



Reprinted
January 6, 2026

SENATE BILL No. 14

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.

Rogers, Buchanan, Niezgodski

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.

SB 14—LS 6135/DI 144



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.)

SB 14—LS 6135/DI 144



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~~

SB 14—LS 6135/DI 144



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

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

6 SECTION 2. IC 5-10.2-4-3, AS AMENDED BY P.L.2-2007,
7 SECTION 93, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2026]: Sec. 3. (a) **This subsection applies to a member who**
9 **retires before January 1, 2028.** Except as provided in subsection (f),
10 (h), in computing the retirement benefit for a nonteacher member,
11 "average of the annual compensation" means the average annual
12 compensation calculated using the twenty (20) calendar quarters of
13 service in a position covered by the retirement fund before retirement
14 in which the member's annual compensation was the highest. However,
15 in order for a quarter to be included in the twenty (20) calendar
16 quarters, the nonteacher member must have performed service
17 throughout the calendar quarter. All twenty (20) calendar quarters ~~do~~
18 ~~need not have to~~ be continuous but they must be in groups of four (4)
19 consecutive calendar quarters. The same calendar quarter may not be
20 included in two (2) different groups.

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

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

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

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

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

37 (A) **the year is equal to twelve (12) months; and**
38 (B) **the member received creditable service for at least six**
39 **(6) months throughout the year.**

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

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

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



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

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

20 **(f)** Subject to IC 5-10.2-2-1.5, "annual compensation" means:
 21 (1) the basic salary earned by and paid to the member plus the
 22 amount that would have been part of that salary but for:
 23 (A) the state's, a school corporation's, a participating political
 24 subdivision's, or a state educational institution's paying the
 25 member's contribution to the fund for the member; or
 26 (B) the member's salary reduction agreement established under
 27 Section 125, 403(b), or 457 of the Internal Revenue Code; and
 28 (2) in the case of a member described in subsection **(e)** and for
 29 years of service to which IC 5-10.4-5-7 does not apply, the basic
 30 salary that was not paid during the year but would have been paid
 31 to the member during the year under the member's employment
 32 contracts, if the member had not taken any unpaid leave of
 33 absence to serve in an elected position.

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

42 **(g) This subsection applies to a member who retires before**



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

7 (1) before the member ceases service; or
 8 (2) within twelve (12) months after the member ceases service.

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

10 (1) who is a participant in the legislators' retirement system
 11 established under IC 2-3.5;
 12 (2) who is also a member of the public employees' retirement fund
 13 or the Indiana state teachers' retirement fund; and
 14 (3) whose years of service in the general assembly may not be
 15 considered in determining the average of the annual
 16 compensation under this section, as provided in
 17 IC 2-3.5-1-2(b)(2) or IC 2-3.5-3-1(c).

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

21 SECTION 3. IC 5-10.2-4-3.2 IS ADDED TO THE INDIANA
 22 CODE AS A NEW SECTION TO READ AS FOLLOWS
 23 [EFFECTIVE JULY 1, 2026]: **Sec. 3.2. (a) This section applies to the**
 24 **calculation of the average of the annual compensation under**
 25 **section 3 of this chapter for members who retire after December**
 26 **31, 2027.**

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

29 **(1) a member received:**

30 **(A) during the member's last year of service; and**
 31 **(B) after the member's last year of service; and**

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

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

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

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

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

41 **(d) For purposes of this section, a year must begin on January**
 42 **1 or July 1 on the same basis as the average of the annual**



1 **compensation.**

2 SECTION 4. IC 5-10.3-7-1, AS AMENDED BY P.L.92-2019,
3 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2026]: Sec. 1. (a) This section does not apply to:

- 5 (1) members of the general assembly; or
- 6 (2) employees covered by section 3 of this chapter.
- 7 (b) As used in this section, "employees of the state" includes:
 - 8 (1) employees of the judicial circuits whose compensation is paid
9 from state funds;
 - 10 (2) elected and appointed state officers;
 - 11 (3) prosecuting attorneys and deputy prosecuting attorneys of the
12 judicial circuits, whose compensation is paid in whole or in part
13 from state funds, including participants in the prosecuting
14 attorneys retirement fund established under IC 33-39-7;
 - 15 (4) employees in the classified service;
 - 16 (5) employees of any state department, institution, board,
17 commission, office, agency, court, or division of state government
18 receiving state appropriations and having the authority to certify
19 payrolls from appropriations or from a trust fund held by the
20 treasurer of state or by any department;
 - 21 (6) employees of any state agency that is a body politic and
22 corporate;
 - 23 (7) except as provided under IC 5-10.5-7-4, employees of the
24 board of trustees of the Indiana public retirement system;
 - 25 (8) persons who:
 - 26 (A) are employed by the state;
 - 27 (B) have been classified as federal employees by the United
28 States Secretary of Agriculture; and
 - 29 (C) are excluded from coverage as federal employees by the
30 federal Social Security program under 42 U.S.C. 410;
 - 31 (9) the directors and employees of county offices of family and
32 children; and
 - 33 (10) members and employees of the state lottery commission.
 - 34 (c) An employee of the state or of a participating political
35 subdivision who:
 - 36 (1) became a full-time employee of the state or of a participating
37 political subdivision in a covered position; and
 - 38 (2) had not become a member of the fund;
39 before April 1, 1988, shall on April 1, 1988, become a member of the
40 fund unless the employee is excluded from membership under section
41 2 of this chapter.
 - 42 (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



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



1 attributable to the service credit purchased.

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

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

8 (b) A member **who**:

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

11 **(2) An eligible deferred compensation plan under Section**
 12 **457(b) of the Internal Revenue Code.**

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

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

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

29 **or**

30 **(2) withdrawals under section 6 of this chapter.**

31 **SECTION 7. IC 5-10.3-11-6 IS REPEALED [EFFECTIVE JULY**
 32 **1, 2026]. Sec. 6: (a) The state board shall maintain separate accounts**
 33 **for each unit of local government for purposes of this section. The**
 34 **accounts are separate and distinct accounts within the public**
 35 **employees' retirement fund and the pension relief fund.**

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

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

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

42 **(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 14 plan	15 Vested percentage of 16 employer contributions 17 and earnings
18 1	19 20%
19 2	20 40%
20 3	21 60%
21 4	22 80%
22 5	23 100%

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

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

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

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

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

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

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

45 (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 an
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.**



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

(2) 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 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).

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** 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



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

4 (17) An advance for:

- 5 (A) payroll; or
- 6 (B) vacation;

7 pay.

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

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

- 13 (A) is in the name of the employee;
- 14 (B) is under the direction and control of the employee; and
- 15 (C) immediately vests with the employee.

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

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

- 22 (1) two thousand five hundred dollars (\$2,500) per year; or
- 23 (2) five percent (5%) of the employee's weekly disposable
 24 earnings (as defined in IC 24-4.5-5-105(1)(a)).

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

30 SECTION 15. IC 36-8-8-3, AS AMENDED BY P.L.135-2024,
 31 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 UPON PASSAGE]: Sec. 3. (a) If a town establishes a board of
 33 metropolitan police commissioners, or if a town becomes a city, the
 34 municipality shall participate in the 1977 fund and shall enroll all
 35 full-time police officers and firefighters in the 1977 fund. However, if
 36 a police officer or former marshal is a member of the public employees'
 37 retirement fund, the police officer or former marshal may continue as
 38 a member of that fund instead of the 1977 fund. Notwithstanding the
 39 age requirements under section 7(a) of this chapter, a police officer or
 40 former marshal employed by a municipality at the time the
 41 municipality enters the 1977 fund under this section shall be a member
 42 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:



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

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

