



Reprinted  
January 6, 2026

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## SENATE BILL No. 14

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DIGEST OF SB 14 (Updated January 5, 2026 2:01 pm - DI 153)

**Citations Affected:** IC 5-1; IC 5-10.2; IC 5-10.3; IC 5-10.4; IC 5-11; IC 22-2; IC 36-8.

**Synopsis:** Pension matters. Modifies the definition of "average of the annual compensation" for a member of the public employees' retirement fund (PERF) who retires after December 31, 2027. Specifies that compensation received in contemplation of retirement is excluded from the average of the annual compensation for particular members of PERF and the Indiana state teachers' retirement fund (TRF). Repeals a provision requiring the board of trustees of the Indiana public retirement system (board) to maintain separate accounts for each unit of local government. Provides that amounts forfeited under the public employees defined contribution plan must be used as determined by the board. (Current law requires these amounts to be used to reduce the unfunded accrued liability of PERF.) Specifies a process by which a fully vested member of the public employees' defined contribution plan or the teachers' defined contribution plan may irrevocably elect to participate in PERF or TRF, as applicable. Modifies the information  
(Continued next page)

**Effective:** Upon passage; July 1, 2026.

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### Rogers, Buchanan, Niezgodski

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December 8, 2025, read first time and referred to Committee on Pensions and Labor.  
December 10, 2025, reported favorably — Do Pass.  
January 5, 2026, read second time, amended, ordered engrossed.

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## Digest Continued

that must be included in a delinquency notice to a delinquent political subdivision. Modifies the requirements that apply to certain PERF members purchasing and claiming years of service credit in PERF. Allows, subject to particular requirements, certain TRF members to purchase and claim years of service credit in TRF. Allows a PERF or TRF member's employer to pay all or part of the member's contributions required for purchase of service credit. Allows an employee of a political subdivision to make a wage assignment for the purpose of paying voluntary contributions to a tax deferred retirement account. Provides that a municipality, a unit, an airport authority, a school corporation, or a charter school may require certain members of PERF to continue as members of that fund instead of the 1977 police officers' and firefighters' pension and disability fund. Makes conforming amendments. (The introduced version of this bill was prepared by the interim study committee on pension management oversight.)



Reprinted  
January 6, 2026

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. 14

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 5-1-14-15, AS AMENDED BY P.L.146-2008,  
2 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2026]: Sec. 15. (a) Before July 1, 2008, a county or  
4 municipality may issue bonds, notes, or other obligations for the  
5 purpose of providing funds to pay pension benefits under IC 36-8-6,  
6 IC 36-8-7, or IC 36-8-7.5.  
7 (b) Notwithstanding any other law:  
8 (1) bonds, notes, or other obligations issued for the purpose  
9 described in this section may have a final maturity date up to, but  
10 not exceeding, forty (40) years from the date of original issuance;  
11 **and**  
12 (2) the amount of bonds, notes, or other obligations that may be  
13 issued for the purpose described in this section may not exceed  
14 two percent (2%) of the true tax value of property located within  
15 the county or municipality. **and**  
16 ~~(3) the proceeds of bonds, notes, or other obligations issued for~~  
17 ~~the purpose described in this section may be deposited to the~~

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issuing county's or municipality's separate account described in  
~~IC 5-10.3-11-6.~~

(c) This section is supplemental to all other laws but does not  
 relieve a county or municipality from complying with other procedural  
 requirements for the issuance of bonds, notes, or other obligations.

SECTION 2. IC 5-10.2-4-3, AS AMENDED BY P.L.2-2007,  
 SECTION 93, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 JULY 1, 2026]: Sec. 3. (a) **This subsection applies to a member who**

**retires before January 1, 2028.** Except as provided in subsection ~~(f)~~  
**(h)**, in computing the retirement benefit for a nonteacher member,  
 "average of the annual compensation" means the average annual  
 compensation calculated using the twenty (20) calendar quarters of  
 service in a position covered by the retirement fund before retirement  
 in which the member's annual compensation was the highest. However,  
 in order for a quarter to be included in the twenty (20) calendar  
 quarters, the nonteacher member must have performed service  
 throughout the calendar quarter. All twenty (20) calendar quarters ~~do~~  
**need not have to** be continuous but they must be in groups of four (4)  
 consecutive calendar quarters. The same calendar quarter may not be  
 included in two (2) different groups.

**(b) This subsection applies to a member who retires after  
 December 31, 2027. This subsection does not apply to a teacher  
 member described in subsection (d) or (e). Except as provided in  
 subsection (h), in computing the retirement benefit for a  
 nonteacher member, "average of the annual compensation" means  
 average annual compensation calculated using the greater of the  
 following:**

**(1) The five (5) calendar years of service before retirement in  
 which the member's annual compensation for the calendar  
 year was the highest.**

**(2) The five (5) fiscal years of service before retirement in  
 which the member's annual compensation for the fiscal year  
 was the highest.**

**(c) The following apply to the calculation under subsection (b):**

**(1) A year does not qualify for inclusion in the calculation  
 unless:**

**(A) the year is equal to twelve (12) months; and**

**(B) the member received creditable service for at least six  
 (6) months throughout the year.**

**(2) A calendar year begins on January 1.**

**(3) A fiscal year begins on July 1.**

**(4) The five (5) years need not be continuous.**



~~(b)~~ (d) This subsection does not apply to a teacher member described in subsection ~~(c)~~: (e). In computing the retirement benefit for a teacher member, "average of the annual compensation" means the average annual compensation for the five (5) years of service before retirement in which the member's annual compensation was highest. In order for a year to be included in the five (5) years, the teacher member must have received for the year credit under IC 5-10.4-4-2 for at least one-half (1/2) year of service. The five (5) years ~~do need not have to be~~ continuous.

~~(c)~~ (e) This subsection applies to a member of the Indiana state teachers' retirement fund who serves in an elected position for which the member takes an unpaid leave of absence. In computing the retirement benefit for a teacher member described in this subsection for years of service to which IC 5-10.4-5-7 does not apply, "average of the annual compensation" means the annual compensation for the one (1) year of service before retirement in which the member's annual compensation was highest. In order for a year to be used, the teacher member must have received for the year credit under IC 5-10.4-4-2 for at least one-half (1/2) year of service.

~~(d)~~ (f) Subject to IC 5-10.2-2-1.5, "annual compensation" means:

(1) the basic salary earned by and paid to the member plus the amount that would have been part of that salary but for:

(A) the state's, a school corporation's, a participating political subdivision's, or a state educational institution's paying the member's contribution to the fund for the member; or

(B) the member's salary reduction agreement established under Section 125, 403(b), or 457 of the Internal Revenue Code; and

(2) in the case of a member described in subsection ~~(c)~~ (e) and for years of service to which IC 5-10.4-5-7 does not apply, the basic salary that was not paid during the year but would have been paid to the member during the year under the member's employment contracts, if the member had not taken any unpaid leave of absence to serve in an elected position.

The portion of a back pay award or a similar award that the board determines is compensation under an agreement or under a judicial or an administrative proceeding shall be allocated by the board among the years the member earned or should have earned the compensation. Only that portion of the award allocated to the year the award is made is considered to have been earned during the year the award was made. Interest on an award is not considered annual compensation for any year.

~~(e)~~ (g) This subsection applies to a member who retires before



**January 1, 2028.** Compensation of not more than two thousand dollars (\$2,000) received from the employer in contemplation of the member's retirement, including severance pay, termination pay, retirement bonus, or commutation of unused sick leave or personal leave, may be included in the total annual compensation from which the average of the annual compensation is determined, if it is received:

(1) before the member ceases service; or

(2) within twelve (12) months after the member ceases service.

⊕ **(h)** This subsection applies to a member of the general assembly:

(1) who is a participant in the legislators' retirement system established under IC 2-3.5;

(2) who is also a member of the public employees' retirement fund or the Indiana state teachers' retirement fund; and

(3) whose years of service in the general assembly may not be considered in determining the average of the annual compensation under this section, as provided in IC 2-3.5-1-2(b)(2) or IC 2-3.5-3-1(c).

The board shall use the board's actuarial salary increase assumption to project the salary for any previous year needed to determine the average of the annual compensation.

SECTION 3. IC 5-10.2-4-3.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 3.2. (a) This section applies to the calculation of the average of the annual compensation under section 3 of this chapter for members who retire after December 31, 2027.**

**(b) For purposes of this section, "compensation received in contemplation of retirement" means compensation that:**

**(1) a member received:**

**(A) during the member's last year of service; and**

**(B) after the member's last year of service; and**

**(2) is greater than one hundred twenty percent (120%) of the compensation the member received during the year immediately before the member's last year of service.**

**(c) For a member who:**

**(1) retires after December 31, 2027; and**

**(2) served in a covered position during the entire year before the member's last year of service;**

**compensation received in contemplation of retirement is excluded from the average of the annual compensation.**

**(d) For purposes of this section, a year must begin on January 1 or July 1 on the same basis as the average of the annual**



**compensation.**

SECTION 4. IC 5-10.3-7-1, AS AMENDED BY P.L.92-2019, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: 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 that 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; and
  - (10) members and employees of the state lottery commission.
- (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.
- (d) Except as otherwise provided, any individual who becomes a



1 full-time employee of the state or of a participating political  
 2 subdivision in a covered position after March 31, 1988, becomes a  
 3 member of the fund on the date the individual's employment begins  
 4 unless the individual is excluded from membership under section 2 of  
 5 this chapter.

6 (e) An individual:

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

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

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

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

17 (f) An individual:

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

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

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

29 (B) to require an employee in a covered position to make an  
 30 election under IC 5-10.3-12-20.5 in order to become a member  
 31 of the plan;

32 (3) who does not make an election under IC 5-10.3-12-20.5 to  
 33 become a member of the public employees' defined contribution  
 34 plan; and

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

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

39 (g) An individual:

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





1       been approved by the board;

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

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

8           (B) to require an employee to make an election under section  
9           1.1 of this chapter in order to become a member of the fund;

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

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

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

16       **(h) An individual who makes an election to participate in the**  
17       **fund under IC 5-10.3-12-33 becomes a member of the fund on the**  
18       **date the board receives the election.**

19       SECTION 5. IC 5-10.3-7-4.3, AS ADDED BY P.L.209-2016,  
20       SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
21       JULY 1, 2026]: Sec. 4.3. (a) A member of the fund who is also a  
22       member of the public employees' defined contribution plan may  
23       purchase and claim years of service credit in the fund subject to the  
24       following requirements:

25           (1) The member has at least one (1) year of credited service in the  
26           fund.

27           (2) The member has at least ten (10) years ~~of~~ **combined in:**

28               **(A) credited service in a covered position in the fund; and**

29               **(B) years of participation in a covered position in the plan;**  
30           before the member may claim the years of service credit.

31           (3) After acquiring one (1) year of credited service in the fund and  
32           before the member retires, the member must make the following  
33           contributions to the fund:

34               (A) Contributions that are equal to the product of the  
35               following:

36                   (i) The member's salary at the time the member makes a  
37                   contribution for the service credit.

38                   (ii) A percentage rate, as determined by the actuary of the  
39                   fund, based on the age of the member at the time the  
40                   member makes a contribution for service credit and  
41                   computed to result in a contribution amount that  
42                   approximates the actuarial present value of the benefit



attributable to the service credit purchased.

(iii) The number of years of service credit that the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

(b) A member **who**:

(1) ~~who~~ terminates employment before becoming eligible to receive a monthly allowance; or

(2) ~~who~~ receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act;

may withdraw the personal contributions made under this section plus accumulated interest after submitting an application for a refund to the fund in the manner prescribed by the board.

(c) The following apply to the purchase of service credit under this section:

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of service credit in the fund.

(2) A member may elect to make a transfer of the vested portion of the member's annuity savings account balance attributable to participation in the public employees' defined contribution plan to purchase service credit in the fund.

(3) The board may deny an application for the purchase of service credit in the fund if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(4) A member may not claim the service credit for the purpose of determining eligibility or computing benefits unless the member has made all the payments required for the purchase of the service credit.

**(d) To the extent permitted by the Internal Revenue Code and applicable regulations, the fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:**

**(1) A qualified plan described in Section 401(a) or 403(a) of the Internal Revenue Code.**

**(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.**

**(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a**



state or a political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(e) To the extent permitted by the Internal Revenue Code and applicable regulations, the fund may accept, on behalf of a member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

(f) The member's employer may pay all or a part of the member's contributions required for purchase of service credit under this section. In that event, the actuary shall determine the amortization, and subsections (b), (c)(1), (c)(4), and (d) do not apply.

SECTION 6. IC 5-10.3-11-3, AS AMENDED BY P.L.27-2019, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. The pension relief fund may be used only for making payments to cities, counties, towns, and townships, referred to as "units of local government" in this chapter, having pension funds established under IC 18-1-12, IC 19-1-18, IC 19-1-24, IC 19-1-25-4, IC 19-1-30, IC 19-1-37, or IC 19-1-44 (all before their repeal), IC 36-8-6, IC 36-8-7, or IC 36-8-7.5, and paying reasonable administrative expenses approved by the state board. Payments received by the units may be used only for

(1) pension payments from a pension fund listed in this section.

or

(2) withdrawals under section 6 of this chapter.

SECTION 7. IC 5-10.3-11-6 IS REPEALED [EFFECTIVE JULY 1, 2026]. Sec. 6: (a) The state board shall maintain separate accounts for each unit of local government for purposes of this section. The accounts are separate and distinct accounts within the public employees' retirement fund and the pension relief fund.

(b) A unit of local government may do the following:

(1) Make deposits at any time to the separate account established for the unit under this section.

(2) Withdraw once each year from the unit's separate account all or a part of the balance in the account to pay pension benefits under IC 36-8-6, IC 36-8-7, or IC 36-8-7.5.

(3) Direct the state board at any time to pay from the unit's



1 separate account all or a part of either or both of the following:

2 (A) The unit's employer contributions under IC 36-8-8-6.

3 (B) The contributions paid by the unit for a member under  
4 IC 36-8-8-8(a).

5 SECTION 8. IC 5-10.3-12-25, AS AMENDED BY P.L.241-2015,  
6 SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
7 UPON PASSAGE]: Sec. 25. (a) Member contributions and net  
8 earnings on the member contributions in the member contribution  
9 subaccount belong to the member at all times and do not belong to any  
10 employer.

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

13 Years of participation in the	Vested percentage of
14 plan	employer contributions
15	and earnings
16 1	20%
17 2	40%
18 3	60%
19 4	80%
20 5	100%

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

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

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

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

32 (f) Amounts forfeited under subsection (e) must be used to ~~reduce~~  
33 ~~the unfunded accrued liability of the fund as determined under~~  
34 ~~IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).~~ **as determined by the**  
35 **board.**

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

38 SECTION 9. IC 5-10.3-12-33 IS ADDED TO THE INDIANA  
39 CODE AS A NEW SECTION TO READ AS FOLLOWS  
40 [EFFECTIVE JULY 1, 2026]: Sec. 33. (a) This section applies  
41 notwithstanding sections 20, 20.3, 20.5, and 31 of this chapter.

42 (b) An employer that participates in the fund may allow a



1 member who is fully vested in the employer contribution  
 2 subaccount under section 25(b) of this chapter to make an election  
 3 to participate in the fund.

4 (c) The following apply to an election made under subsection  
 5 (b):

6 (1) The election must be made:

7 (A) within a time; and

8 (B) in a form and manner;

9 approved by the board.

10 (2) An employee who makes an election becomes a member of  
 11 the fund on the date described in IC 5-10.3-7-1(h).

12 (3) The election is irrevocable.

13 (d) A member who does not make an election under subsection  
 14 (b) remains a member of the plan. The failure to make an election  
 15 under subsection (b) is irrevocable.

16 SECTION 10. IC 5-10.4-4-1, AS AMENDED BY P.L.104-2022,  
 17 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 18 JULY 1, 2026]: Sec. 1. (a) The members of the fund include:

19 (1) legally qualified and regularly employed teachers in the public  
 20 schools;

21 (2) persons employed by a governing body, who were qualified  
 22 before their election or appointment;

23 (3) legally qualified and regularly employed teachers at Ball State  
 24 University, Indiana State University, University of Southern  
 25 Indiana, and Vincennes University;

26 (4) legally qualified and regularly employed teachers in a state  
 27 educational institution whose teachers devote their entire time to  
 28 teaching;

29 (5) legally qualified and regularly employed teachers in state  
 30 benevolent, charitable, or correctional institutions;

31 (6) legally qualified and regularly employed teachers in a  
 32 experimental school in a state university who teach elementary or  
 33 high school students;

34 (7) as determined by the board, certain instructors serving in a  
 35 state educational institution extension division not covered by a  
 36 state retirement law;

37 (8) employees and officers of the department of education and of  
 38 the fund who were qualified before their election or appointment;

39 (9) a person who:

40 (A) is employed as a nurse appointed under IC 20-34-3-6 by a  
 41 school corporation located in a city having a population of more  
 42 than sixty-nine thousand (69,000) and less than sixty-nine



1 thousand five hundred (69,500); and

2 (B) participated in the fund before December 31, 1991, in the  
3 position described in clause (A); and

4 (10) persons who are employed by the fund.

5 (b) Teachers in any state institution who accept the benefits of a  
6 state supported retirement benefit system comparable to the fund's  
7 benefits may not come under the fund unless permitted by law or the  
8 rules of the board.

9 (c) The members of the fund do not include substitute teachers who  
10 have not obtained an associate degree or a baccalaureate degree.

11 (d) **Except as provided in IC 5-10.4-8-18**, the members of the fund  
12 do not include individuals who participate in the teachers' defined  
13 contribution plan under IC 5-10.4-8.

14 (e) **An individual who makes an election to participate in the**  
15 **fund under IC 5-10.4-8-18 becomes a member of the fund on the**  
16 **date the board receives the election.**

17 SECTION 11. IC 5-10.4-4-2.3 IS ADDED TO THE INDIANA  
18 CODE AS A NEW SECTION TO READ AS FOLLOWS  
19 [EFFECTIVE JULY 1, 2026]: **Sec. 2.3. (a) A member of the fund**  
20 **who is also a member of the teachers' defined contribution plan**  
21 **may purchase and claim years of service credit in the fund subject**  
22 **to the following requirements:**

23 (1) The member has at least one (1) year of credited service in  
24 the fund.

25 (2) The member has at least ten (10) years combined in:

26 (A) credited service in a covered position in the fund; and

27 (B) years of participation in a covered position in the plan;  
28 before the member may claim the years of service credit.

29 (3) Before the member retires, the member must make the  
30 following contributions to the fund:

31 (A) Contributions that are equal to the product of the  
32 following:

33 (i) The member's salary at the time the member makes a  
34 contribution for the service credit.

35 (ii) A percentage rate, as determined by the actuary of the  
36 fund, based on the age of the member at the time the  
37 member makes a contribution for service credit and  
38 computed to result in a contribution amount that  
39 approximates the actuarial present value of the benefit  
40 attributable to the service credit purchased.

41 (iii) The number of years of service credit that the  
42 member intends to purchase.



- 1 (B) Contributions for any accrued interest, at a rate  
 2 determined by the actuary of the fund, for the period from  
 3 the member's initial membership in the fund to the date  
 4 payment is made by the member.
- 5 (b) A member who:
- 6 (1) terminates employment before becoming eligible to receive  
 7 a monthly allowance; or  
 8 (2) receives a monthly allowance for the same service from  
 9 another tax supported public employee retirement plan other  
 10 than under the federal Social Security Act;  
 11 may withdraw the personal contributions made under this section  
 12 plus accumulated interest after submitting an application for a  
 13 refund to the fund in the manner prescribed by the board.
- 14 (c) The following apply to the purchase of service credit under  
 15 this section:
- 16 (1) The board may allow a member to make periodic  
 17 payments of the contributions required for the purchase of  
 18 service credit in the fund.
- 19 (2) A member may elect to make a transfer of the vested  
 20 portion of the member's annuity savings account balance  
 21 attributable to participation in the public employees' defined  
 22 contribution plan to purchase service credit in the fund.
- 23 (3) The board may deny an application for the purchase of  
 24 service credit in the fund if the purchase would exceed the  
 25 limitations under Section 415 of the Internal Revenue Code.
- 26 (4) A member may not claim the service credit for the purpose  
 27 of determining eligibility or computing benefits unless the  
 28 member has made all the payments required for the purchase  
 29 of the service credit.
- 30 (d) To the extent permitted by the Internal Revenue Code and  
 31 applicable regulations, the fund may accept, on behalf of a fund  
 32 member who is purchasing service credit under this section, a  
 33 rollover of a distribution from any of the following:
- 34 (1) A qualified plan described in Section 401(a) or 403(a) of  
 35 the Internal Revenue Code.
- 36 (2) An annuity contract or account described in Section 403(b)  
 37 of the Internal Revenue Code.
- 38 (3) An eligible plan that is maintained by a state, a political  
 39 subdivision of a state, or an agency or instrumentality of a  
 40 state or a political subdivision of a state under Section 457(b)  
 41 of the Internal Revenue Code.
- 42 (4) An individual retirement account or annuity described in



Section 408(a) or 408(b) of the Internal Revenue Code.

(e) To the extent permitted by the Internal Revenue Code and applicable regulations, the fund may accept, on behalf of a member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

(f) The member's employer may pay all or a part of the member's contributions required for purchase of service credit under this section. In that event, the actuary shall determine the amortization, and subsections (b), (c)(1), (c)(4), and (d) do not apply.

SECTION 12. IC 5-10.4-8-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 18. (a) This section applies notwithstanding sections 6 and 17 of this chapter.

(b) A member who is fully vested in the employer contribution subaccount under section 11 of this chapter may make an election to participate in the fund.

(c) The following apply to an election made under subsection (b):

(1) The election must be made:

(A) within a time; and

(B) in a form and manner; approved by the board.

(2) An employee who makes an election under subsection (b) becomes a member of the fund on the date described in IC 5-10.4-4-1(e).

(3) The election is irrevocable.

(d) A member who does not make an election under subsection (b) remains a member of the plan. The failure to make an election under subsection (b) is irrevocable.

SECTION 13. IC 5-11-20-6, AS ADDED BY P.L.129-2024, SECTION 8 AND P.L.136-2024, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. (a) On or before June 15 of each year, the system shall send a delinquency notice to a delinquent political subdivision. The delinquency notice must inform the delinquent political subdivision ~~that~~ of the following:

(1) An employee retirement plan offered by the delinquent political subdivision:





(A) received less than ~~ninety-five percent (95%)~~ of the actuarially determined contribution for **at least three (3) out of the last five (5)** immediately preceding fiscal ~~year, years,~~ as determined by the system or its agent; or  
 (B) was less than fifty percent (50%) funded at any time during the immediately preceding fiscal year, as determined by the system or its agent. ~~and~~

(2) **That** the delinquent political subdivision must ~~take the steps described in comply with~~ subsection (b).

(b) After receiving the notice described in subsection (a), a political subdivision shall make a presentation that includes a remediation plan to the interim study committee on pension management oversight (established by IC 2-5-1.3-4) regarding the delinquent employee retirement plan described in subsection (a).

SECTION 14. IC 22-2-6-2, AS AMENDED BY P.L.147-2019, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) Any assignment of the wages of an employee is valid only if all of the following conditions are satisfied:

(1) The assignment is:

(A) in writing;

(B) signed by the employee personally;

(C) by its terms revocable at any time by the employee upon written notice to the employer; and

(D) agreed to in writing by the employer.

(2) An executed copy of the assignment is delivered to the employer within ten (10) days after its execution.

(3) The assignment is made for a purpose described in subsection (b).

(b) A wage assignment under this section may be made for the purpose of paying any of the following:

(1) Premium on a policy of insurance obtained for the employee by the employer.

(2) Pledge or contribution of the employee to a charitable or nonprofit organization.

(3) Purchase price of bonds or securities, issued or guaranteed by the United States.

(4) Purchase price of shares of stock, or fractional interests in shares of stock, of the employing company, or of a company owning the majority of the issued and outstanding stock of the employing company, whether purchased from such company, in the open market or otherwise. However, if such shares are to be purchased on installments pursuant to a written purchase



1 agreement, the employee has the right under the purchase  
 2 agreement at any time before completing purchase of such shares  
 3 to cancel said agreement and to have repaid promptly the amount  
 4 of all installment payments which theretofore have been made.

5 (5) Dues to become owing by the employee to a labor  
 6 organization of which the employee is a member.

7 (6) Purchase price of merchandise, goods, or food offered by the  
 8 employer and sold to the employee, for the employee's benefit,  
 9 use, or consumption, at the written request of the employee.

10 (7) Amount of a loan made to the employee by the employer and  
 11 evidenced by a written instrument executed by the employee  
 12 subject to the amount limits set forth in section 4(c) of this  
 13 chapter.

14 (8) Contributions, assessments, or dues of the employee to a  
 15 hospital service or a surgical or medical expense plan or to an  
 16 employees' association, trust, or plan existing for the purpose of  
 17 paying pensions or other benefits to said employee or to others  
 18 designated by the employee.

19 (9) Payment to any credit union, nonprofit organizations, or  
 20 associations of employees of such employer organized under any  
 21 law of this state or of the United States.

22 (10) Payment to any person or organization regulated under the  
 23 Uniform Consumer Credit Code (IC 24-4.5) for deposit or credit  
 24 to the employee's account by electronic transfer or as otherwise  
 25 designated by the employee.

26 (11) Premiums on policies of insurance and annuities purchased  
 27 by the employee on the employee's life.

28 (12) The purchase price of shares or fractional interest in shares  
 29 in one (1) or more mutual funds.

30 (13) A judgment owed by the employee if the payment:

31 (A) is made in accordance with an agreement between the  
 32 employee and the creditor; and

33 (B) is not a garnishment under IC 34-25-3.

34 (14) The purchase, rental, or use of uniforms, shirts, pants, or  
 35 other ~~job-related~~ **job related** clothing at an amount not to exceed  
 36 the direct cost paid by an employer to an external vendor for those  
 37 items.

38 (15) The purchase of equipment or tools necessary to fulfill the  
 39 duties of employment at an amount not to exceed the direct cost  
 40 paid by an employer to an external vendor for those items.

41 (16) Reimbursement for education or employee skills training.  
 42 However, a wage assignment may not be made if the education or



employee skills training benefits were provided, in whole or in part, through an economic development incentive from any federal, state, or local program.

(17) An advance for:

(A) payroll; or

(B) vacation;

pay.

(18) The employee's drug education and addiction treatment services under IC 12-23-23.

**(19) Voluntary contributions of the employee to a federal tax deferred retirement account for employees of a political subdivision provided the account:**

**(A) is in the name of the employee;**

**(B) is under the direction and control of the employee; and**

**(C) immediately vests with the employee.**

(c) The interest rate charged on amounts loaned or advanced to an employee and repaid under subsection (b) may not exceed the bank prime loan interest rate as reported by the Board of Governors of the Federal Reserve System or any successor rate, plus four percent (4%).

(d) The total amount of wages subject to assignment under subsection (b)(14) and (b)(15) may not exceed the lesser of:

(1) two thousand five hundred dollars (\$2,500) per year; or

(2) five percent (5%) of the employee's weekly disposable earnings (as defined in IC 24-4.5-5-105(1)(a)).

(e) Except as provided under 29 CFR Parts 1910, 1915, 1917, 1918, and 1926, an employee shall not be charged or subject to a wage assignment under subsection (b)(14) or (b)(15) for protective equipment including personal protective equipment identified under 29 CFR Parts 1910, 1915, 1917, 1918, and 1926.

SECTION 15. IC 36-8-8-3, AS AMENDED BY P.L.135-2024, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) If a town establishes a board of metropolitan police commissioners, or if a town becomes a city, the municipality shall participate in the 1977 fund and shall enroll all full-time police officers and firefighters in the 1977 fund. However, if a police officer or former marshal is a member of the public employees' retirement fund, the police officer or former marshal may continue as a member of that fund instead of the 1977 fund. Notwithstanding the age requirements under section 7(a) of this chapter, a police officer or former marshal employed by a municipality at the time the municipality enters the 1977 fund under this section shall be a member of the 1977 fund unless the **municipality elects to require a police**



1 officer or former marshal ~~elects~~ to continue as a member of the public  
 2 employees' retirement fund. A person may become a member of the  
 3 1977 fund under this subsection without meeting the age limitation  
 4 under section 7(a) of this chapter only if the person satisfies:

5 (1) any aptitude, physical agility, or physical and mental standards  
 6 established by a local board under IC 36-8-3.2; and

7 (2) the minimum standards that are:

8 (A) adopted by the system board under section 19 of this  
 9 chapter; and

10 (B) in effect on the date the person becomes a member of the  
 11 1977 fund.

12 Credit for prior service of a person who becomes a member of the 1977  
 13 fund under this subsection shall be determined under section 18 or 18.1  
 14 of this chapter. No service credit beyond that allowed under section 18  
 15 or 18.1 of this chapter may be recognized under the 1977 fund.

16 (b) If a unit did not establish a 1937 fund for its firefighters, the unit  
 17 may participate in the public employees' retirement fund or it may  
 18 participate in the 1977 fund. If a unit established a 1937 fund for its  
 19 firefighters, the unit is and shall remain a participant in the 1977 fund.

20 (c) A unit that:

21 (1) has not established a pension fund for its firefighters; or

22 (2) is participating in the public employees' retirement fund under  
 23 subsection (b);

24 may participate in the 1977 fund upon approval by the fiscal body,  
 25 notwithstanding IC 5-10.3-6-8. A unit that participates in the 1977 fund  
 26 under this subsection must comply with section 21 of this chapter.  
 27 However, **if the unit may elect to require** a police officer or firefighter  
 28 **who** is a member of the public employees' retirement fund ~~the police~~  
 29 ~~officer or firefighter may to~~ continue as a member of that fund instead  
 30 of the 1977 fund.

31 (d) If a unit that participates in the 1977 fund provides longevity  
 32 increases, the amount of the longevity increase provided in a year must  
 33 be greater than or equal to the amount of the longevity increase  
 34 provided in the previous year.

35 (e) An airport authority may participate in the 1977 fund. An airport  
 36 authority that participates in the 1977 fund under this subsection must  
 37 comply with section 21 of this chapter. However, **if the airport**  
 38 **authority may elect to require** a police officer or firefighter **who** is a  
 39 member of the public employees' retirement fund ~~the police officer or~~  
 40 ~~firefighter may to~~ continue as a member of that fund instead of the  
 41 1977 fund.

42 (f) A school corporation or charter school that:



- 1 (1) employs a school resource officer; or  
 2 (2) enters into a contract or memorandum of understanding with

3 a:

- 4 (A) local law enforcement agency;  
 5 (B) private entity; or  
 6 (C) nonprofit corporation;  
 7 to employ a school resource officer;

8 may participate in the 1977 fund. A school corporation or charter  
 9 school that participates in the 1977 fund under this subsection or  
 10 subsection (g) must comply with section 21.5 of this chapter. However,  
 11 **if the school corporation or charter school may elect to require** a  
 12 school resource officer **who** is a member of the public employees'  
 13 retirement fund ~~the school resource officer may to~~ continue as a  
 14 member of that fund instead of the 1977 fund.

15 (g) A school resource officer hired or rehired after June 30, 2024,  
 16 who is a member of the 1977 fund shall remain in the 1977 fund.

17 **SECTION 16. An emergency is declared for this act.**



COMMITTEE REPORT

Mr. President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 14, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 14 as introduced.)

ROGERS, Chairperson

Committee Vote: Yeas 10, Nays 0

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SENATE MOTION

Mr. President: I move that Senate Bill 14 be amended to read as follows:

Page 17, delete lines 10 through 14, begin a new line block indented and insert:

**"(19) Voluntary contributions of the employee to a federal tax deferred retirement account for employees of a political subdivision provided the account:**

**(A) is in the name of the employee;**

**(B) is under the direction and control of the employee; and**

**(C) immediately vests with the employee."**

(Reference is to SB 14 as printed December 11, 2025.)

ROGERS

