

---

# SENATE BILL No. 10

AM001007 has been incorporated into December 11, 2025 printing.

---

**Synopsis:** State employee retirement benefits.

M  
e  
r  
g  
e  
d

SB 10—LS 6184/DI 144



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

December 11, 2025

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:*

1        SECTION 1. IC 5-10-1.1-1.5, AS AMENDED BY P.L.9-2024,  
2        SECTION 122, IS AMENDED TO READ AS FOLLOWS  
3        [EFFECTIVE JANUARY 1, 2028]: Sec. 1.5. (a) The state, through the  
4        budget agency, **may shall** adopt a defined contribution plan, under  
5        Section 401(a) of the Internal Revenue Code, for the purpose of  
6        matching all or a specified portion of state employees' contributions to  
7        the state employees' deferred compensation plan and for any additional  
8        purposes established by statute.

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

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

SB 10—LS 6184/DI 144



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

(1) State contributions may not exceed twenty-eight dollars (\$28) for each payroll warrant or payroll authorization.

(2) State contributions are limited to the amount of biennial appropriations the budget agency determines are available for any such purposes.

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

SB 10—LS 6184/DI 144



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

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

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

8                             SECTION 2. IC 5-10-1.1-7.6 IS ADDED TO THE INDIANA  
 9 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 10 [EFFECTIVE JANUARY 1, 2028]: **Sec. 7.6. For participants who**  
 11 **are subject to IC 5-10-8.5-9.7(b), the state comptroller shall**  
 12 **transfer from the state general fund a one (1) time contribution of**  
 13 **funds to each participant's defined contribution plan account**  
 14 **under IC 5-10-1.1-1.5(a) based on the contributions the member**  
 15 **would have received according to IC 5-10-8.5-15 based on each**  
 16 **member's age and years of service. The deferred compensation**  
 17 **committee shall adopt any plan provisions necessary to implement**  
 18 **this contribution.**

19                             SECTION 3. IC 5-10-8-8.5, AS AMENDED BY P.L.201-2023,  
 20 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 JANUARY 1, 2028]: Sec. 8.5. (a) The retiree health benefit trust fund  
 22 **is following are** established to provide funding for a retiree health  
 23 benefit plan developed under IC 5-10-8.5, **including to provide**  
 24 **continued funding for a retiree health benefit plan for individuals**  
 25 **described in IC 5-10-8.5-9.7(a) and the individuals who elect to**  
 26 **continue in the retiree health benefit trust fund pursuant to**  
 27 **IC 5-10-8.5-9.7(c):**

28                             (1) Before January 1, 2028, the retiree health benefit trust  
 29 fund.

30                             (2) After December 31, 2027, the 2028 retiree health benefit  
 31 trust fund.

32                             The trust fund described in subdivision (1) will be terminated upon  
 33 the completion of the action required under IC 5-10-8.5-9.7.

34                             (b) The trust fund funds shall be administered by the INPRS. The  
 35 expenses of administering the trust fund funds shall be paid from  
 36 money in the trust fund funds. Subject to section 8.6 of this chapter,  
 37 the trust fund consists funds consist of cigarette tax revenues deposited  
 38 in the fund funds under ~~IC 6-7-1-28.1(6)~~ **IC 6-7-1-28.1(6)(A)** and  
 39 other appropriations, revenues, or transfers to the trust fund funds  
 40 under IC 4-12-1.

41                             (c) The INPRS shall invest the money in the trust fund funds not  
 42 currently needed to meet the obligations of the trust fund funds in the



1 same manner and with the same limitations described in IC 5-10.5-4-1  
 2 and IC 5-10.5-5-1.

3 (d) The trust ~~fund~~ **is funds** are considered a trust fund for  
 4 purposes of IC 4-9.1-1-7. Money may not be transferred, assigned, or  
 5 otherwise removed from the trust ~~fund~~ **funds** by the state board of  
 6 finance, the budget agency, or any other state agency, **except as**  
 7 **provided under IC 5-10-8.5-9.7.**

8 (e) The trust ~~fund~~ **funds** shall be established and administered in  
 9 a manner that complies with Internal Revenue Code requirements  
 10 concerning health reimbursement arrangement (HRA) trusts.  
 11 Contributions by the state to the trust ~~fund~~ **funds** are irrevocable. All  
 12 assets held in the trust ~~fund~~ **funds** must be held for the exclusive  
 13 benefit of participants of the retiree health benefit plan developed  
 14 under IC 5-10-8.5 and their beneficiaries. **Subject to IC 5-10-8.5-9.7,**  
 15 all assets in the trust ~~fund~~ **funds:**

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

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

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

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

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

28 SECTION 4. IC 5-10-8-8.6 IS ADDED TO THE INDIANA CODE  
 29 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE  
 30 JANUARY 1, 2028]: Sec. 8.6. (a) **This section does not apply to**  
 31 **cigarette tax revenues deposited in the retiree health benefit trust**  
 32 **fund or the 2028 retiree health benefit trust fund under**  
 33 **IC 6-7-1-28.1(6)(A).**

34 (b) **The INPRS shall do the following not later than December**  
 35 **31, 2027:**

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

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



8 SECTION 5. IC 5-10-8.5-1, AS AMENDED BY P.L.229-2011,  
9 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10 JANUARY 1, 2028]: Sec. 1. (a) Except as provided in this section, this  
11 chapter applies to an individual who is one (1) of subsection (b), each  
12 of the following is a participant in the retirement medical benefits  
13 account:

14 (1) An employee of the executive, legislative, or judicial branch  
15 of state government.  
16 (2) A state elected or appointed officer.  
17 (3) A member of the general assembly.  
18 (4) An elected officer paid by the state.  
19 (5) An officer paid by the state under IC 33-23-5-10,  
20 IC 33-38-5-7, or IC 33-39-6-2.

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

24 (1) A conservation officer of the department of natural resources.  
25 (2) An employee of the state excise police.  
26 (3) An employee of the state police department, other than the  
27 following:  
28 (A) An employee of the state police department who waived  
29 coverage under a common and unified plan of  
30 self-insurance under IC 5-10-8-6 before July 1, 2011.  
31 (B) An employee of the state police department who makes  
32 an election under IC 5-10-8.5-9.5.  
33 (C) An employee of the state police department who makes  
34 an election under IC 5-10-8.5-9.6.  
35 (4) **An individual who becomes employed in a position**  
36 **described in subsection (a) after December 31, 2027.**  
37 (5) **An individual whose membership in the account is**  
38 **terminated under section 9.7(b) of this chapter.**

39 SECTION 6. IC 5-10-8.5-9.7 IS ADDED TO THE INDIANA  
40 CODE AS A NEW SECTION TO READ AS FOLLOWS  
41 [EFFECTIVE JANUARY 1, 2028]: **Sec. 9.7. (a) This section does not**  
42 **apply to a:**

SB 10—LS 6184/DI 144



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

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

(2) participant who is eligible to receive 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, 2027:

(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) in accordance with the amounts a member would have received under section 15 of this chapter based on each member's age and years of service.

(c) Subsection (b) does not apply to a participant who makes a one (1) time irrevocable election to become a participant in a successor 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, 2027.

SECTION 7. IC 5-10-8.5-15, AS AMENDED BY P.L.92-2021, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2028]: Sec. 15. (a) Except as provided in subsections (c), (d), and (e), a participant's employer shall make contributions annually to the account on behalf of the participant sufficient to provide the benefit described in section 17 of this chapter. For a participant meeting the eligibility rules set forth in section 17 of this chapter, the amount credited to the participant's subaccount balance shall be the sum of annual contributions and earnings for each year of service. The amount of the contribution each fiscal year must equal or exceed the following, based on the participant's age on the last day of the calendar

SB 10—LS 6184/DI 144



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

1 year that is in the fiscal year in which the contribution is made:

2 Participant's Age in Years	3 Amount	4 Annual Contribution
5 Less than 30	6	\$ 500
6 At least 30, but less than 40	7	\$ 800
7 At least 40, but less than 50	8	\$ 1,100
8 At least 50	9	\$ 1,400

9 (b) The INPRS shall determine by rule the date on which the  
10 contributions are credited to participants' subaccounts.

11 (c) A contribution under this section shall not be made after June  
12 30, 2011, to any of the following participants:

13 (1) A conservation officer of the department of natural resources.  
14 (2) An employee of the state excise police.

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

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

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

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

24 (d) For individuals who are employed on June 30, 2011, the accrued  
25 annual contributions made in accordance with subsection (a) to an  
26 account described in section 14 of this chapter on behalf of the  
27 individuals for any years the individuals were employed as described  
28 in section 1(b)(1) through 1(b)(3) of this chapter shall be transferred to  
29 the respective plans described in IC 5-10-8-6(a) for those individuals  
30 and shall be used only to reduce the unfunded other post-employment  
31 benefit (OPEB) liability of those plans and not to increase benefits or  
32 reduce premiums.

33 (e) A contribution under this section shall not be made after June  
34 30, 2017, to a participant who on June 30, 2017:

35 (1) is eligible for a normal, unreduced retirement benefit from the  
36 public employee retirement fund of which the participant is a  
37 member; and

38 (2) has completed:

39 (A) fifteen (15) years of service with the participant's employer;  
40 or

41 (B) ten (10) years of service as an elected or appointed officer.

42 (f) Each year, the INPRS shall:

43 (1) report the assets and liabilities of the retiree health benefit



1 trust fund **or the 2028 retiree health benefit trust fund**; and  
 2 (2) based on the assets and liabilities of the retiree health benefit  
 3 trust fund **or the 2028 retiree health benefit trust fund**,  
 4 recommend an employer contribution amount to fund the  
 5 participants' benefits described in section 17 of this chapter.

6 SECTION 8. IC 6-7-1-28.1, AS AMENDED BY P.L.213-2025,  
 7 SECTION 86, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 8 JANUARY 1, 2028]: Sec. 28.1. The taxes, registration fees, fines, or  
 9 penalties collected under this chapter shall be deposited in the  
 10 following manner:

11 (1) One and seventy-six hundredths percent (1.76%) of the money  
 12 shall be deposited in a fund to be known as the cigarette tax fund.  
 13 (2) The following amount of the money shall be deposited in the  
 14 state general fund:

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

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

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

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

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

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

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

32 (6) **The following amount After December 31, 2027, one and  
 33 sixty-seven hundredths percent (1.67%)** of the money shall be  
 34 deposited in the state retiree health benefit trust fund established  
 35 by IC 5-10-8-8.5 as follows:

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

38 (B) After June 30, 2011, and before July 1, 2013, zero percent  
 39 (0%).

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

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



M  
e  
r  
g  
e  
d

