5, delete lines 22 through 33.

Page 9, delete lines 15 through 26.

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1466 as introduced.)

GUTWEIN

Committee Vote: yeas 10, nays 0.

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 HOUSE MOTION

Mr. Speaker: I move that House Bill 1466 be amended to read as follows:

Page 2, line 38, delete "members." and insert "**members attributable to service with the withdrawing participating entity.**".

Page 2, line 40, delete "determined by the board".

Page 3, line 5, delete "benefit." insert "**benefit attributable to service with the withdrawing participating entity.**".

Page 3, line 7, delete "determined by the board".

Page 3, line 22, delete "determined by the board".

Page 3, line 30, after "which" insert "**newly hired employees of**".

Page 3, line 33, after "which" insert "**newly hired employees of**".

Page 3, line 37, after "which" insert "**newly hired employees of**".

Page 3, line 40, after "which" insert "**newly hired employees of**".

Page 4, line 34, delete "members." and insert "**members attributable to service with the freezing participating entity. The board shall collaborate with the freezing participating entity by sharing the actuarial method and report.**".

Page 4, line 36, delete "determined by the board".

Page 5, line 5, delete "determined by the board".

Page 5, line 7, delete ":".

Page 5, line 8, delete "(1)".

Page 5, line 9, delete "; or".

Page 5, delete lines 10 through 11.

EH 1466—LS 7462/DI 113



Page 5, run in lines 7 through 12.

Page 5, line 15, after "entity." insert **"In addition, the freezing participating entity shall contribute to the fund the amount the board determines is necessary to fund fully the benefits attributable to service with the freezing participating entity that are vested or will become vested and are not expected to be fully funded through the continuing contributions under section 11 of this chapter during the duration of the members' employment with the freezing participating entity. The contribution by the freezing participating entity must made in a lump sum or in a series of payments."**

Page 6, line 17, delete "." and insert **"attributable to service with the withdrawing political subdivision."**

Page 6, line 25, delete "." and insert **"attributable to service with the withdrawing political subdivision."**

Page 7, line 19, after "which" insert **"newly hired employees of"**.

Page 7, line 22, after "which" insert **"newly hired employees of"**.

Page 7, line 26, after "which" insert **"newly hired employees of"**.

Page 7, line 29, after "which" insert **"newly hired employees of"**.

Page 8, line 17, delete "members." and insert **"members attributable to service with the freezing political subdivision. The board shall collaborate with the freezing political subdivision by sharing the actuarial method and report."**

Page 8, line 19, delete "determined by the board".

Page 8, line 29, delete "determined by".

Page 8, line 30, delete "the board".

Page 8, line 31, delete ":".

Page 8, line 32, delete "(1)".

Page 8, line 33, delete "; or".

Page 8, delete lines 34 through 35.

Page 8, run in lines 31 through 36.

Page 8, line 39, after "subdivision." insert **"In addition, the freezing political subdivision shall contribute to the fund the amount the board determines is necessary to fund fully the benefits attributable to service with the freezing political subdivision that are vested or will become vested and are not anticipated to be fully funded through the continuing contributions under IC 5-10.2-2-11"**



**during the duration of the members' employment with the freezing political subdivision. The contribution by the freezing participating entity must be made in a lump sum or in a series of payments."**

(Reference is to HB 1466 as printed January 23, 2015.)

CARBAUGH

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COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred House Bill No. 1466, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-3-22-19 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 19. The OMB shall, not later than October 1 each year, submit to the interim study committee on pension management oversight a written report that summarizes and analyzes the retirement plan information received for the immediately preceding state fiscal year under IC 5-11-20. The report must be in an electronic format under IC 5-14-6.**"

Page 1, between lines 8 and 9, begin a new paragraph and insert:

"SECTION 3. IC 5-10.2-2-6, AS AMENDED BY P.L.35-2012, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. (a) The retirement allowance account of the public employees' retirement fund consists of the retirement fund, exclusive of the annuity savings account. The retirement allowance account also includes any amounts received under ~~IC 5-10.3-12-24(b)~~ **IC 5-10.3-12-24 or IC 5-10.3-12-24.5**. For the public employees' retirement fund, separate accounts within the retirement allowance account shall be maintained for contributions made by each contribution rate group.

(b) The retirement allowance account of the pre-1996 account consists of the pre-1996 account, exclusive of the annuity savings account.

(c) The retirement allowance account of the 1996 account consists of the 1996 account, exclusive of the annuity savings account.

SECTION 4. IC 5-10.2-2-11, AS AMENDED BY P.L.195-2013,

**EH 1466—LS 7462/DI 113**



SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 11. (a) Based on the actuarial investigation and valuation in section 9 of this chapter, the board shall determine:

- (1) the normal contribution for each contribution rate group, which is the amount necessary to fund the pension portion of the retirement benefit;
- (2) the rate of normal contribution;
- (3) the unfunded accrued liability of the public employees' retirement fund, the pre-1996 account, and the 1996 account, which is the excess of total accrued liability over the fund's or account's total assets, respectively; and
- (4) the period, which must be thirty (30) years or a shorter period, necessary to amortize the unfunded accrued liability determined in subdivision (3).

(b) Based on the information in subsection (a), the board may determine, in its sole discretion, contributions and contribution rates for individual employers or for a group of employers.

**(c) The board shall require an employer to make a supplemental contribution to the fund in addition to the amounts described in subsection (a)(3) and (a)(4) in an amount necessary to pay the employer's share of the fund's actuarial unfunded liability that other employers would otherwise be required to pay because the employer's employees are becoming members of the plan under IC 5-10.3-12 instead of the fund. The amount necessary to pay an employer's contribution under this subsection in full must be made in a lump sum or in a series of payments determined by the board.**

**(d)** The board's determinations under subsection (a):

- (1) are subject to sections 1.5 and 11.5 of this chapter; and
- (2) may not include an amount for a retired member for whom the employer may not make contributions during the member's period of reemployment as provided under IC 5-10.2-4-8(e).

**(e) If the board determines contributions and contribution rates for one (1) or more employers under this section differ from the contributions and contribution rates determined by the actuarial investigation under section 9 of this chapter, the board shall notify the interim study committee for pension management oversight of this fact by reporting the board's action to the legislative services agency in an electronic format under IC 5-14-6."**

Page 1, line 11, after "section" delete "," and insert "":

- (1) "fund" means the public employees' retirement fund; and**
- (2)".**

Page 4, between lines 12 and 13, begin a new line block indented





and insert:

**"(3) "Fund" means the public employees' retirement fund."**

Page 5, line 22, after "must" insert "be".

Page 5, between lines 28 and 29, begin a new paragraph and insert:

**"SECTION 7. IC 5-10.2-2-22 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22. (a) This section applies to a miscellaneous participating entity that:**

**(1) either:**

**(A) withdraws from the public employees' retirement fund under section 20 of this chapter; or**

**(B) freezes its participation in the public employees' retirement fund as described in section 21 of this chapter; and**

**(2) chooses thereafter to offer a retirement plan to its employees.**

**(b) Except as provided in subsection (c), a miscellaneous participating entity to which this section applies may offer a retirement plan to its employees only by participating in the defined contribution plan under IC 5-10.3-12.**

**(c) If, on July 1, 2015, a miscellaneous participating entity to which this section applies has established or is otherwise participating in a defined contribution plan other than the defined contribution plan under IC 5-10.3-12, the miscellaneous participating entity may continue to participate in the defined contribution plan in which the miscellaneous participating entity participated on July 1, 2015.**

**SECTION 8. IC 5-10.2-2-23 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. If any provision of this article, IC 5-10.3, or IC 5-10.4 allows the state as an employer to make an election or take discretionary action, the election or discretionary action shall be taken by the following entities, as applicable:**

**(1) The governor, if the election or discretionary action involves an elected officer, appointed officer, or employee of the executive branch.**

**(2) The legislative council, if the election or discretionary action involves a senator, a representative, or an employee of the legislative branch.**

**(3) The chief justice of the supreme court, if the election or discretionary action involves:**

**(A) a justice;**



- (B) a judge;**
- (C) a prosecuting attorney;**
- (D) an officer paid by the state under IC 33-23-5-10, IC 33-38-5-7, or IC 33-39-6-2; or**
- (E) an employee of the judicial branch of state government.**

SECTION 9. IC 5-10.2-4-1.2, AS AMENDED BY P.L.115-2009, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.2. (a) Each fund shall adopt a policy that requires direct deposit or another method approved by the board as the preferred way for members and beneficiaries to receive monthly benefits.

(b) A member or beneficiary who does not wish to have payments to the person deposited by direct deposit or another method approved by the board under subsection (a) may request the board or a designee of the board to grant a waiver of the requirement of direct deposit or another method approved by the board. The member or beneficiary must:

- (1) state the reason to the board for requesting the waiver; and
- (2) sign a waiver form.

(c) The board or a designee of the board shall grant the member's or beneficiary's request for a waiver, approval of which shall not be unreasonably denied, if any of the following apply:

- (1) The member or beneficiary currently does not have a savings or checking account.
- (2) The member or beneficiary is unable to establish a savings or checking account within the geographic area of the home of the member or beneficiary without payment of a service fee. In support of this reason, the member or beneficiary must submit a written statement of the inability to establish the account without the payment of a fee with the waiver request.
- (3) The home of the member or beneficiary is too remote to have access to a financial institution where direct deposit or another method approved by the board may be made.
- (4) The financial institution of the member or beneficiary is unable to:
  - (A) accept direct deposit or another method approved by the board; or
  - (B) process electronic withdrawal.

The member or beneficiary must submit with the waiver a written statement from the financial institution of the member or beneficiary that the financial institution is unable to accept direct deposit or another method approved by the board or process



electronic withdrawal.

(5) The board determines that the facts of the particular case warrant a waiver of the requirement of direct deposit or another method approved by the board.

(d) The policy of the board must provide that a member or beneficiary who is in pay status as of July 1, 2009, and is receiving monthly benefits in a manner other than direct deposit or another method approved by the board shall not have the monthly benefits stopped for receiving monthly benefits in a manner other than direct deposit or another method approved by the board.

**(e) This section expires January 1, 2016.**

SECTION 10. IC 5-10.3-2-4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 4. (a) The following definitions apply throughout this section:**

(1) **"Defined contribution plan"** refers to the public employees' defined contribution plan established under IC 5-10.3-12.

(2) **"Eligible entity"** means an entity that is eligible but not required to participate in the public employees' retirement fund.

(3) **"Qualifying employee"** means an employee who would be eligible under IC 5-10.3-7 to become a member of the fund, if the employee's employer were to participate in the fund.

(b) Except as otherwise provided in this section, if an eligible entity wishes to offer a retirement plan to a qualifying employee, the eligible entity must provide the retirement plan to the qualifying employee by participating in the fund or the defined contribution plan.

(c) If, on July 1, 2015, an eligible employer is providing a retirement plan other than the fund or the defined contribution plan to a departmental, occupational, or other definable classification of an eligible entity's employees, the qualifying employees in the departmental, occupational, or other classification of employees may continue to participate in the retirement plan, regardless of whether the qualifying employees in the departmental, occupational, or other definable classification begin employment with the eligible entity after June 30, 2015.

(d) An eligible entity may offer a retirement plan other than the fund or the defined contribution plan to an employee, if the employee is not a qualifying employee.

SECTION 11. IC 5-10.3-6-0.5 IS ADDED TO THE INDIANA



CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. As used in this chapter, "plan" refers to the public employees' defined contribution plan under IC 5-10.3-12.**

SECTION 12. IC 5-10.3-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) ~~By ordinance or resolution of~~ **The governing body of a political subdivision may adopt an ordinance or resolution** specifying ~~by a~~ departmental, occupational, or other definable classification ~~the~~ of employees:

- (1) ~~who will~~ **are required to** become members of the fund;
- (2) **who are required to become members of the plan; or**
- (3) **who may each elect whether to become members of the fund or members of the plan.**

**An ordinance or resolution adopted by the governing body of a political subdivision under this subsection that specifies the departmental, occupational, or other definable classification of employees who are required under subdivision (2) to become members of the plan or who may under subdivision (3) elect whether to become members of the fund or plan may not take effect before January 2, 2016. A political subdivision may become a participant in the fund or the plan, or both, as applicable, if the ordinance or resolution is filed with and approved by the board.**

**(b) An ordinance or resolution adopted under subsection (a) that includes a provision described under subsection (a)(3) may also include one (1) of the following provisions:**

- (1) **If an employee who may elect whether to become a member of the fund or a member of the plan does not make an election under IC 5-10.3-7-1.1, the employee becomes a member of the plan.**
- (2) **If an employee who may elect whether to become a member of the fund or a member of the plan does not make an election under IC 5-10.3-12-20.5, the employee becomes a member of the fund.**

**If an ordinance or resolution adopted under subsection (a) that includes a provision described under subsection (a)(3) does not include either of the provisions described in subdivisions (1) or (2), subdivision (2) applies to the departmental, occupational, or other definable classification of employees that may elect to become members of the fund or members of the plan.**

**(c) If an ordinance or resolution adopted under subsection (a) includes a provision described under subsection (a)(2) or (a)(3), or both, the ordinance or resolution shall include a specification of the**



political subdivision's contribution rate to the plan as a percentage of each member's compensation. Each year, the political subdivision's contribution rate specified under this subsection must be greater than or equal to zero percent (0%) and may not exceed the percentage that would produce the normal cost for participation in the fund under IC 5-10.2-2-11, if the political subdivision were a participant in the fund. If a provision specifying the political subdivision's contribution rate is not included in the ordinance or resolution, the political subdivision's contribution rate to the plan is zero percent (0%).

(d) If an ordinance or resolution adopted under subsection (a) includes a provision described under subsection (a)(2) or (a)(3), or both, the ordinance or resolution shall include a specification of the political subdivision's matching rate that is the percentage of each member's additional contributions to the plan that the political subdivision will match. A political subdivision may specify only:

- (1) zero percent (0%); or
- (2) fifty percent (50%).

If a provision specifying the political subdivision's matching rate is not included in the ordinance or resolution, the political subdivision's matching rate for the plan is zero percent (0%).

(b) (e) A governing body may include in its ordinance or resolution adopted under subsection (a) a determination of the date from which prior service for its employees will be computed. Creditable service for these employees is determined under IC 5-10.3-7-7.5.

(c) (f) The effective date of participation is the earlier of January 1 or July 1 after the date of approval. However, no retirement benefit may be paid until six (6) months after the effective date of participation.

SECTION 13. IC 5-10.3-6-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. (a) This section applies to a third class city or a town.

(b) The clerk-treasurer of a city or town is that city's or town's authorized agent for all matters concerning the fund **and the plan**.

SECTION 14. IC 5-10.3-6-4, AS AMENDED BY P.L.23-2011, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The board shall maintain separate accounts for each contribution rate group. Credits and charges to these accounts shall be made as prescribed in IC 5-10.2-2 **and IC 5-10.3-12, as applicable**.

SECTION 15. IC 5-10.3-6-7, AS AMENDED BY P.L.115-2009, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) If the employer or political subdivision



fails to make payments required by this chapter, the amount payable may be:

- (1) withheld by the auditor of state from moneys payable to the employer or subdivision and transferred to the fund **or the plan, as applicable**; or
- (2) recovered in a suit in the circuit or superior court of the county in which the political subdivision is located. The suit shall be an action by the state on the relation of the board, prosecuted by the attorney general.

(b) If:

- (1) service credit is verified for a member who has filed an application for retirement benefits; and
- (2) the member's employer at the time the service credit was earned has not made contributions for or on behalf of the member for the service credit;

liability for the unfunded service credit shall be charged against the employer's account and collected by the fund as provided in subsection (a). Processing of a member's application for retirement benefits may not be delayed by an employer's failure to make contributions for the service credit earned by the member while the member was employed by the employer.

(c) If the employer or political subdivision fails to file the reports or records required by this chapter or by IC 5-10.3-7-12.5, the auditor of state shall:

- (1) withhold the penalty described in IC 5-10.3-7-12.5 from money payable to the employer or the political subdivision; and
- (2) transfer the penalty to the fund **or the plan, as applicable**."

Page 7, line 22, delete "subsection (b)." and insert "**subsection (b)(1), (b)(2), or (b)(3)**."

Page 7, line 26, after "subdivision" insert "**that did not take an action described in this subsection before the effective date of this section**".

Page 7, line 26, after "may" insert "**adopt an ordinance or resolution, which may not be effective before January 2, 2016, to**".

Page 7, line 27, after "date" delete ":" and insert "**(which may not be before January 2, 2016):**".

Page 7, line 35, after "date" delete "." and insert "**(which may not be before January 2, 2016):**".

Page 8, line 3, after "date" insert "**(which may not be before January 2, 2016)**".

Page 8, line 21, after "provided" delete "; and" and insert ".".

Page 9, line 14, after "must" insert "**be**".



Page 9, between lines 20 and 21, begin a new paragraph and insert:  
 "SECTION 18. IC 5-10.3-6-8.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.3. (a) This section applies to a political subdivision that:**

**(1) either:**

**(A) withdraws from the fund under section 8 of this chapter; or**

**(B) freezes its participation in the fund as described in section 8.2 of this chapter; and**

**(2) chooses thereafter to offer a retirement plan to its employees.**

**(b) Except as provided in subsection (c), a political subdivision to which this section applies may offer a retirement plan to its employees only by participating in the defined contribution plan under IC 5-10.3-12.**

**(c) If, on July 1, 2015, a political subdivision to which this section applies has established or is otherwise participating in a defined contribution plan other than the defined contribution plan under IC 5-10.3-12, the political subdivision may continue to participate in the defined contribution plan in which the political subdivision participated on July 1, 2015.**

SECTION 19. IC 5-10.3-7-1, AS AMENDED BY P.L.195-2013, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1. (a) This section does not apply to:**

**(1) members of the general assembly; or**

**(2) employees covered by section 3 of this chapter.**

**(b) As used in this section, "employees of the state" includes:**

**(1) employees of the judicial circuits whose compensation is paid from state funds;**

**(2) elected and appointed state officers;**

**(3) prosecuting attorneys and deputy prosecuting attorneys of the judicial circuits, whose compensation is paid in whole or in part from state funds, including participants in the prosecuting attorneys retirement fund established under IC 33-39-7;**

**(4) employees in the classified service;**

**(5) employees of any state department, institution, board, commission, office, agency, court, or division of state government receiving state appropriations and having the authority to certify payrolls from appropriations or from a trust fund held by the treasurer of state or by any**



department;

(6) employees of any state agency which is a body politic and corporate;

(7) except as provided under IC 5-10.5-7-4, employees of the board of trustees of the Indiana public retirement system;

(8) persons who:

(A) are employed by the state;

(B) have been classified as federal employees by the United States Secretary of Agriculture; and

(C) are excluded from coverage as federal employees by the federal Social Security program under 42 U.S.C. 410;

(9) the directors and employees of county offices of family and children;

(10) employees of the center for agricultural science and heritage (the barn); and

(11) members and employees of the state lottery commission.

(b) (c) An employee of the state or of a participating political subdivision who:

(1) became a full-time employee of the state or of a participating political subdivision in a covered position; and

(2) had not become a member of the fund;

before April 1, 1988, shall on April 1, 1988, become a member of the fund unless the employee is excluded from membership under section 2 of this chapter.

(e) (d) **Except as otherwise provided**, any individual who becomes a full-time employee of the state or of a participating political subdivision in a covered position after March 31, 1988, becomes a member of the fund on the date the individual's employment begins unless the individual is excluded from membership under section 2 of this chapter.

(d) For the purposes of this section, "employees of the state" includes:

(1) employees of the judicial circuits whose compensation is paid from state funds;

(2) elected and appointed state officers;

(3) prosecuting attorneys and deputy prosecuting attorneys of the judicial circuits, whose compensation is paid in whole or in part from state funds, including participants in the prosecuting attorneys retirement fund established under IC 33-39-7;

(4) employees in the classified service;

(5) employees of any state department, institution, board, commission, office, agency, court, or division of state government





receiving state appropriations and having the authority to certify payrolls from appropriations or from a trust fund held by the treasurer of state or by any department;

(6) employees of any state agency which is a body politic and corporate;

(7) except as provided under IC 5-10.5-7-4, employees of the board of trustees of the Indiana public retirement system;

(8) persons who:

(A) are employed by the state;

(B) have been classified as federal employees by the Secretary of Agriculture of the United States; and

(C) are excluded from coverage as federal employees by the federal Social Security program under 42 U.S.C. 410;

(9) the directors and employees of county offices of family and children;

(10) employees of the center for agricultural science and heritage (the barn); and

(11) members and employees of the state lottery commission.

**(e) An individual:**

**(1) who becomes a full-time employee of a political subdivision in a covered position after June 30, 2015;**

**(2) who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board to require an employee in the covered position to become a member of the fund; and**

**(3) who is not excluded from membership under section 2 of this chapter;**

becomes a member of the fund on the date the individual's employment begins.

**(f) An individual:**

**(1) who becomes a full-time employee of a political subdivision in a covered position after an ordinance or resolution described in subdivision (2) that is adopted by the political subdivision has been approved by the board;**

**(2) who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board:**

**(A) to allow an employee in the covered position to become a member of the fund or a member of the public employee's defined contribution plan at the discretion of the employee; and**

**(B) to require an employee in a covered position to make**



an election under IC 5-10.3-12-20.5 in order to become a member of the plan;  
 (3) who does not make an election under IC 5-10.3-12-20.5 to become a member of the public employees' defined contribution plan; and  
 (4) who is not excluded from membership under section 2 of this chapter;  
 becomes a member of the fund on the date the individual's employment begins.

**(g) An individual:**

(1) who becomes a full-time employee of a political subdivision in a covered position after an ordinance or resolution described in subdivision (2) that is adopted by the political subdivision has been approved by the board;

(2) who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board:

(A) to allow an employee in the covered position to become a member of the fund or the public employees' defined contribution plan at the discretion of the employee; and

(B) to require an employee to make an election under section 1.1 of this chapter in order to become a member of the fund;

(3) who does make an election under section 1.1 of this chapter to become a member of the fund; and

(4) who is not excluded from membership under section 2 of this chapter;

becomes a member of the fund on the date the individual's employment begins.

SECTION 20. IC 5-10.3-7-1.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1.1. (a) An individual:**

(1) who becomes a full-time employee of a political subdivision in a covered position after an ordinance or resolution described in subdivision (2) that is adopted by the political subdivision has been approved by the board;

(2) who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board:

(A) to allow an employee in the covered position to become a member of the fund or the public employees' defined contribution plan at the discretion of the employee; and



- (B) to require an employee to make an election under this section in order to become a member of the fund; and**
- (3) who is not excluded from membership under section 2 of this chapter;**
- may elect to become a member of the fund.**
- (b) An election under this section:**
- (1) must be made in writing on a form prescribed by the board;**
  - (2) must be filed with the board; and**
  - (3) is irrevocable.**
- (c) An individual who:**
- (1) is eligible to make the election under this section; and**
  - (2) does not make the election;**
- becomes a member of the public employees' defined contribution plan.**

SECTION 21. IC 5-10.3-7-7.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7.5. Notwithstanding IC 5-10.2-3-1, for the purpose of computing benefits the creditable service of a member covered by an ordinance or resolution adopted by a political subdivision's governing body under ~~IC 5-10.3-6-1(b)~~ **IC 5-10.3-6-1(e)** excludes all service with the political subdivision before the prior service credit date contained in the resolution. However, service with the political subdivision before the prior service credit date shall be considered for the purpose of determining eligibility for benefits.

SECTION 22. IC 5-10.3-7-12.5, AS AMENDED BY P.L.165-2009, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) An employer or department shall make the reports, membership records, or payments required by IC 5-10.3-6 or by sections 10 through 12 of this chapter:

- (1) not more than thirty (30) days after the end of the calendar quarter, if applicable;
  - (2) another due date specified in sections 10 through 12 of this chapter; or
  - (3) an alternate due date established by the rules of the board.
- (b) If the employer or department does not make the reports, records, or payments within the time specified in subsection (a):
- (1) the board may fine the employer or department one hundred dollars (\$100) for each additional day that the reports, records, or payments are late, to be withheld under IC 5-10.3-6-7; and
  - (2) if the employer or department is habitually late, as determined by the board, the board shall report the employer or the



department to the auditor of state for additional withholding under IC 5-10.3-6-7.

(c) After December 31, 2009, an employer or department shall submit:

(1) the reports and records described in subsection (a) in a uniform format through a secure connection over the Internet or through other electronic means specified by the board in accordance with IC 5-10.2-2-12.5; and

(2) both:

(A) employer contributions determined under IC 5-10.2-2-11, **IC 5-10.3-12-24, or IC 5-10.3-12-24.5**; and

(B) contributions paid by or on behalf of a member under section 9 of this chapter **or IC 5-10.3-12-23**;

by electronic funds transfer in accordance with IC 5-10.2-2-12.5.

SECTION 23. IC 5-10.3-8-14, AS AMENDED BY P.L.91-2014, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) Except as provided in subsection ~~(c)~~, **(d)**, this section applies to employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~ who are:

(1) members of the fund; and

(2) paid by the auditor of state by salary warrants.

(b) Except as provided in subsection ~~(c)~~, **(d)**, this section does not apply to the employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~ employed by:

(1) a body corporate and politic of the state created by state statute; or

(2) a state educational institution (as defined in IC 21-7-13-32).

**(c) As used in this section, "employees of the state" has the meaning set forth in IC 5-10.3-7-1.**

~~(c)~~ **(d)** The chief executive officer of a body or institution described in subsection (b) may elect to have this section apply to the employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~ employed by the body or institution by submitting a written notice of the election to the director. An election under this subsection is effective on the later of:

(1) the date the notice of the election is received by the director;

or

(2) July 1, 2013.

~~(d)~~ **(e)** The board shall adopt provisions to establish a retirement medical benefits account within the fund under Section 401(h) or as a separate fund under another applicable section of the Internal Revenue Code for the purpose of converting unused excess accrued leave to a monetary contribution for an employee of the state to fund on a pretax



basis benefits for sickness, accident, hospitalization, and medical expenses for the employee and the spouse and dependents of the employee after the employee's retirement. The state may match all or a portion of an employee's contributions to the retirement medical benefits account established under this section.

~~(e)~~ **(f)** The board is the trustee of the account described in subsection ~~(d)~~; **(e)**. The account must be qualified, as determined by the Internal Revenue Service, as a separate account within the fund whose benefits are subordinate to the retirement benefits provided by the fund.

~~(f)~~ **(g)** The board may adopt rules under IC 5-10.5-4-2 that it considers appropriate or necessary to implement this section after consulting with the state personnel department. The rules adopted by the board under this section must:

- (1) be consistent with the federal and state law that applies to:
  - (A) the account described in subsection ~~(d)~~; **(e)**; and
  - (B) the fund; and
- (2) include provisions concerning:
  - (A) the type and amount of leave that may be converted to a monetary contribution;
  - (B) the conversion formula for valuing any leave that is converted;
  - (C) the manner of employee selection of leave conversion; and
  - (D) the vesting schedule for any leave that is converted.

~~(g)~~ **(h)** The board may adopt the following:

- (1) Account provisions governing:
  - (A) the investment of amounts in the account; and
  - (B) the accounting for converted leave.
- (2) Any other provisions that are necessary or appropriate for operation of the account.

~~(h)~~ **(i)** The account described in subsection ~~(d)~~ **(e)** may be implemented only if the board has received from the Internal Revenue Service any rulings or determination letters that the board considers necessary or appropriate.

~~(i)~~ **(j)** To the extent allowed by:

- (1) the Internal Revenue Code; and
- (2) rules adopted by:
  - (A) the board under this section; and
  - (B) the state personnel department under IC 5-10-1.1-7.5;

employees of the state may convert unused excess accrued leave to a monetary contribution under this section and under IC 5-10-1.1-7.5.

SECTION 24. IC 5-10.3-12-1, AS AMENDED BY P.L.54-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



UPON PASSAGE]: Sec. 1. (a) Except as **otherwise** provided in ~~subsection (e)~~, **this section**, this chapter applies to **the following**:

**(1) An individual who:**

~~(A)~~ **(A)** on or after the effective date of the plan, ~~(+)~~ becomes for the first time a full-time employee of the state: ~~(as defined in IC 5-10.3-7-1(d))~~:

~~(A)~~ **(i)** in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

~~(B)~~ **(ii)** who is paid by the auditor of state by salary warrants; and

~~(2)~~ **(B)** makes the election described in section 20 of this chapter to become a member of the plan.

**(2) An individual:**

**(A)** who becomes a full-time employee of a participating political subdivision in a covered position after an ordinance or resolution described in clause (C) that is adopted by the political subdivision has been approved by the board;

**(B)** who would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

**(C)** who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board to require an employee in the covered position to become a member of the plan.

**(3) An individual:**

**(A)** who becomes a full-time employee of a political subdivision in a covered position after an ordinance or resolution described in clause (C) that is adopted by the political subdivision has been approved by the board;

**(B)** who would otherwise be eligible for membership in the fund under IC 5-10.3-7;

**(C)** who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board:

**(i)** to allow an employee in the covered position to become a member of the fund or a member of the plan at the discretion of the employee; and

**(ii)** to require an employee in a covered position to make an election under section 20.5 of this chapter in order to become a member of the plan; and

**(D)** who makes an election under section 20.5 of this



chapter to become a member of the plan.

**(4) An individual:**

**(A) who becomes a full-time employee of a political subdivision in a covered position after an ordinance or resolution described in clause (C) that is adopted by the political subdivision has been approved by the board;**

**(B) who would otherwise be eligible for membership in the fund under IC 5-10.3-7;**

**(C) who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board:**

**(i) to allow an employee in the covered position to become a member of the fund or a member of the plan at the discretion of the employee; and**

**(ii) to require an employee to make an election under IC 5-10.3-7-1.1 in order to become a member of the fund; and**

**(D) who does not make an election under IC 5-10.3-7-1.1 to become a member of the fund.**

(b) Except as provided in subsection (c), this chapter does not apply to an individual who, on or after the effective date of the plan:

(1) becomes for the first time a full-time employee of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

(2) is employed by:

(A) a body corporate and politic of the state created by state statute; or

(B) a state educational institution (as defined in IC 21-7-13-32).

(c) The chief executive officer of a body or institution described in subsection (b) may elect, by submitting a written notice of the election to the director, to have this chapter apply to individuals who, as employees of the body or institution, become for the first time full-time employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in positions that would otherwise be eligible for membership in the fund under IC 5-10.3-7. An election under this subsection is effective on the later of:

(1) the date the notice of the election is received by the director; or

(2) March 1, 2013.

(d) This chapter does not apply to ~~an individual who~~ **the following:**

(1) ~~An individual who before the effective date of the plan;~~ is or



was a member (as defined in IC 5-10.3-1-5) of the fund ~~or before otherwise becoming eligible to become a member of the plan.~~

**(2) An individual who:**

**(A)** on or after the effective date of the plan, ~~(A)~~ except as provided in subsection (c), becomes for the first time a full-time employee of the state: ~~(as defined in IC 5-10.3-7-1(d))~~;

(i) in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

(ii) who is not paid by the auditor of state by salary warrants; or

**(B)** does not elect to participate in the plan.

**(3) An individual who:**

**(A) is eligible to make the election under IC 5-10.3-7-1.1 to become a member of the fund; and**

**(B) does make the election under IC 5-10.3-7-1.1 to become a member of the fund.**

**(4) An individual who is required to become a member of the fund.**

SECTION 25. IC 5-10.3-12-7.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 7.5. As used in this chapter, "employees of the state" has the meaning set forth in IC 5-10.3-7-1.**

SECTION 26. IC 5-10.3-12-8, AS ADDED BY P.L.22-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8. As used in this chapter, "employer" means the state or a participating political subdivision.**

SECTION 27. IC 5-10.3-12-12, AS ADDED BY P.L.22-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 12. As used in this chapter, "member" means an individual who has elected or is required to participate in the plan.**

SECTION 28. IC 5-10.3-12-14.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 14.5. As used in this chapter, "participating political subdivision" means a political subdivision which is participating in the plan as specified in IC 5-10.3-6.**

SECTION 29. IC 5-10.3-12-20, AS ADDED BY P.L.22-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 20. (a) This section applies only to an individual who, on or after the effective date of the plan, becomes for the first time a full-time employee of the state (as defined in IC 5-10.3-7-1(d)) in a position that would otherwise be eligible for membership in the**





fund under IC 5-10.3-7.

**(b) An individual to whom this section applies** may elect to become a member of the plan. An election under this section:

- (1) must be made in writing;
- (2) must be filed with the board, on a form prescribed by the board; and
- (3) is irrevocable.

~~(b)~~ **(c)** An individual who does not elect to become a member of the plan becomes a member (as defined in IC 5-10.3-1-5) of the fund.

SECTION 30. IC 5-10.3-12-20.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 20.5. (a) This section applies to an individual described in section 1(a)(3) of this chapter who is otherwise eligible to become a member of the plan.**

**(b) An individual described in subsection (a) may elect to become a member of the plan on the date the individual begins the individual's employment in a covered position with a political subdivision that participates in the plan.**

**(c) An election under this section:**

- (1) must be made in writing;**
- (2) must be filed with the board on a form prescribed by the board; and**
- (3) is irrevocable.**

**(d) An individual described in subsection (a) who does not elect to become a member of the plan becomes a member (as defined in IC 5-10.3-1-5) of the fund.**

SECTION 31. IC 5-10.3-12-21, AS AMENDED BY P.L.35-2012, SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 21. (a) The plan consists of the following:**

- (1) Each member's contributions to the plan under section 23 of this chapter.
- (2) Contributions made by an employer to the plan on behalf of each member under section 24 **or 24.5** of this chapter.
- (3) Rollovers to the plan by a member under section 29 of this chapter.
- (4) All earnings on investments or deposits of the plan.
- (5) All contributions or payments to the plan made in the manner provided by the general assembly.

**(b) The plan shall establish an account for each member. A member's account consists of two (2) subaccounts credited individually as follows:**

- (1) The member contribution subaccount consists of:

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- (A) the member's contributions to the plan under section 23 of this chapter; and
  - (B) the net earnings on the contributions described in clause (A) as determined under section 22 of this chapter.
- (2) The employer contribution subaccount consists of:
- (A) the employer's contributions made on behalf of the member to the plan under section 24 **or 24.5** of this chapter; and
  - (B) the earnings on the contributions described in clause (A) as determined under section 22 of this chapter.

The board may combine the two (2) subaccounts established under this subsection into a single account, if the board determines that a single account is administratively appropriate and permissible under applicable law.

(c) If a member makes rollover contributions under section 29 of this chapter, the plan shall establish a rollover account as a separate subaccount within the member's account.

SECTION 32. IC 5-10.3-12-23, AS AMENDED BY P.L.5-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) Each member's contribution to the plan is equal to three percent (3%) of the member's compensation.

**(b) For a member who is an employee of the state, the state shall pay the member's contribution on behalf of each the member of the plan each year.**

**(c) For a member who is an employee of a political subdivision, the political subdivision may pay all or part of the member's contribution on behalf of the member.**

~~(b)~~ **(d)** To the extent permitted by the Internal Revenue Code and applicable regulations, a member of the plan may make contributions to the plan in addition to the contribution required under subsection (a). IC 5-10.2-3-2(c) and IC 5-10.2-3-2(d) govern additional contributions made under this subsection.

~~(c)~~ **(e)** Member contributions will be credited to the member's account as specified in IC 5-10.2-3.

~~(d)~~ **(f)** Although designated as employee contributions, the contributions made under subsection ~~(a)~~ **(b)** are picked up and paid by the state as the employer in lieu of the contributions being paid by the employee in accordance with Section 414(h)(2) of the Internal Revenue Code.

**(g) Although designated as employee contributions, the contributions made under subsection (c) by a political subdivision may be picked up and paid by the employer instead of the**



**contributions being paid by the employee in accordance with Section 414(h)(2) of the Internal Revenue Code.**

**(h)** A member may not receive any amounts paid by ~~the state an employer~~ under this section directly instead of having the amounts paid to the plan.

SECTION 33. IC 5-10.3-12-24, AS ADDED BY P.L.22-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 24. (a) The state shall make employer contributions to the plan based on the rate determined under this section.

(b) The ~~employer's state's~~ contribution rate for the plan ~~shall be~~ is equal to the employer's contribution rate for the fund as determined by the board under IC 5-10.2-2-11(b). The amount credited from the employer's contribution rate to the member's account shall not be greater than the normal cost of the fund. Any amount not credited to the member's account shall be applied to the unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(c) The state's minimum contribution under this section is equal to three percent (3%) of the compensation of all members of the plan **who are employees of the state.**

(d) The state shall submit the employer contributions determined under this section as provided in IC 5-10.2-2-12.5.

SECTION 34. IC 5-10.3-12-24.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 24.5. (a) A participating political subdivision shall make employer contributions to the plan based on the rate determined under this section.**

**(b) A participating political subdivision's contribution rate for the plan is equal to the sum of:**

- (1) the contribution rate determined by the participating political subdivision under IC 5-10.3-6-1(c); and**
- (2) the sum, for each member employed by the participating political subdivision, of:**
  - (A) the member's additional contribution to the plan under section 23(d) of this chapter; multiplied by**
  - (B) the participating political subdivision's matching rate determined under IC 5-10.3-6-1(d).**

**(c) For each employee of a participating political subdivision, the amount credited to the member's account is the part of the employer's contribution determined under subsection (b) that is attributable to the member's compensation and the member's**



**additional contributions.**

**(d) A participating political subdivision shall submit the employer contributions determined under this section as provided in IC 5-10.2-2-12.5.**

SECTION 35. IC 5-10.3-12-25, AS AMENDED BY P.L.6-2012, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) Member contributions and net earnings on the member contributions in the member contribution subaccount belong to the member at all times and do not belong to ~~the state.~~ **any employer.**

(b) A member is vested in the employer contribution subaccount in accordance with the following schedule:

Years of participation in the plan	Vested percentage of employer contributions and earnings
1	20%
2	40%
3	60%
4	80%
5	100%

For purposes of vesting in the employer contribution subaccount, only a member's full years of participation in the plan may be counted.

(c) The amount that a member may withdraw from the member's account is limited to the vested portion of the account.

(d) A member who attains normal retirement age is fully vested in all amounts in the member's account.

(e) If a member separates from service with the ~~state member's employer~~ before the member is fully vested in the employer contribution subaccount, the amount in the employer contribution subaccount that is not vested is forfeited as of the date the member separates from service.

(f) Amounts forfeited under subsection (e) must be used to reduce the ~~state's~~ unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(g) A member may not earn creditable service (as defined in IC 5-10.2-3-1(a)) under the plan.

SECTION 36. IC 5-10.3-12-31, AS ADDED BY P.L.22-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 31. (a) If a member of the plan separates from employment with the ~~state member's employer~~ and later returns to ~~state~~ employment in a position covered by the plan:

**(1) the member resumes the member's participation in the**



**plan; and**

**(2)** the member is entitled to receive credit for the member's years of participation in the plan before the member's separation.

However, any amounts forfeited by the member under section 25(e) of this chapter may not be restored to the member's account.

~~(b)~~ An individual who elected under section 20 of this chapter to become a member of the plan resumes membership in the plan upon the individual's return to state employment.

~~(c)~~ An individual who ~~(b)~~ **If a member (as defined in IC 5-10.3-1-5) of the fund separates from employment with the member's employer and later returns to employment in a position covered by the fund, did not elect to become a member of the plan individual resumes the membership member's participation** in the fund.

~~(d)~~ **(c)** An individual who returns to state employment having had an opportunity to make an election under section 20 of this chapter during an earlier period of state employment is not entitled to a second opportunity to make an election under section 20 of this chapter.

SECTION 37. IC 5-10.5-4-4 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) This section applies after December 31, 2015.**

**(b) Members and beneficiaries of the public pension and retirement funds of the system may receive monthly benefits only by direct deposit or another method approved by the board."**

Page 11, between lines 15 and 16, begin a new paragraph and insert:  
"SECTION 46. IC 36-8-8-11.5, AS AMENDED BY P.L.35-2012, SECTION 125, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 11.5. (a) **This subsection applies to a fund member who is less than fifty-five (55) years of age on the date on which the fund member retires.** Not less than thirty (30) days after a fund member retires from a position covered by this chapter, the fund member may:

(1) be rehired by the same unit that employed the fund member in a position covered by this chapter for a position not covered by this chapter; and

(2) continue to receive the fund member's retirement benefit under this chapter.

**(b) This subsection applies to a fund member who is at least fifty-five (55) years of age on the date on which the fund member retires. In accordance with the federal Pension Protection Act of 2006 (P.L.109-280) and unless otherwise prohibited by law, a fund**



member may:

- (1) be rehired by the same unit that employed the fund member in a position covered by this chapter for a position not covered by this chapter without a minimum period of separation from employment; and
- (2) continue to receive the fund member's retirement benefit under this chapter.

~~(b)~~ (c) This section may be implemented unless the system board receives from the Internal Revenue Service a determination that prohibits the implementation."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass and be reassigned to the Senate Committee on Appropriations.

(Reference is to HB 1466 as reprinted January 27, 2015.)

BOOTS, Chairperson

Committee Vote: Yeas 9, Nays 0.

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#### COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Engrossed House Bill No. 1466, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 5, line 12, delete "is" and insert "**are**".

Page 5, line 15, delete "is" and insert "**are**".

Page 5, line 20, delete "is" and insert "**are**".

Page 5, line 23, delete "is" and insert "**are**".

Page 6, line 18, after "report" delete "." and insert "**used in determining the amounts under this subsection and under subsections (e) and (f).**".

Page 6, line 21, after "years" delete "." and insert "**, as determined by the freezing participating entity.**".

Page 6, line 31, after "years" delete "." and insert "**, as determined by the freezing participating entity.**".

Page 7, line 3, after "payments" delete "." and insert "**, as determined by the freezing participating entity.**".

Page 14, line 39, delete "is" and insert "**are**".

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Page 14, line 42, delete "is" and insert "**are**".

Page 15, line 6, delete "is" and insert "**are**".

Page 15, line 9, delete "is" and insert "**are**".

Page 16, line 2, after "years" delete "." and insert ", **as determined by the freezing political subdivision.**".

Page 16, line 12, after "years" delete "." and insert ", **as determined by the freezing political subdivision.**".

Page 16, line 26, after "payments" delete "." and insert ", **as determined by the freezing political subdivision.**".

and when so amended that said bill do pass.

(Reference is to EHB 1466 as printed April 3, 2015.)

KENLEY, Chairperson

Committee Vote: Yeas 12, Nays 0.

