SENATE BILL No. 10

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10; IC 6-7-1-28.1.

Synopsis: State employee retirement benefits. Requires the state to make contributions after December 31, 2026, that match, dollar for dollar, each state employee's deferred compensation contributions, not to exceed $28 per paycheck. Specifies limitations on state contributions, including the availability of biennial appropriations and other amounts transferred. Allows in certain circumstances the budget agency to suspend contributions, resume contributions, and make contributions that were missed due to suspension. Requires the interim study committee on pension management oversight (PMOC) to study in each odd-numbered year whether the maximum state contribution should be increased and make a recommendation to the budget agency if it determines that the maximum contribution should be increased. Allows the budget agency to increase the maximum state contribution following a recommendation from PMOC. Specifies a process by which portions of the funding sources for the retirement medical benefits account must be transferred to the state comptroller for the purpose of making matching contributions. Provides as a default rule that after December 31, 2026, each participant's membership in the retirement medical benefits account is terminated, participant subaccounts are forfeited, and subaccount amounts must be transferred to the state general fund. Specifies exceptions. Requires the state comptroller to transfer from the state general fund to each participant's defined contribution plan an amount equal to the balance in each participant's subaccount at the time of forfeiture. Specifies a time frame within which a participant in the retirement medical benefits account may elect to remain a participant. (The introduced version of this bill was prepared by the interim study committee on pension management oversight.)

Effective: Upon passage.

Rogers, Buchanan, Niezgodski

December 8, 2025, read first time and referred to Committee on Pensions and Labor.

Introduced

Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

SENATE BILL No. 10

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

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

SECTION 1. IC 5-10-1.1-1.5, AS AMENDED BY P.L.9-2024, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. (a) The state, through the budget agency, ~~may~~ **shall** adopt a defined contribution plan, under Section 401(a) of the Internal Revenue Code, for the purpose of matching all or a specified portion of state employees' contributions to the state employees' deferred compensation plan and for any additional purposes established by statute.

(b) The deferred compensation committee shall be the trustee of a plan established under subsection (a) as described in section 4 of this chapter. A plan established under subsection (a) shall be administered by the state comptroller as described in section 5 of this chapter.

(c) The deferred compensation committee may approve funding offerings for a plan established under subsection (a), which may be the same as offerings for the state employees' deferred compensation plan. All funds in each plan shall be separately accounted for but may be commingled for investment purposes.

(d) **This subsection applies before January 1, 2027.** Contributions to a plan established under subsection (a) are limited to the amount of biennial appropriations the budget agency determines are available for any such purposes.

(e) This subsection applies after December 31, 2026. Subject to subsections (f) and (g), after December 31, 2026, the state shall make contributions to the defined contribution plan established for each state employee under subsection (a) that match, dollar for dollar, each employee's contributions to the employee's deferred compensation plan.

(f) The following apply to state contributions under subsection (e):

(1) Except as provided in section 1.7 of this chapter, state contributions may not exceed twenty-eight dollars ($28) for each payroll warrant or payroll authorization.

(2) State contributions are limited to:

(A) the amount of biennial appropriations the budget agency determines are available for any such purposes; and

(B) amounts transferred to the state comptroller under IC 5-10-8-8.6(c) and IC 6-7-1-28.1(6)(B).

(g) The budget agency may do the following in consultation with the state comptroller:

(1) Suspend, in extraordinary financial circumstances, the payment of state contributions under subsection (e).

(2) If sufficient funds are available, resume the payment of state contributions following the suspension of payments under subdivision (1).

(3) If sufficient funds are available, make contributions to the defined contribution plan established for each state employee under subsection (a) in an amount equal to the contributions that each state employee did not receive as a result of the suspension of payments under subdivision (1).

(h) The deferred compensation committee may use funds available under the plan to hire or contract with qualified attorneys, financial advisers, or other professional or administrative persons that the committee believes are necessary or useful in the administration of the plan.

~~(e)~~ **(i)** A plan established under subsection (a) must include appropriate provisions concerning the plan's day to day operation and any other provisions that are appropriate. Notwithstanding IC 22-2-6-2, the plan may also include provisions for the use of automated voice response units and telephonic communications, online activities, and other technology for participant elections, directions, and services if the technology has sufficient capacity to record and store the elections and directions.

~~(f)~~ **(j)** The state is obligated at any particular time only for the current market value of the funding previously made to a plan established under subsection (a).

~~(g)~~ **(k)** The state board of finance shall extend the plan established under subsection (a) to any political subdivision that also elects to use the state employees' deferred compensation plan for its employees as authorized in section 7(b)(2) or 7(b)(3) of this chapter.

SECTION 2. IC 5-10-1.1-1.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1.7. (a) In each odd-numbered year, the interim study committee on pension management oversight shall:**

(1) study whether the maximum state contribution established under section 1.5(f)(1) of this chapter should be increased; and

(2) if the committee determines that the maximum state contribution should be increased, provide a written recommendation to the budget agency that includes the amount of the recommended increase.

(b) Subject to section 1.5(f)(2) of this chapter, after receiving a recommendation under subsection (a)(2), the budget agency may increase the maximum state contribution to the defined contribution plan established for each state employee under section 1.5(a) of this chapter.

SECTION 3. IC 5-10-1.1-7.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 7.6. The deferred compensation committee shall adopt any plan provisions necessary to implement the transfer of amounts under IC 5-10-8.5-9.7(b)(4).**

SECTION 4. IC 5-10-8-8.5, AS AMENDED BY P.L.201-2023, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.5. (a) The retiree health benefit trust fund is established to provide funding for a retiree health benefit plan developed under IC 5-10-8.5.

(b) The trust fund shall be administered by the INPRS. The expenses of administering the trust fund shall be paid from money in the trust fund. **Subject to section 8.6 of this chapter,** the trust fund consists of cigarette tax revenues deposited in the fund under

~~IC 6-7-1-28.1(6)~~ **IC 6-7-1-28.1(6)(A)** and other appropriations, revenues, or transfers to the trust fund under IC 4-12-1.

(c) The INPRS shall invest the money in the trust fund not currently needed to meet the obligations of the trust fund in the same manner and with the same limitations described in IC 5-10.5-4-1 and IC 5-10.5-5-1.

(d) The trust fund is considered a trust fund for purposes of IC 4-9.1-1-7. Money may not be transferred, assigned, or otherwise removed from the trust fund by the state board of finance, the budget agency, or any other state agency.

(e) The trust fund shall be established and administered in a manner that complies with Internal Revenue Code requirements concerning health reimbursement arrangement (HRA) trusts. Contributions by the state to the trust fund are irrevocable. All assets held in the trust fund must be held for the exclusive benefit of participants of the retiree health benefit plan developed under IC 5-10-8.5 and their beneficiaries. All assets in the trust fund:

(1) are dedicated exclusively to providing benefits to participants of the plan and their beneficiaries according to the terms of the plan; and

(2) are exempt from levy, sale, garnishment, attachment, or other legal process.

(f) Money in the trust fund does not revert to the state general fund at the end of any state fiscal year.

(g) The money in the trust fund is appropriated to the INPRS for providing the retiree health benefit plan developed under IC 5-10-8.5.

(h) The budget agency may transfer appropriations from federal or dedicated funds to the retiree health benefit trust fund.

SECTION 5. IC 5-10-8-8.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.6. (a) This section does not apply to cigarette tax revenues deposited in the retiree health benefit trust fund under IC 6-7-1-28.1(6)(A).**

(b) The INPRS shall do the following not later than December 31, 2026:

(1) Determine the amount of forthcoming appropriations, revenues, or transfers to the retiree health benefit trust fund under IC 4-12-1 that are not currently needed to meet the obligations of the retiree health benefit plan developed under IC 5-10-8.5.

(2) Provide written notice of the amount determined under subdivision (1) to the budget agency.

(c) This subsection applies after December 31, 2026. Before

appropriations, revenues, or transfers under IC 4-12-1 are deposited in the retiree health benefit trust fund, the budget agency shall transfer the amounts determined by the INPRS under subsection (b)(1) to the state comptroller for the purpose of making state contributions to the defined contribution plan established under IC 5-10-1.1-1.5(a). The budget agency shall deposit the remainder of the appropriations, revenues, or transfers in the retiree health benefit trust fund.

SECTION 6. IC 5-10-8.5-1, AS AMENDED BY P.L.229-2011, SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Except as provided in ~~this section, this chapter applies to an individual who is one (1) of~~ **subsection (b), each of** the following **is a participant in the retirement medical benefits account:**

(1) An employee of the executive, legislative, or judicial branch of state government.

(2) A state elected or appointed officer.

(3) A member of the general assembly.

(4) An elected officer paid by the state.

(5) An officer paid by the state under IC 33-23-5-10, IC 33-38-5-7, or IC 33-39-6-2.

(b) ~~An individual described in subsection (a) other than~~ The following ~~is a participant~~ **individuals are not participants** in the retirement medical benefits account:

(1) A conservation officer of the department of natural resources.

(2) An employee of the state excise police.

(3) An employee of the state police department, other than the following:

(A) An employee of the state police department who waived coverage under a common and unified plan of self-insurance under IC 5-10-8-6 before July 1, 2011.

(B) An employee of the state police department who makes an election under IC 5-10-8.5-9.5.

(C) An employee of the state police department who makes an election under IC 5-10-8.5-9.6.

(4) An individual who becomes employed in a position described in subsection (a) after December 31, 2026.

(5) An individual whose membership in the account is terminated under section 9.7(b) of this chapter.

SECTION 7. IC 5-10-8.5-9.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 9.7. (a) This section does not**

apply to a:

(1) retired participant or the spouse and dependents of a retired participant; or

(2) participant who received an additional contribution under section 16 of this chapter.

(b) Subject to applicable federal tax law, except as provided in subsection (c), the following apply after December 31, 2026:

(1) Each participant's membership in the retirement medical benefits account is terminated.

(2) The amounts in each participant's subaccount are forfeited.

(3) The INPRS shall do the following for each participant:

(A) Terminate the participant's membership in the retirement medical benefits account.

(B) Transfer the amounts in the participant's subaccount to the state general fund to be used in the manner required under subdivision (4).

(4) The state comptroller shall transfer from the state general fund to each participant's defined contribution plan under IC 5-10-1.1-1.5(a) an amount equal to the balance in each participant's subaccount at the time the subaccount was forfeited under subdivision (2).

(c) Subsection (b) does not apply to a participant who makes a one (1) time irrevocable election to remain a participant in the retirement medical benefits account. An election under this subsection must be made to the INPRS:

(1) during the open enrollment period for state employees; and

(2) not later than December 1, 2026.

SECTION 8. IC 6-7-1-28.1, AS AMENDED BY P.L.213-2025, SECTION 86, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 28.1. The taxes, registration fees, fines, or penalties collected under this chapter shall be deposited in the following manner:

(1) One and seventy-six hundredths percent (1.76%) of the money shall be deposited in a fund to be known as the cigarette tax fund.

(2) The following amount of the money shall be deposited in the state general fund:

(A) After June 30, 2011, and before July 1, 2013, sixty and twenty-four hundredths percent (60.24%).

(B) After June 30, 2013, and before July 1, 2023, fifty-six and twenty-four hundredths percent (56.24%).

(C) After June 30, 2023, fifty-six and eighty-four hundredths percent (56.84%).

(D) After June 30, 2025, twenty-three and sixty-seven hundredths percent (23.67%).

(3) Two and twenty-six hundredths percent (2.26%) of the money shall be deposited into the pension relief fund established in IC 5-10.3-11.

(4) Eleven and twenty-six hundredths percent (11.26%) of the money shall be deposited in the healthy Indiana plan trust fund established by IC 12-15-44.2-17.

(5) Fifty-nine and thirty-eight hundredths percent (59.38%) of the money shall be deposited in the state general fund for the purpose of paying appropriations for Medicaid—Current Obligations.

(6) ~~The following amount~~ **After December 31, 2026, one and sixty-seven hundredths percent (1.67%)** of the money shall be deposited ~~in the state retiree health benefit trust fund established by IC 5-10-8-8.5~~ as follows:

~~(A) Before July 1, 2011, five and seventy-four hundredths percent (5.74%).~~

~~(B) After June 30, 2011, and before July 1, 2013, zero percent (0%).~~

~~(C) After June 30, 2013, four percent (4%).~~

~~(D) After June 30, 2025, one and sixty-seven hundredths percent (1.67%).~~

(A) In the state retiree health benefit trust fund established by IC 5-10-8-8.5, minus the amount that the Indiana public retirement system determines is not currently needed to meet the obligations of the retiree health benefit plan developed under IC 5-10-8.5.

(B) The remainder of the amount under this subdivision shall be transferred to the state comptroller for the purpose of making state contributions to the defined contribution plan established under IC 5-10-1.1-1.5(a).

The money in the cigarette tax fund, the healthy Indiana plan trust fund, or the pension relief fund at the end of a fiscal year does not revert to the state general fund. However, if in any fiscal year, the amount allocated to a fund under subdivision (1) is less than the amount received in fiscal year 1977, then that fund shall be credited with the difference between the amount allocated and the amount received in fiscal year 1977, and the allocation for the fiscal year to the fund under subdivision (2) shall be reduced by the amount of that difference. Money deposited under subdivisions (5) through (6) may not be used for any purpose other than the purpose stated in the subdivision.

SECTION 9. **An emergency is declared for this act.**