



CONFERENCE COMMITTEE REPORT DIGEST FOR ESB 14

Citations Affected: IC 5-1; IC 5-10; IC 5-10.2; IC 5-10.3; IC 5-10.4; IC 5-11; IC 6-7-1-28.1; 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. 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 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 a wage assignment to be made for the purpose of paying voluntary contributions of an employee of a political subdivision 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. Requires, subject to certain limitations, the state to make contributions after December 31, 2026, that match, dollar for dollar, each state employee's deferred compensation contributions, not to exceed \$28 per paycheck. Specifies a process by which portions of the funding sources for the retirement medical benefits account must be transferred to the state comptroller for the purpose of making matching contributions. Provides as a default rule that after December 31, 2026, each participant's membership in the retirement medical benefits account is terminated, participant subaccounts are forfeited, and subaccount amounts must be transferred to the state general fund. Requires the state comptroller to transfer



certain amounts from the state general fund to each participant's defined contribution plan. Specifies a time frame within which a participant in the retirement medical benefits account may elect to remain a participant. Establishes the 2027 retiree health benefit trust. Provides that the retiree health benefit trust fund will be terminated when certain conditions are met. Increases the lump sum death benefit payable to the heirs or estate of a 1977 fund member. (The introduced version of this bill was prepared by the interim study committee on pension management oversight.) **(This conference committee report does the following: (1) Inserts ESB 10 as printed February 12, 2026, with the addition of a mandatory review by the budget committee before increasing state contributions with respect to Hoosier START and a change to the cutoff date for automatic enrollment in the Retirement Medical Benefits Account plan. (2) Increases the lump sum death benefit payable to the heirs or estate of a 1977 fund member.)**

Effective: Upon passage; July 1, 2026.



Adopted	Rejected
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CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed House Amendments to Engrossed Senate Bill No. 14 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

- 1 Page 2, between lines 5 and 6, begin a new paragraph and insert:
- 2 "SECTION 2. IC 5-10-1.1-1.5, AS AMENDED BY P.L.9-2024,
- 3 SECTION 122, IS AMENDED TO READ AS FOLLOWS
- 4 [EFFECTIVE UPON PASSAGE]: Sec. 1.5. (a) The state, through the
- 5 budget agency, ~~may~~ **shall** adopt a defined contribution plan, under
- 6 Section 401(a) of the Internal Revenue Code, for the purpose of
- 7 matching all or a specified portion of state employees' contributions to
- 8 the state employees' deferred compensation plan and for any additional
- 9 purposes established by statute.
- 10 (b) The deferred compensation committee shall be the trustee of a
- 11 plan established under subsection (a) as described in section 4 of this
- 12 chapter. A plan established under subsection (a) shall be administered
- 13 by the state comptroller as described in section 5 of this chapter.
- 14 (c) The deferred compensation committee may approve funding
- 15 offerings for a plan established under subsection (a), which may be the
- 16 same as offerings for the state employees' deferred compensation plan.
- 17 All funds in each plan shall be separately accounted for but may be
- 18 commingled for investment purposes.
- 19 (d) **This subsection applies before January 1, 2027.** Contributions
- 20 to a plan established under subsection (a) are limited to the amount of
- 21 biennial appropriations the budget agency determines are available for

1 any such purposes.

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

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

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

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

15 (3) **Before any increase in the state contribution amount, the**
 16 **amount must be reviewed by the budget committee**
 17 **established by IC 4-12-1-3.**

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

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

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

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

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

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

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

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

50 **SECTION 3. IC 5-10-1.1-7.6 IS ADDED TO THE INDIANA**
 51 **CODE AS A NEW SECTION TO READ AS FOLLOWS**

[EFFECTIVE UPON PASSAGE]: 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 section 1.5(a) of this chapter 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 this contribution.

SECTION 4. IC 5-10-8-8.5, AS AMENDED BY P.L.201-2023, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.5. (a) The ~~retiree health benefit trust fund~~ **is 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, 2027, the retiree health benefit trust fund.

(2) After December 31, 2026, the 2027 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** of cigarette tax revenues deposited in the ~~fund~~ **funds** under IC 6-7-1-28.1(6) 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 and IC 6-7-1-28.1(6)(B).**

(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. **Subject to IC 5-10-8.5-9.7,** all 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 funds**.

SECTION 5. IC 5-10-8-8.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.6. (a) This section does not apply to cigarette tax revenues deposited in the retiree health benefit trust fund or the 2027 retiree health benefit trust fund under IC 6-7-1-28.1(6)(B) after December 31, 2026.**

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

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

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

(c) This subsection applies after December 31, 2026. Before appropriations, revenues, or transfers under IC 4-12-1 are deposited in the retiree health benefit trust fund, the budget agency shall transfer the amounts determined by the INPRS under subsection (b)(1) to the state general fund. The budget agency shall deposit the remainder of the appropriations, revenues, or transfers in the retiree health benefit trust fund or the 2027 retiree health benefit trust fund.

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

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

(2) A state elected or appointed officer.

(3) A member of the general assembly.

(4) An elected officer paid by the state.

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

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

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

(2) An employee of the state excise police.

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

following:

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

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

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

(4) An individual who becomes employed in a position described in subsection (a) after March 14, 2026.

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

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

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

(2) participant who is eligible to receive an additional contribution under section 16 of this chapter.

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

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

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

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

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

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

(4) The state comptroller shall transfer from the state general fund to each participant's defined contribution plan under IC 5-10-1.1-1.5(a) an amount equal to the balance in each participant's subaccount at the time the subaccount was forfeited under subdivision (2) in accordance with the amounts a member would have received under section 15 of this chapter based on each member's age and years of service.

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

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

(2) not later than December 1, 2026.

SECTION 8. IC 5-10-8.5-15, AS AMENDED BY P.L.92-2021, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **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 2027 retiree health benefit trust fund**; and
- (2) based on the assets and liabilities of the retiree health benefit

trust fund **or the 2027 retiree health benefit trust fund**,
 recommend an employer contribution amount to fund the
 participants' benefits described in section 17 of this chapter."

Page 15, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 13. IC 6-7-1-28.1, AS AMENDED BY P.L.213-2025,
 SECTION 86, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 UPON PASSAGE]: Sec. 28.1. The taxes, registration fees, fines, or
 penalties collected under this chapter shall be deposited in the
 following manner:

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

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

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

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

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

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

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

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

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

(6) The following amount 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) After June 30, 2025, and before July 1, 2026, one and
sixty-seven hundredths percent (1.67%) shall be deposited
in the state retiree health benefit trust fund established by
IC 5-10-8-8.5.

(B) After June 30, 2026, and before July 1, 2027, one and
sixty-seven hundredths percent (1.67%) or the amount
determined by the budget agency shall be deposited in the
state retiree health benefit trust fund or the 2027 retiree
health benefit trust fund established by IC 5-10-8-8.5. If the
budget agency determines that less than one and sixty-seven
hundredths percent (1.67%) should be deposited in the trust

1 funds, the remainder shall be transferred to the state
2 general fund.

3 **(C) After June 30, 2027, one and sixty-seven hundredths**
4 **percent (1.67%) of the money shall be deposited in the state**
5 **general fund.**

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

16 Page 19, between lines 21 and 22, begin a new paragraph and insert:

17 "SECTION 15. IC 36-8-8-16, AS AMENDED BY P.L.28-2008,
18 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
19 JULY 1, 2026]: Sec. 16. (a) Benefits paid under this section are subject
20 to section 2.5 of this chapter.

21 (b) The heirs or estate of a fund member is entitled to receive at
22 least ~~twelve thousand dollars (\$12,000)~~ **fifteen thousand dollars**
23 **(\$15,000)** upon the fund member's death."

24 Renumber all SECTIONS consecutively.

(Reference is to ESB 14 as printed February 12, 2026.)

Conference Committee Report
on
Engrossed Senate Bill 14

Signed by:

Senator Rogers
Chairperson

Representative Teshka

Senator Niezgodski

Representative Garcia Wilburn

Senate Conferees

House Conferees