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SENATE BILL No. 10

Proposed Changes to December 11, 2025 printing by AM001007

DIGEST OF PROPOSED AMENDMENT

Public employee benefits. Delays the effective date of the bill's provisions until January 1, 2028, and makes related changes throughout the bill to reflect the delayed effective date. Redirects the part of cigarette tax revenues that would be transferred to the state comptroller under the current bill to the state general fund. Removes a provision that would have allowed the: (1) 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; and (2) budget agency to increase the maximum state contribution following a recommendation from PMOC.

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>~~[JANUARY 1, 2028]]: 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, 202**<~~7~~>[8]**.** 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, 202<~~6~~>[7]**. Subject to subsections (f) and (g), after December 31, 202**<~~6~~>[7]**, 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, s**~~>[S]**tate 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.

~~(c)~~ **(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~~>[j]) 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**~~>[JANUARY 1, 2028]: **Sec. 7.6. For participants who are subject to IC 5-10-8.5-9.7(b), the state comptroller shall transfer from the state general fund a one (1) time contribution of funds to each participant's defined contribution plan account under IC 5-10-1.1-1.5(a) based on the contributions the member would have received according to IC 5-10-8.5-15 based on each member's age and years of service]**. **The deferred compensation committee shall adopt any plan**

provisions necessary to implement th~~<e transfer of amounts under IC 5-10-8.5-9.7(b)(4)>~~**[is contribution].**

SECTION ~~<4>~~[3]. IC 5-10-8-8.5, AS AMENDED BY P.L.201-2023, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE ~~<UPON PASSAGE>~~[JANUARY 1, 2028]]: Sec. 8.5. (a) The []~~retiree~~[] []~~health~~[] []~~benefit~~[] []~~trust~~[] []~~fund is~~[**following are**] established to provide funding for a retiree health benefit plan developed under IC 5-10-8.5~~<.>~~**[, including to provide continued funding for a retiree health benefit plan for individuals described in IC 5-10-8.5-9.7(a) and the individuals who elect to continue in the retiree health benefit trust fund pursuant to IC 5-10-8.5-9.7(c):**

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

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

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

(b) The trust []~~fund~~[] [**funds**]shall be administered by the INPRS. The expenses of administering the trust []~~fund~~[**funds**] shall be paid from money in the trust []~~fund.~~[] [**funds.**]**Subject to section 8.6 of this chapter,**~~<, >~~[ ]the trust []~~fund~~[~~consists~~ **funds**] **consist**~~<s >~~[ ]of cigarette tax revenues deposited in the []~~fund~~[**funds**] 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~~[**funds**] under IC 4-12-1.

(c)~~<>~~ The INPRS shall~~<>~~ invest the money in the trust []~~fund~~[**funds**] not currently needed to meet the obligations of the trust []~~fund~~[**funds**] 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~~[**funds are**] 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~~[**funds**] by the state board of finance, the budget agency, or any other state agency**[, except as provided under IC 5-10-8]**.[5-9.7.]

(e) The trust []~~fund~~[**funds**] 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~~[**funds**] are irrevocable. All assets held in the trust []~~fund~~[**funds**] 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. ~~<A>~~[**Subject to IC 5-10-8.5-9.7,** a]ll assets in the trust []~~fund:~~[**funds:**]

(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~~[**funds**] does not revert to the state general fund at the end of any state fiscal year.

(g) The money in the trust [ ]~~fund~~[**funds**] 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.~~]**trust fund[s].**[]

SECTION ~~<5>~~[4]. IC 5-10-8-8.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE ~~<UPON PASSAGE>~~[JANUARY 1, 2028]]: **Sec. 8.6. (a) This section does not apply to cigarette tax revenues deposited in the[retiree health benefit trust fund or the 2028] 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, 202~~<6>~~[7]:

(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, 202~~<6>~~[7]. 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>~~[general fund.] remainder of the appropriations, revenues, or transfers in the[retiree health benefit trust fund or the 2028] retiree health benefit trust fund.

SECTION ~~<6>~~[5]. IC 5-10-8.5-1, AS AMENDED BY P.L.229-2011, SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE ~~<UPON PASSAGE>~~[JANUARY 1, 2028]]: 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, 202~~<6>~~[7]**.**

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

SECTION ~~<7>~~[6]. IC 5-10-8.5-9.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE ~~<UPON PASSAGE>~~[JANUARY 1, 2028]]: **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 [is eligible to]receive~~<d>~~ 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, 202~~<6>~~[7]**:**

(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 ~~<remain>~~[become] a participant in ~~<the>~~[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, ~~<2026.~~
~~>~~[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 year that is in the fiscal year in which the contribution is made:

Participant's Age in Years	Annual Contribution Amount
Less than 30	$ 500
At least 30, but less than 40	$ 800
At least 40, but less than 50	$ 1,100
At least 50	$ 1,400

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

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

(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.

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

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

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

(2) has completed:

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

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

(f) Each year, the INPRS shall:

(1) report the assets and liabilities of the retiree health benefit trust fund **or the 2028 retiree health benefit trust fund;** and

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

] 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>~~[JANUARY 1, 2028]]: 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, 202~~<6>~~[7], 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 [or the 2028 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).**~~

~~>~~**[general fund.]**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.**>~~