



Reprinted
April 15, 2015

ENGROSSED HOUSE BILL No. 1466

DIGEST OF HB 1466 (Updated April 14, 2015 6:59 pm - DI 113)

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.

Carbaugh, Burton, Forestal

(SENATE SPONSORS — BROWN L, KRUSE, TALLIAN)

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.

April 14, 2015, read second time, amended, ordered engrossed.

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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.



Reprinted
April 15, 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

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**

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1 **(2) a political subdivision (as 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 in
 16 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 the
4 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 board shall collaborate with the freezing
32 participating entity by sharing the actuarial method and report.
33 The contribution by the freezing participating entity must be made
34 in a lump sum or in a series of payments over a term that does not
35 exceed thirty (30) years, as determined by the freezing
36 participating entity.
37 (f) With respect to members of the fund who are employees of
38 the freezing participating entity on the date of the notice under
39 subsection (c), the freezing participating entity shall continue to
40 contribute the amounts required under section 11 of this chapter
41 for those employees for the duration of their employment with the
42 freezing participating entity. In addition, the freezing participating



1 entity shall contribute to the fund the amount the board determines
 2 is necessary to fund fully the benefits attributable to service with
 3 the freezing participating entity that are vested or will become
 4 vested and are not expected to be fully funded through the
 5 continuing contributions under section 11 of this chapter during
 6 the duration of the members' employment with the freezing
 7 participating entity. The board shall collaborate with the freezing
 8 participating entity by sharing the actuarial method and report.
 9 The contribution by the freezing participating entity must be made
 10 in a lump sum or in a series of payments, as determined by the
 11 freezing participating entity.

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

15 (1) Require reports from the miscellaneous participating
 16 entity.

17 (2) Audit the miscellaneous participating entity.

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

22 (1) either:

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

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

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

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

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

41 SECTION 8.IC 5-10.2-2-23 IS ADDED TO THE INDIANA CODE
 42 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE



1 UPON PASSAGE]: **Sec. 23. If any provision of this article,**
 2 **IC 5-10.3, or IC 5-10.4 allows the state as an employer to make an**
 3 **election or take discretionary action, the election or discretionary**
 4 **action shall be taken by the following entities, as applicable:**

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

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

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

13 **(A) a justice;**

14 **(B) a judge;**

15 **(C) a prosecuting attorney;**

16 **(D) an officer paid by the state under IC 33-23-5-10,**
 17 **IC 33-38-5-7, or IC 33-39-6-2; or**

18 **(E) an employee of the judicial branch of state government.**

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

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

31 (1) state the reason to the board for requesting the waiver; and

32 (2) sign a waiver form.

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

36 (1) The member or beneficiary currently does not have a savings
 37 or checking account.

38 (2) The member or beneficiary is unable to establish a savings or
 39 checking account within the geographic area of the home of the
 40 member or beneficiary without payment of a service fee. In
 41 support of this reason, the member or beneficiary must submit a
 42 written statement of the inability to establish the account without



1 the payment of a fee with the waiver request.

2 (3) The home of the member or beneficiary is too remote to have
3 access to a financial institution where direct deposit or another
4 method approved by the board may be made.

5 (4) The financial institution of the member or beneficiary is
6 unable to:

7 (A) accept direct deposit or another method approved by the
8 board; or

9 (B) process electronic withdrawal.

10 The member or beneficiary must submit with the waiver a written
11 statement from the financial institution of the member or
12 beneficiary that the financial institution is unable to accept direct
13 deposit or another method approved by the board or process
14 electronic withdrawal.

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

- 39 (1) 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 5-10.3-7-1.1, the employee becomes a
 42 member of the plan.



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

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

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

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

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

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

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

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

42 **SECTION 13. IC 5-10.3-6-1.5 IS AMENDED TO READ AS**



1 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. (a) This
2 section applies to a third class city or a town.

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

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

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

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

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

23 (b) If:

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

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

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

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

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

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

41 SECTION 16. IC 5-10.3-6-8 IS AMENDED TO READ AS
42 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) As used in



1 this section, "withdrawing political subdivision" means a political
2 subdivision that takes an action described in subsection (b).

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

5 (1) Stop its participation in the fund and withdraw all of the
6 political subdivision's employees from participation in the fund.

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

9 (3) Stop the political subdivision's participation in the fund by:

10 (A) selling all of the political subdivision's assets; or

11 (B) ceasing to exist as a political subdivision.

12 (c) The withdrawal of a political subdivision's participation in the
13 fund is effective on a termination date established by the board. The
14 termination date may not occur before all of the following have
15 occurred:

16 (1) The withdrawing political subdivision has provided written
17 notice of the following to the board:

18 (A) The withdrawing political subdivision's intent to cease
19 participation.

20 (B) The names of the withdrawing political subdivision's
21 current employees and former employees as of the date on
22 which the notice is provided.

23 (2) The expiration of:

24 (A) a ninety (90) day period following the filing of the notice
25 with the board, for a withdrawing political subdivision that
26 sells all of the withdrawing political subdivision's assets or that
27 ceases to exist as a political subdivision; or

28 (B) a two (2) year period following the filing of the notice with
29 the board, for all other withdrawing political subdivisions.

30 (3) The withdrawing political subdivision takes all actions
31 required in subsections (d) through ~~(h)~~: (g).

32 (d) With respect to retired members who have creditable service
33 with the withdrawing political subdivision, the withdrawing political
34 subdivision must contribute to the fund any additional amounts that the
35 board determines are necessary to provide for reserves with sufficient
36 assets to pay all future benefits from the fund to those retired members
37 **attributable to service with the withdrawing political subdivision.**
38 The contribution by the withdrawing political subdivision must be
39 made in a lump sum or in a series of payments **over a term** determined
40 by the board **that does not exceed thirty (30) years.**

41 (e) A member who is an employee of the political subdivision as of
42 the date of the notice under subsection (c) is vested in the pension



1 portion of the member's retirement benefit. The withdrawing political
 2 subdivision must contribute to the fund the amount the board
 3 determines is necessary to fund fully the vested benefit **attributable to**
 4 **service with the withdrawing political subdivision**. The contribution
 5 by the withdrawing political subdivision must be made in a lump sum
 6 or in a series of payments **over a term** determined by the board **that**
 7 **does not exceed thirty (30) years**.

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

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

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

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

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

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

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



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



1 with the freezing political subdivision, the freezing political
2 subdivision shall contribute to the fund any additional amounts
3 that the board determines are necessary to provide for reserves
4 with sufficient assets to pay all future benefits from the fund to
5 those retired members attributable to service with the freezing
6 political subdivision. The board shall collaborate with the freezing
7 political subdivision by sharing the actuarial method and report.
8 The contribution by the freezing political subdivision must be made
9 in a lump sum or in a series of payments over a term that does not
10 exceed thirty (30) years, as determined by the freezing political
11 subdivision.

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

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

41 (g) The Indiana public retirement system may do any of the
42 following to determine a political subdivision's compliance with



- 1 **this section:**
 2 **(1) Require reports from the political subdivision.**
 3 **(2) Audit the political subdivision.**
 4 SECTION 18. IC 5-10.3-6-8.3 IS ADDED TO THE INDIANA
 5 CODE AS A NEW SECTION TO READ AS FOLLOWS
 6 [EFFECTIVE UPON PASSAGE]: **Sec. 8.3. (a) This section applies to**
 7 **a political subdivision that:**
 8 **(1) either:**
 9 **(A) withdraws from the fund under section 8 of this**
 10 **chapter; or**
 11 **(B) freezes its participation in the fund as described in**
 12 **section 8.2 of this chapter; and**
 13 **(2) chooses thereafter to offer a retirement plan to its**
 14 **employees.**
 15 **(b) Except as provided in subsection (c), a political subdivision**
 16 **to which this section applies may offer a retirement plan to its**
 17 **employees only by participating in the defined contribution plan**
 18 **under IC 5-10.3-12.**
 19 **(c) If, on July 1, 2015, a political subdivision to which this**
 20 **section applies has established or is otherwise participating in a**
 21 **defined contribution plan other than the defined contribution plan**
 22 **under IC 5-10.3-12, the political subdivision may continue to**
 23 **participate in the defined contribution plan in which the political**
 24 **subdivision participated on July 1, 2015.**
 25 SECTION 19. IC 5-10.3-7-1, AS AMENDED BY P.L.195-2013,
 26 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 UPON PASSAGE]: **Sec. 1. (a) This section does not apply to:**
 28 **(1) members of the general assembly; or**
 29 **(2) employees covered by section 3 of this chapter.**
 30 **(b) As used in this section, "employees of the state" includes:**
 31 **(1) employees of the judicial circuits whose compensation is**
 32 **paid from state funds;**
 33 **(2) elected and appointed state officers;**
 34 **(3) prosecuting attorneys and deputy prosecuting attorneys of**
 35 **the judicial circuits, whose compensation is paid in whole or**
 36 **in part from state funds, including participants in the**
 37 **prosecuting attorneys retirement fund established under**
 38 **IC 33-39-7;**
 39 **(4) employees in the classified service;**
 40 **(5) employees of any state department, institution, board,**
 41 **commission, office, agency, court, or division of state**
 42 **government receiving state appropriations and having the**



1 authority to certify payrolls from appropriations or from a
 2 trust fund held by the treasurer of state or by any
 3 department;

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

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

8 (8) persons who:

9 (A) are employed by the state;

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

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

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

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

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

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

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

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

24 before April 1, 1988, shall on April 1, 1988, become a member of the
 25 fund unless the employee is excluded from membership under section
 26 2 of this chapter.

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

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

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

37 (2) elected and appointed state officers;

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

42 (4) employees in the classified service;



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



1 the employee; and
 2 **(B) to require an employee in a covered position to make**
 3 **an election under IC 5-10.3-12-20.5 in order to become a**
 4 **member of the plan;**
 5 **(3) who does not make an election under IC 5-10.3-12-20.5 to**
 6 **become a member of the public employees' defined**
 7 **contribution plan; and**
 8 **(4) who is not excluded from membership under section 2 of**
 9 **this chapter;**
 10 **becomes a member of the fund on the date the individual's**
 11 **employment begins.**

12 **(g) An individual:**
 13 **(1) who becomes a full-time employee of a political subdivision**
 14 **in a covered position after an ordinance or resolution**
 15 **described in subdivision (2) that is adopted by the political**
 16 **subdivision has been approved by the board;**
 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:**
 20 **(A) to allow an employee in the covered position to become**
 21 **a member of the fund or the public employees' defined**
 22 **contribution plan at the discretion of the employee; and**
 23 **(B) to require an employee to make an election under**
 24 **section 1.1 of this chapter in order to become a member of**
 25 **the fund;**
 26 **(3) who does make an election under section 1.1 of this**
 27 **chapter to become a member of the fund; and**
 28 **(4) who is not excluded from membership under section 2 of**
 29 **this chapter;**
 30 **becomes a member of the fund on the date the individual's**
 31 **employment begins.**

32 SECTION 20. IC 5-10.3-7-1.1 IS ADDED TO THE INDIANA
 33 CODE AS A NEW SECTION TO READ AS FOLLOWS
 34 [EFFECTIVE UPON PASSAGE]: **Sec. 1.1. (a) An individual:**
 35 **(1) who becomes a full-time employee of a political subdivision**
 36 **in a covered position after an ordinance or resolution**
 37 **described in subdivision (2) that is adopted by the political**
 38 **subdivision has been approved by the board;**
 39 **(2) who is employed by a political subdivision that has elected**
 40 **in an ordinance or resolution adopted under IC 5-10.3-6-1 and**
 41 **approved by the board:**
 42 **(A) to allow an employee in the covered position to become**



- 1 **a member of the fund or the public employees' defined**
 2 **contribution plan at the discretion of the employee; and**
 3 **(B) to require an employee to make an election under this**
 4 **section in order to become a member of the fund; and**
 5 **(3) who is not excluded from membership under section 2 of**
 6 **this chapter;**
 7 **may elect to become a member of the fund.**
 8 **(b) An election under this section:**
 9 **(1) must be made in writing on a form prescribed by the**
 10 **board;**
 11 **(2) must be filed with the board; and**
 12 **(3) is irrevocable.**
 13 **(c) An individual who:**
 14 **(1) is eligible to make the election under this section; and**
 15 **(2) does not make the election;**
 16 **becomes a member of the public employees' defined contribution**
 17 **plan.**

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

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

- 33 (1) not more than thirty (30) days after the end of the calendar
 34 quarter, if applicable;
 35 (2) another due date specified in sections 10 through 12 of this
 36 chapter; or
 37 (3) an alternate due date established by the rules of the board.

38 (b) If the employer or department does not make the reports,
 39 records, or payments within the time specified in subsection (a):

- 40 (1) the board may fine the employer or department one hundred
 41 dollars (\$100) for each additional day that the reports, records, or
 42 payments are late, to be withheld under IC 5-10.3-6-7; and



1 (2) if the employer or department is habitually late, as determined
 2 by the board, the board shall report the employer or the
 3 department to the auditor of state for additional withholding under
 4 IC 5-10.3-6-7.

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

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

11 (2) both:

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

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

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

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

22 (1) members of the fund; and

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

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

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

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

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

32 ~~(e)~~ **(d)** The chief executive officer of a body or institution described
 33 in subsection (b) may elect to have this section apply to the employees
 34 of the state ~~(as defined in IC 5-10.3-7-1(d))~~ employed by the body or
 35 institution by submitting a written notice of the election to the director.

36 An election under this subsection is effective on the later of:

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

38 or

39 (2) July 1, 2013.

40 ~~(d)~~ **(e)** The board shall adopt provisions to establish a retirement
 41 medical benefits account within the fund under Section 401(h) or as a
 42 separate fund under another applicable section of the Internal Revenue



1 Code for the purpose of converting unused excess accrued leave to a
 2 monetary contribution for an employee of the state to fund on a pretax
 3 basis benefits for sickness, accident, hospitalization, and medical
 4 expenses for the employee and the spouse and dependents of the
 5 employee after the employee's retirement. The state may match all or
 6 a portion of an employee's contributions to the retirement medical
 7 benefits account established under this section.

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

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

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

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

18 (B) the fund; and

19 (2) include provisions concerning:

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

22 (B) the conversion formula for valuing any leave that is
 23 converted;

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

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

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

27 (1) Account provisions governing:

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

29 (B) the accounting for converted leave.

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

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

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

37 (1) the Internal Revenue Code; and

38 (2) rules adopted by:

39 (A) the board under this section; and

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

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



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

5 **(1) An individual who:**

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

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

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

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

15 **(2) An individual:**

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

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

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

28 **(3) An individual:**

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

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

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

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

41 **(ii) to require an employee in a covered position to make**
 42 **an election under section 20.5 of this chapter in order to**



- 1 **become a member of the plan; and**
- 2 **(D) who makes an election under section 20.5 of this**
- 3 **chapter to become a member of the plan.**
- 4 **(4) An individual:**
- 5 **(A) who becomes a full-time employee of a political**
- 6 **subdivision in a covered position after an ordinance or**
- 7 **resolution described in clause (C) that is adopted by the**
- 8 **political subdivision has been approved by the board;**
- 9 **(B) who would otherwise be eligible for membership in the**
- 10 **fund under IC 5-10.3-7;**
- 11 **(C) who is employed by a political subdivision that has**
- 12 **elected in an ordinance or resolution adopted under**
- 13 **IC 5-10.3-6-1 and approved by the board:**
- 14 **(i) to allow an employee in the covered position to**
- 15 **become a member of the fund or a member of the plan at**
- 16 **the discretion of the employee; and**
- 17 **(ii) to require an employee to make an election under**
- 18 **IC 5-10.3-7-1.1 in order to become a member of the fund;**
- 19 **and**
- 20 **(D) who does not make an election under IC 5-10.3-7-1.1 to**
- 21 **become a member of the fund.**
- 22 (b) Except as provided in subsection (c), this chapter does not apply
- 23 to an individual who, on or after the effective date of the plan:
- 24 (1) becomes for the first time a full-time employee of the state ~~(as~~
- 25 ~~defined in IC 5-10.3-7-1(d))~~ in a position that would otherwise be
- 26 eligible for membership in the fund under IC 5-10.3-7; and
- 27 (2) is employed by:
- 28 (A) a body corporate and politic of the state created by state
- 29 statute; or
- 30 (B) a state educational institution (as defined in
- 31 IC 21-7-13-32).
- 32 (c) The chief executive officer of a body or institution described in
- 33 subsection (b) may elect, by submitting a written notice of the election
- 34 to the director, to have this chapter apply to individuals who, as
- 35 employees of the body or institution, become for the first time full-time
- 36 employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in positions that
- 37 would otherwise be eligible for membership in the fund under
- 38 IC 5-10.3-7. An election under this subsection is effective on the later
- 39 of:
- 40 (1) the date the notice of the election is received by the director;
- 41 or
- 42 (2) March 1, 2013.



- 1 (d) This chapter does not apply to ~~an individual who~~: **the following:**
 2 (1) **An individual who** ~~before the effective date of the plan~~; is or
 3 was a member (as defined in IC 5-10.3-1-5) of the fund ~~or before~~
 4 **otherwise becoming eligible to become a member of the plan.**
 5 (2) **An individual who:**
 6 (A) on or after the effective date of the plan, ~~(A)~~ except as
 7 provided in subsection (c), becomes for the first time a
 8 full-time employee of the state: ~~(as defined in~~
 9 ~~IC 5-10.3-7-1(d))~~:
 10 (i) in a position that would otherwise be eligible for
 11 membership in the fund under IC 5-10.3-7; and
 12 (ii) who is not paid by the auditor of state by salary warrants;
 13 or
 14 (B) does not elect to participate in the plan.
 15 (3) **An individual who:**
 16 (A) **is eligible to make the election under IC 5-10.3-7-1.1 to**
 17 **become a member of the fund; and**
 18 (B) **does make the election under IC 5-10.3-7-1.1 to become**
 19 **a member of the fund.**
 20 (4) **An individual who is required to become a member of the**
 21 **fund.**

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

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

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

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

39 SECTION 29. IC 5-10.3-12-20, AS ADDED BY P.L.22-2011,
 40 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2015]: **Sec. 20. (a) This section applies only to** an individual
 42 who, on or after the effective date of the plan, becomes for the first time



1 a full-time employee of the state (as defined in IC 5-10.3-7-1(d)) in a
 2 position that would otherwise be eligible for membership in the fund
 3 under IC 5-10.3-7.

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

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

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

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

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

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

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

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

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

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

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



1 as follows:

2 (1) The member contribution subaccount consists of:

3 (A) the member's contributions to the plan under section 23 of
4 this chapter; and

5 (B) the net earnings on the contributions described in clause
6 (A) as determined under section 22 of this chapter.

7 (2) The employer contribution subaccount consists of:

8 (A) the employer's contributions made on behalf of the
9 member to the plan under section 24 **or 24.5** of this chapter;
10 and

11 (B) the earnings on the contributions described in clause (A)
12 as determined under section 22 of this chapter.

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

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

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

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

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

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

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

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

42 **(g) Although designated as employee contributions, the**



1 **contributions made under subsection (c) by a political subdivision**
 2 **may be picked up and paid by the employer instead of the**
 3 **contributions being paid by the employee in accordance with**
 4 **Section 414(h)(2) of the Internal Revenue Code.**

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

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

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

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

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

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

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

33 **(1) the contribution rate determined by the participating**
 34 **political subdivision under IC 5-10.3-6-1(c); and**

35 **(2) the sum, for each member employed by the participating**
 36 **political subdivision, of:**

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

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

41 **(c) For each employee of a participating political subdivision,**
 42 **the amount credited to the member's account is the part of the**



1 **employer's contribution determined under subsection (b) that is**
2 **attributable to the member's compensation and the member's**
3 **additional contributions.**

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

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

13 (b) A member is vested in the employer contribution subaccount in
14 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%

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

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

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

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

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

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

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



1 state employment in a position covered by the plan:

2 **(1) the member resumes the member's participation in the**
3 **plan; and**

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

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

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

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

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

21 SECTION 37. IC 5-10.5-4-4 IS ADDED TO THE INDIANA CODE
22 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
23 **UPON PASSAGE]: Sec. 4. (a) This section applies after December**
24 **31, 2015.**

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

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

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

41 (1) elect a president, the professors, and other officers for Indiana
42 University as necessary and prescribe the duties and salaries of



1 those positions;

2 (2) employ other persons as necessary; and

3 (3) **subject to IC 5-10.2-2-20 and IC 5-10.2-2-21**, establish
4 programs of fringe benefits and retirement benefits for Indiana
5 University's officers, faculty, and other employees that may be
6 supplemental to, or instead of, state retirement programs
7 established by statute for public employees.

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

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

21 (1) Develop a statewide salary structure and classification system,
22 including provisions for employee group insurance, employee
23 benefits, and personnel policies.

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

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

29 **The authorizations under this section to provide for employee**
30 **benefits and compensation are subject to IC 5-10.2-2-20 and**
31 **IC 5-10.2-2-21.**

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

42 SECTION 43. IC 21-38-3-9, AS ADDED BY P.L.2-2007,



1 SECTION 279, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE UPON PASSAGE]: Sec. 9. The University of Southern
 3 Indiana may employ a faculty and staff for the university, define the
 4 duties of the faculty and staff, and provide compensation for the faculty
 5 and staff, including a program of fringe benefits and a program of
 6 retirement benefits that may supplement or supersede the state
 7 retirement programs established by statute for teachers or other public
 8 employees. **The authorization to provide retirement benefits under
 9 this section is subject to IC 5-10.2-2-20 and IC 5-10.2-2-21.**

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

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

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

- 31 (1) be rehired by the same unit that employed the fund member in
 32 a position covered by this chapter for a position not covered by
 33 this chapter; and
 34 (2) continue to receive the fund member's retirement benefit
 35 under this chapter.

36 **(b) This subsection applies to a fund member who is at least
 37 fifty-five (55) years of age on the date on which the fund member
 38 retires. In accordance with the federal Pension Protection Act of
 39 2006 (P.L.109-280) and unless otherwise prohibited by law, a fund
 40 member may:**

- 41 (1) be rehired by the same unit that employed the fund
 42 member in a position covered by this chapter for a position



1 **not covered by this chapter without a minimum period of**
2 **separation from employment; and**
3 **(2) continue to receive the fund member's retirement benefit**
4 **under this chapter.**

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

8 **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.

 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

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,



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.

(e) **(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) 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:



- (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.

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.

SENATE MOTION

Madam President: I move that Engrossed House Bill 1466 be amended to read as follows:

Page 6, line 31, after "entity." insert "**The board shall collaborate with the freezing participating entity by sharing the actuarial method and report.**".

Page 6, line 37, after "(c)" insert ",".

Page 7, line 5, after "entity." insert "**The board shall collaborate with the freezing participating entity by sharing the actuarial method and report.**".

Page 16, line 14, after "subdivision." insert "**The board shall collaborate with the freezing political subdivision by sharing the actuarial method and report.**".

Page 16, line 30, after "subdivision." insert "**The board shall collaborate with the freezing political subdivision by sharing the actuarial method and report.**".

(Reference is to EHB 1466 as printed April 10, 2015.)

BOOTS

