



Reprinted
February 10, 2015

SENATE BILL No. 492

DIGEST OF SB 492 (Updated February 9, 2015 2:52 pm - DI 73)

Citations Affected: IC 4-3; IC 5-10.2; IC 5-10.3; IC 5-10.5; IC 21-38; IC 36-8.

Synopsis: Various pension matters. Establishes a procedure by which a political subdivision may participate in the defined contribution only plan (the plan) and choose whether the political subdivision's employees participate in the public employees' retirement fund (PERF), the plan, or may elect whether to participate in PERF or the plan. Provides that an ordinance or resolution adopted by the governing body of a political subdivision that specifies the departmental, occupational, or other definable classification of employees: (1) who are required to become members of the plan; or (2) who may elect whether to become members of PERF or of the plan; may not take effect before January 2, 2016. Permits a political subdivision that allows its employees to make an election to choose a default option for employees who fail to do so. Provides that the default option is PERF, if a political subdivision does not choose a default option. Permits a political subdivision to establish its employer contribution rate to the plan and to elect to match a percentage of its employees' additional contributions to the plan. Requires the board of trustees (board) of the Indiana public retirement system (INPRS) to assess an employer a supplemental contribution to PERF, if necessary, to fund the employer's share of the actuarial
(Continued next page)

Effective: Upon passage; July 1, 2015.

Boots, Tallian

January 14, 2015, read first time and referred to Committee on Pensions & Labor.
January 29, 2015, amended, reported favorably — Do Pass; reassigned to Committee on Appropriations.
February 5, 2015, amended, reported favorably — Do Pass.
February 9, 2015, read second time, amended, ordered engrossed.

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accrued liability that is unfunded because the employer's employees are members of the plan rather than PERF. Requires the board to notify the interim study committee for pension management oversight (interim committee) if the board determines contributions and contribution rates for one or more employers participating in PERF or teachers' retirement fund (TRF) that differ from the contributions and contribution rates recommended by the INPRS actuaries. For purposes of the statutes allowing the state to make an election or take discretionary action under the public retirement system laws, specifies which entities may make the election or take the action. Requires the office of management and budget to report to the interim committee each year concerning information received from political subdivisions about the subdivisions' retirement plans other than plans administered by INPRS. Establishes a procedure for a miscellaneous participating entity (entity) or political subdivision to withdraw or freeze participation in PERF. Requires a withdrawing or freezing entity or political subdivision to fully fund PERF benefits attributable to the entity's or political subdivision's employees' PERF service with the entity or political subdivision. Requires an entity or political subdivision that withdraws from or freezes participation in PERF and thereafter offers its employees a retirement benefit to participate in the plan. Requires any other public employer that is eligible but not required to participate in PERF and that wishes to offer a retirement benefit to an employee after June 30, 2015, to participate in either PERF or the plan. Grandfathers participation in another defined contribution plan for entities, political subdivisions, and other public employers participating in another plan on July 1, 2015. Provides that after December 31, 2015, members and beneficiaries of any public pension fund administered by INPRS may receive monthly benefits only by direct deposit or another method approved by the board. Expires a section concerning other methods of paying monthly benefits to members and beneficiaries of PERF and TRF. Permits a retired member of the 1977 police officers' and firefighters' pension and disability fund (1977 fund) who is at least 55 years of age to: (1) be rehired by the same unit that employed the member in a position covered by the 1977 fund for a position not covered by the 1977 fund without a minimum period of separation from employment; and (2) continue to receive the member's retirement benefit from the 1977 fund.



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February 10, 2015

First Regular Session 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 492

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 4-3-22-19 IS ADDED TO THE INDIANA CODE
2 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
3 **UPON PASSAGE]: Sec. 19. The OMB shall, not later than October**
4 **1 each year, submit to the interim study committee on pension**
5 **management oversight a written report that summarizes and**
6 **analyzes the retirement plan information received for the**
7 **immediately preceding state fiscal year under IC 5-11-20. The**
8 **report must be in an electronic format under IC 5-14-6.**
9 SECTION 2. IC 5-10.2-1-4.3 IS ADDED TO THE INDIANA
10 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
11 **[EFFECTIVE UPON PASSAGE]: Sec. 4.3. As used in this article,**
12 **"miscellaneous participating entity" means an entity that**
13 **participates in the public employees' retirement fund, except:**
14 (1) the executive (including the administrative), legislative, or
15 judicial branches of the state; and
16 (2) a political subdivision (as defined in IC 5-10.3-1-6).

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1 SECTION 3. IC 5-10.2-2-6, AS AMENDED BY P.L.35-2012,
 2 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2015]: Sec. 6. (a) The retirement allowance account of the
 4 public employees' retirement fund consists of the retirement fund,
 5 exclusive of the annuity savings account. The retirement allowance
 6 account also includes any amounts received under ~~IC 5-10.3-12-24(b)~~
 7 **IC 5-10.3-12-24 or IC 5-10.3-12-24.5**. For the public employees'
 8 retirement fund, separate accounts within the retirement allowance
 9 account shall be maintained for contributions made by each
 10 contribution rate group.

11 (b) The retirement allowance account of the pre-1996 account
 12 consists of the pre-1996 account, exclusive of the annuity savings
 13 account.

14 (c) The retirement allowance account of the 1996 account consists
 15 of the 1996 account, exclusive of the annuity savings account.

16 SECTION 4. IC 5-10.2-2-11, AS AMENDED BY P.L.195-2013,
 17 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2015]: Sec. 11. (a) Based on the actuarial investigation and
 19 valuation in section 9 of this chapter, the board shall determine:

- 20 (1) the normal contribution for each contribution rate group,
 21 which is the amount necessary to fund the pension portion of the
 22 retirement benefit;
 23 (2) the rate of normal contribution;
 24 (3) the unfunded accrued liability of the public employees'
 25 retirement fund, the pre-1996 account, and the 1996 account,
 26 which is the excess of total accrued liability over the fund's or
 27 account's total assets, respectively; and
 28 (4) the period, which must be thirty (30) years or a shorter period,
 29 necessary to amortize the unfunded accrued liability determined
 30 in subdivision (3).

31 (b) Based on the information in subsection (a), the board may
 32 determine, in its sole discretion, contributions and contribution rates for
 33 individual employers or for a group of employers.

34 **(c) The board shall require an employer to make a supplemental**
 35 **contribution to the fund in addition to the amounts described in**
 36 **subsection (a)(3) and (a)(4) in an amount necessary to pay the**
 37 **employer's share of the fund's actuarial unfunded liability that**
 38 **other employers would otherwise be required to pay because the**
 39 **employer's employees are becoming members of the plan under**
 40 **IC 5-10.3-12 instead of the fund. The amount necessary to pay an**
 41 **employer's contribution under this subsection in full must be made**
 42 **in a lump sum or in a series of payments determined by the board.**



- 1 (e) (d) The board's determinations under subsection (a):
 2 (1) are subject to sections 1.5 and 11.5 of this chapter; and
 3 (2) may not include an amount for a retired member for whom the
 4 employer may not make contributions during the member's period
 5 of reemployment as provided under IC 5-10.2-4-8(e).

6 (e) If the board determines contributions and contribution rates
 7 for one (1) or more employers under this section differ from the
 8 contributions and contribution rates determined by the actuarial
 9 investigation under section 9 of this chapter, the board shall notify
 10 the interim study committee for pension management oversight of
 11 this fact by reporting the board's action to the legislative services
 12 agency in an electronic format under IC 5-14-6.

13 SECTION 5. IC 5-10.2-2-20 IS ADDED TO THE INDIANA CODE
 14 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 15 UPON PASSAGE]: Sec. 20. (a) As used in this section:

- 16 (1) "fund" means the public employees' retirement fund; and
 17 (2) "withdrawing participating entity" means a miscellaneous
 18 participating entity that takes an action described in
 19 subsection (b).

20 (b) Subject to the provisions of this section, a miscellaneous
 21 participating entity may do the following:

- 22 (1) Stop its participation in the fund and withdraw all of the
 23 miscellaneous participating entity's employees from
 24 participation in the fund.
 25 (2) Withdraw a departmental, an occupational, or other
 26 definable classification of employees from participation in the
 27 fund.
 28 (3) Stop the miscellaneous participating entity's participation
 29 in the fund by:

- 30 (A) selling all of the miscellaneous participating entity's
 31 assets; or
 32 (B) ceasing to exist.

33 (c) The withdrawal of a miscellaneous participating entity's
 34 participation in the fund is effective on a termination date
 35 established by the board. The termination date may not occur
 36 before all the following have occurred:

- 37 (1) The withdrawing participating entity has provided written
 38 notice of the following to the board:
 39 (A) The withdrawing participating entity's intent to cease
 40 participation.
 41 (B) The names of the withdrawing participating entity's
 42 current employees and former employees as of the date on



1 which the notice is provided.

2 (2) The expiration of:

3 (A) a ninety (90) day period following the filing of the
4 notice with the board, for a withdrawing participating
5 entity that sells all of the withdrawing participating
6 entity's assets or that ceases to exist; or

7 (B) a two (2) year period following the filing of the notice
8 with the board, for all other withdrawing participating
9 entities.

10 (3) The withdrawing participating entity takes all actions
11 required in subsections (d) through (g).

12 (d) With respect to retired members who have creditable service
13 with the withdrawing participating entity, the withdrawing
14 participating entity must contribute to the fund any additional
15 amounts that the board determines are necessary to provide for
16 reserves with sufficient assets to pay all future benefits from the
17 fund to those retired members attributable to service with the
18 withdrawing participating entity. The contribution by the
19 withdrawing participating entity must be made in a lump sum or
20 in a series of payments.

21 (e) A member who is an employee of the miscellaneous
22 participating entity as of the date of the notice under subsection (c)
23 is vested in the pension portion of the member's retirement benefit.
24 The withdrawing participating entity must contribute to the fund
25 the amount the board determines is necessary to fund fully the
26 vested benefit attributable to service with the withdrawing
27 participating entity. The contribution by the withdrawing
28 participating entity must be made in a lump sum or in a series of
29 payments.

30 (f) A member who is covered by subsection (e) and who is at
31 least sixty-five (65) years of age may elect to retire under
32 IC 5-10.2-4-1 even if the member has fewer than ten (10) years of
33 service. The benefit for the member shall be computed under
34 IC 5-10.2-4-4 using the member's actual years of service.

35 (g) With respect to members of the fund who have creditable
36 service with the withdrawing participating entity and who are not
37 employees as of the date of the notice under subsection (c), the
38 withdrawing participating entity must contribute the amount that
39 the board determines is necessary to fund fully the service for those
40 members that is attributable to service with the withdrawing
41 participating entity. The contribution by the withdrawing
42 participating entity must be made in a lump sum or in a series of



1 **payments.**

2 SECTION 6. IC 5-10.2-2-21 IS ADDED TO THE INDIANA CODE
3 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
4 **UPON PASSAGE]: Sec. 21. (a) This section applies to a**
5 **miscellaneous participating entity that takes any of the following**
6 **actions on or after December 31, 2010:**

7 **(1) The miscellaneous participating entity determines a date:**

8 **(A) before which newly hired employees of a departmental,**
9 **occupational, or other definable classification of employees**
10 **are required or allowed to participate in the fund; and**

11 **(B) on or after which newly hired employees of the**
12 **departmental, occupational, or other definable**
13 **classification of employees are not allowed to participate**
14 **in the fund.**

15 **(2) The miscellaneous participating entity determines a date:**

16 **(A) before which newly hired employees of a departmental,**
17 **occupational, or other definable classification of employees**
18 **are required to participate in the fund; and**

19 **(B) on or after which newly hired employees of the**
20 **departmental, occupational, or other definable**
21 **classification of employees are allowed to choose to**
22 **participate in a retirement plan other than the fund.**

23 **(3) The miscellaneous participating entity modifies its**
24 **employee classification scheme as of a specified date in such**
25 **a way that there is at least one (1) position that:**

26 **(A) is covered by the fund before the specified date; and**

27 **(B) is not covered by the fund after the specified date.**

28 **(b) The following definitions apply throughout this section:**

29 **(1) "Freeze" or "freeze participation in the fund" means to**
30 **take an action described in subsection (a).**

31 **(2) "Freezing participating entity" means a miscellaneous**
32 **participating entity that freezes its participation in the fund.**

33 **(3) "Fund" means the public employees' retirement fund.**

34 **(c) A miscellaneous participating entity that freezes its**
35 **participation in the fund after December 31, 2010, shall do the**
36 **following:**

37 **(1) Provide written notice of the following to the board:**

38 **(A) The action that was taken under subsection (a) by the**
39 **freezing participating entity.**

40 **(B) The effective date of the action taken under subsection**
41 **(a).**

42 **(C) The employee classifications that:**



1 (i) are covered by the fund before the effective date of
2 the freeze; and

3 (ii) will not be covered by the fund on or after the
4 effective date of the freeze.

5 (D) The names of the freezing participating entity's current
6 employees and former employees as of the date on which
7 the notice is provided.

8 (2) Comply with subsections (d) through (f).

9 (d) With respect to retired members who have creditable service
10 with the freezing participating entity, the freezing participating
11 entity must contribute to the fund any additional amounts that the
12 board determines are necessary to provide for reserves with
13 sufficient assets to pay all future benefits from the fund to those
14 retired members attributable to service with the freezing
15 participating entity. The board shall collaborate with the freezing
16 participating entity by sharing the actuarial method and report.
17 The contribution by the freezing participating entity must be made
18 in a lump sum or in a series of payments.

19 (e) With respect to members of the fund who have creditable
20 service with the freezing participating entity and who are not
21 employees as of the effective date on which the miscellaneous
22 participating entity freezes its participation in the fund, the
23 freezing participating entity must contribute the amount that the
24 board determines is necessary to fund fully the service for those
25 members that is attributable to service with the freezing
26 participating entity. The board shall collaborate with the freezing
27 participating entity by sharing the actuarial method and report.
28 The contribution by the freezing participating entity must be made
29 in a lump sum or in a series of payments.

30 (f) With respect to members of the fund who are employees of
31 the freezing participating entity on the date of the notice under
32 subsection (c), the freezing participating entity shall continue to
33 contribute the amounts required under section 11 of this chapter
34 for those employees for the duration of their employment with the
35 freezing participating entity. In addition, the freezing participating
36 entity must contribute to the fund the amount the board
37 determines is necessary to fund fully the benefits attributable to
38 service with the freezing participating entity that are vested or will
39 become vested and are not expected to be fully funded through the
40 continuing contributions under section 11 of this chapter during
41 the duration of their employment with the freezing participating
42 entity. The board shall collaborate with the freezing participating



1 entity by sharing the actuarial method and report. The
 2 contribution by the freezing participating entity must be made in
 3 a lump sum or in a series of payments.

4 (g) The Indiana public retirement system may do any of the
 5 following to determine a miscellaneous participating entity's
 6 compliance with this section:

7 (1) Require reports from the miscellaneous participating
 8 entity.

9 (2) Audit the miscellaneous participating entity.

10 SECTION 7. IC 5-10.2-2-22 IS ADDED TO THE INDIANA CODE
 11 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 12 UPON PASSAGE]: Sec. 22. (a) This section applies to a
 13 miscellaneous participating entity that:

14 (1) either:

15 (A) withdraws from the public employees' retirement fund
 16 under section 20 of this chapter; or

17 (B) freezes its participation in the public employees'
 18 retirement fund as described in section 21 of this chapter;
 19 and

20 (2) chooses thereafter to offer a retirement plan to its
 21 employees.

22 (b) Except as provided in subsection (c), a miscellaneous
 23 participating entity to which this section applies may offer a
 24 retirement plan to its employees only by participating in the
 25 defined contribution plan under IC 5-10.3-12.

26 (c) If, on July 1, 2015, a miscellaneous participating entity to
 27 which this section applies has established or is otherwise
 28 participating in a defined contribution plan other than the defined
 29 contribution plan under IC 5-10.3-12, the miscellaneous
 30 participating entity may continue to participate in the defined
 31 contribution plan in which the miscellaneous participating entity
 32 participated on July 1, 2015.

33 SECTION 8. IC 5-10.2-2-23 IS ADDED TO THE INDIANA CODE
 34 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 35 UPON PASSAGE]: Sec. 23. If any provision of this article,
 36 IC 5-10.3, or IC 5-10.4 allows the state as an employer to make an
 37 election or take discretionary action, the election or discretionary
 38 action shall be taken by the following entities, as applicable:

39 (1) The governor, if the election or discretionary action
 40 involves an elected officer, appointed officer, or employee of
 41 the executive branch.

42 (2) The legislative council, if the election or discretionary



1 **action involves a senator, a representative, or an employee of**
 2 **the legislative branch.**

3 **(3) The chief justice of the supreme court, if the election or**
 4 **discretionary action involves:**

5 **(A) a justice;**

6 **(B) a judge;**

7 **(C) a prosecuting attorney;**

8 **(D) an officer paid by the state under IC 33-23-5-10,**
 9 **IC 33-38-5-7, or IC 33-39-6-2; or**

10 **(E) an employee of the judicial branch of state government.**

11 SECTION 9. IC 5-10.2-4-1.2, AS AMENDED BY P.L.115-2009,
 12 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 UPON PASSAGE]: Sec. 1.2. (a) Each fund shall adopt a policy that
 14 requires direct deposit or another method approved by the board as the
 15 preferred way for members and beneficiaries to receive monthly
 16 benefits.

17 (b) A member or beneficiary who does not wish to have payments
 18 to the person deposited by direct deposit or another method approved
 19 by the board under subsection (a) may request the board or a designee
 20 of the board to grant a waiver of the requirement of direct deposit or
 21 another method approved by the board. The member or beneficiary
 22 must:

23 (1) state the reason to the board for requesting the waiver; and

24 (2) sign a waiver form.

25 (c) The board or a designee of the board shall grant the member's or
 26 beneficiary's request for a waiver, approval of which shall not be
 27 unreasonably denied, if any of the following apply:

28 (1) The member or beneficiary currently does not have a savings
 29 or checking account.

30 (2) The member or beneficiary is unable to establish a savings or
 31 checking account within the geographic area of the home of the
 32 member or beneficiary without payment of a service fee. In
 33 support of this reason, the member or beneficiary must submit a
 34 written statement of the inability to establish the account without
 35 the payment of a fee with the waiver request.

36 (3) The home of the member or beneficiary is too remote to have
 37 access to a financial institution where direct deposit or another
 38 method approved by the board may be made.

39 (4) The financial institution of the member or beneficiary is
 40 unable to:

41 (A) accept direct deposit or another method approved by the
 42 board; or



- 1 (B) process electronic withdrawal.
 2 The member or beneficiary must submit with the waiver a written
 3 statement from the financial institution of the member or
 4 beneficiary that the financial institution is unable to accept direct
 5 deposit or another method approved by the board or process
 6 electronic withdrawal.
- 7 (5) The board determines that the facts of the particular case
 8 warrant a waiver of the requirement of direct deposit or another
 9 method approved by the board.
- 10 (d) The policy of the board must provide that a member or
 11 beneficiary who is in pay status as of July 1, 2009, and is receiving
 12 monthly benefits in a manner other than direct deposit or another
 13 method approved by the board shall not have the monthly benefits
 14 stopped for receiving monthly benefits in a manner other than direct
 15 deposit or another method approved by the board.
- 16 **(e) This section expires January 1, 2016.**
- 17 SECTION 10. IC 5-10.3-2-4 IS ADDED TO THE INDIANA CODE
 18 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 19 UPON PASSAGE]: **Sec. 4. (a) The following definitions apply
 20 throughout this section:**
- 21 **(1) "Defined contribution plan" refers to the public
 22 employees' defined contribution plan established under
 23 IC 5-10.3-12.**
- 24 **(2) "Eligible entity" means an entity that is eligible but not
 25 required to participate in the public employees' retirement
 26 fund.**
- 27 **(3) "Qualifying employee" means an employee who would be
 28 eligible under IC 5-10.3-7 to become a member of the fund, if
 29 the employee's employer were to participate in the fund.**
- 30 **(b) Except as otherwise provided in this section, if an eligible
 31 entity wishes to offer a retirement plan to a qualifying employee,
 32 the eligible entity must provide the retirement plan to the
 33 qualifying employee by participating in the fund or the defined
 34 contribution plan.**
- 35 **(c) If, on July 1, 2015, an eligible employer is providing a
 36 retirement plan other than the fund or the defined contribution
 37 plan to a departmental, occupational, or other definable
 38 classification of an eligible entity's employees, the qualifying
 39 employees in the departmental, occupational, or other
 40 classification of employees may continue to participate in the
 41 retirement plan, regardless of whether the qualifying employees in
 42 the departmental, occupational, or other definable classification**



1 **begin employment with the eligible entity after June 30, 2015.**

2 **(d) An eligible entity may offer a retirement plan other than the**
 3 **fund or the defined contribution plan to an employee, if the**
 4 **employee is not a qualifying employee.**

5 SECTION 11. IC 5-10.3-6-0.5 IS ADDED TO THE INDIANA
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS
 7 [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. As used in this chapter,**
 8 **"plan" refers to the public employees' defined contribution plan**
 9 **under IC 5-10.3-12.**

10 SECTION 12. IC 5-10.3-6-1 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1. (a) By ordinance**
 12 **or resolution of The governing body of a political subdivision may**
 13 **adopt an ordinance or resolution** specifying by a departmental,
 14 occupational, or other definable classification ~~the~~ of employees:

- 15 (1) ~~who will~~ **are required to become members of the fund;**
 16 **(2) who are required to become members of the plan; or**
 17 **(3) who may each elect whether to become members of the**
 18 **fund or members of the plan.**

19 **An ordinance or resolution adopted by the governing body of a**
 20 **political subdivision under this subsection that specifies the**
 21 **departmental, occupational, or other definable classification of**
 22 **employees who are required under subdivision (2) to become**
 23 **members of the plan or who may under subdivision (3) elect**
 24 **whether to become members of the fund or plan may not take**
 25 **effect before January 2, 2016. A political subdivision may become a**
 26 **participant in the fund or the plan, or both, as applicable, if the**
 27 **ordinance or resolution is filed with and approved by the board.**

28 **(b) An ordinance or resolution adopted under subsection (a)**
 29 **that includes a provision described under subsection (a)(3) may**
 30 **also include one (1) of the following provisions:**

- 31 **(1) If an employee who may elect whether to become a**
 32 **member of the fund or a member of the plan does not make**
 33 **an election under IC 5-10.3-7-1.1, the employee becomes a**
 34 **member of the plan.**
 35 **(2) If an employee who may elect whether to become a**
 36 **member of the fund or a member of the plan does not make**
 37 **an election under IC 5-10.3-12-20.5, the employee becomes a**
 38 **member of the fund.**

39 **If an ordinance or resolution adopted under subsection (a) that**
 40 **includes a provision described under subsection (a)(3) does not**
 41 **include either of the provisions described in subdivisions (1) or (2),**
 42 **subdivision (2) applies to the departmental, occupational, or other**



1 definable classification of employees that may elect to become
 2 members of the fund or members of the plan.

3 (c) If an ordinance or resolution adopted under subsection (a)
 4 includes a provision described under subsection (a)(2) or (a)(3), or
 5 both, the ordinance or resolution shall include a specification of the
 6 political subdivision's contribution rate to the plan as a percentage
 7 of each member's compensation. Each year, the political
 8 subdivision's contribution rate specified under this subsection must
 9 be greater than or equal to zero percent (0%) and may not exceed
 10 the percentage that would produce the normal cost for
 11 participation in the fund under IC 5-10.2-2-11, if the political
 12 subdivision were a participant in the fund. If a provision specifying
 13 the political subdivision's contribution rate is not included in the
 14 ordinance or resolution, the political subdivision's contribution
 15 rate to the plan is zero percent (0%).

16 (d) If an ordinance or resolution adopted under subsection (a)
 17 includes a provision described under subsection (a)(2) or (a)(3), or
 18 both, the ordinance or resolution shall include a specification of the
 19 political subdivision's matching rate that is the percentage of each
 20 member's additional contributions to the plan that the political
 21 subdivision will match. A political subdivision may specify only:

- 22 (1) zero percent (0%); or
- 23 (2) fifty percent (50%).

24 If a provision specifying the political subdivision's matching rate
 25 is not included in the ordinance or resolution, the political
 26 subdivision's matching rate for the plan is zero percent (0%).

27 ~~(b)~~ (e) A governing body may include in its ordinance or resolution
 28 adopted under subsection (a) a determination of the date from which
 29 prior service for its employees will be computed. Creditable service for
 30 these employees is determined under IC 5-10.3-7-7.5.

31 ~~(c)~~ (f) The effective date of participation is the earlier of January 1
 32 or July 1 after the date of approval. However, no retirement benefit may
 33 be paid until six (6) months after the effective date of participation.

34 SECTION 13. IC 5-10.3-6-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. (a) This
 35 section applies to a third class city or a town.

36 (b) The clerk-treasurer of a city or town is that city's or town's
 37 authorized agent for all matters concerning the fund **and the plan**.

38 SECTION 14. IC 5-10.3-6-4, AS AMENDED BY P.L.23-2011,
 39 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 UPON PASSAGE]: Sec. 4. The board shall maintain separate accounts
 41 for each contribution rate group. Credits and charges to these accounts
 42



1 shall be made as prescribed in IC 5-10.2-2 **and IC 5-10.3-12, as**
 2 **applicable.**

3 SECTION 15. IC 5-10.3-6-7, AS AMENDED BY P.L.115-2009,
 4 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 UPON PASSAGE]: Sec. 7. (a) If the employer or political subdivision
 6 fails to make payments required by this chapter, the amount payable
 7 may be:

8 (1) withheld by the auditor of state from moneys payable to the
 9 employer or subdivision and transferred to the fund **or the plan,**
 10 **as applicable;** or

11 (2) recovered in a suit in the circuit or superior court of the county
 12 in which the political subdivision is located. The suit shall be an
 13 action by the state on the relation of the board, prosecuted by the
 14 attorney general.

15 (b) If:

16 (1) service credit is verified for a member who has filed an
 17 application for retirement benefits; and

18 (2) the member's employer at the time the service credit was
 19 earned has not made contributions for or on behalf of the member
 20 for the service credit;

21 liability for the unfunded service credit shall be charged against the
 22 employer's account and collected by the fund as provided in subsection
 23 (a). Processing of a member's application for retirement benefits may
 24 not be delayed by an employer's failure to make contributions for the
 25 service credit earned by the member while the member was employed
 26 by the employer.

27 (c) If the employer or political subdivision fails to file the reports or
 28 records required by this chapter or by IC 5-10.3-7-12.5, the auditor of
 29 state shall:

30 (1) withhold the penalty described in IC 5-10.3-7-12.5 from
 31 money payable to the employer or the political subdivision; and

32 (2) transfer the penalty to the fund **or the plan, as applicable.**

33 SECTION 16. IC 5-10.3-6-8 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) As used in
 35 this section, "withdrawing political subdivision" means a political
 36 subdivision that takes an action described in subsection (b).

37 (b) Subject to the provisions of this section, a political subdivision
 38 may do the following:

39 (1) Stop its participation in the fund and withdraw all of the
 40 political subdivision's employees from participation in the fund.

41 (2) Withdraw a departmental, an occupational, or other definable
 42 classification of employees from participation in the fund.



- 1 (3) Stop the political subdivision's participation in the fund by:
 2 (A) selling all of the political subdivision's assets; or
 3 (B) ceasing to exist as a political subdivision.
 4 (c) The withdrawal of a political subdivision's participation in the
 5 fund is effective on a termination date established by the board. The
 6 termination date may not occur before all of the following have
 7 occurred:
 8 (1) The withdrawing political subdivision has provided written
 9 notice of the following to the board:
 10 (A) The withdrawing political subdivision's intent to cease
 11 participation.
 12 (B) The names of the withdrawing political subdivision's
 13 current employees and former employees as of the date on
 14 which the notice is provided.
 15 (2) The expiration of:
 16 (A) a ninety (90) day period following the filing of the notice
 17 with the board, for a withdrawing political subdivision that
 18 sells all of the withdrawing political subdivision's assets or that
 19 ceases to exist as a political subdivision; or
 20 (B) a two (2) year period following the filing of the notice with
 21 the board, for all other withdrawing political subdivisions.
 22 (3) The withdrawing political subdivision takes all actions
 23 required in subsections (d) through ~~(h)~~ (g).
 24 (d) With respect to retired members who have creditable service
 25 with the withdrawing political subdivision, the withdrawing political
 26 subdivision must contribute to the fund any additional amounts that the
 27 board determines are necessary to provide for reserves with sufficient
 28 assets to pay all future benefits from the fund to those retired members
 29 **attributable to service with the withdrawing political subdivision.**
 30 The contribution by the withdrawing political subdivision must be
 31 made in a lump sum or in a series of payments determined by the
 32 board.
 33 (e) A member who is an employee of the political subdivision as of
 34 the date of the notice under subsection (c) is vested in the pension
 35 portion of the member's retirement benefit. The withdrawing political
 36 subdivision must contribute to the fund the amount the board
 37 determines is necessary to fund fully the vested benefit **attributable to**
 38 **service with the withdrawing political subdivision.** The contribution
 39 by the withdrawing political subdivision must be made in a lump sum
 40 or in a series of payments determined by the board.
 41 (f) A member who is covered by subsection (e) and who is at least
 42 sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even



1 if the member has fewer than ten (10) years of service. The benefit for
 2 the member shall be computed under IC 5-10.2-4-4 using the member's
 3 actual years of service.

4 (g) With respect to members of the fund who have creditable service
 5 with the withdrawing political subdivision and who are not employees
 6 as of the date of the notice under subsection (c), the withdrawing
 7 political subdivision must contribute the amount that the board
 8 determines is necessary to fund fully the service for those members that
 9 is attributable to service with the withdrawing political subdivision.
 10 The contribution by the withdrawing political subdivision must be
 11 made in a lump sum or in a series of payments determined by the
 12 board.

13 (h) The board shall evaluate each withdrawal under this section to
 14 determine if the withdrawal affects the fund's compliance with Section
 15 401(a)(4) of the Internal Revenue Code of 1954, as in effect on
 16 September 1, 1974. The board may deny a political subdivision
 17 permission to withdraw if the denial is necessary to achieve compliance
 18 with Section 401(a)(4) of the Internal Revenue Code of 1954, as in
 19 effect on September 1, 1974.

20 SECTION 17. IC 5-10.3-6-8.2 IS ADDED TO THE INDIANA
 21 CODE AS A NEW SECTION TO READ AS FOLLOWS
 22 [EFFECTIVE UPON PASSAGE]: **Sec. 8.2. (a) The following**
 23 **definitions apply throughout this section:**

24 (1) "Freeze" or "freeze participation in the fund" means to
 25 take an action described under subsection (b)(1), (b)(2), or
 26 (b)(3).

27 (2) "Freezing political subdivision" means a political
 28 subdivision that freezes its participation in the fund.

29 (b) Subject to the provisions of this section, a political
 30 subdivision that did not take an action described in this subsection
 31 before the effective date of this section may adopt an ordinance or
 32 resolution, which may not be effective before January 2, 2016, to
 33 do the following:

34 (1) Determine a date (which may not be before January 2,
 35 2016):

36 (A) before which newly hired employees of a departmental,
 37 occupational, or other definable classification of employees
 38 are eligible to participate in the fund; and

39 (B) on or after which newly hired employees of the
 40 departmental, occupational, or other definable
 41 classification of employees are not eligible to participate in
 42 the fund.



- 1 **(2) Determine a date (which may not be before January 2,**
 2 **2016):**
 3 **(A) before which newly hired employees of a departmental,**
 4 **occupational, or other definable classification of employees**
 5 **are required to participate in the fund; and**
 6 **(B) on or after which newly hired employees of the**
 7 **departmental, occupational, or other definable**
 8 **classification of employees are allowed to choose whether**
 9 **to participate in a retirement benefit system other than the**
 10 **fund.**
 11 **(3) Modify the political subdivision's employee classification**
 12 **scheme as of a specified date (which may not be before**
 13 **January 2, 2016) in such a way that there is at least one (1)**
 14 **position that:**
 15 **(A) is covered by the fund before the specified date; and**
 16 **(B) is not covered by the fund on or after the specified date.**
 17 **(c) A political subdivision that freezes its participation in the**
 18 **fund after December 31, 2010, shall do the following:**
 19 **(1) Provide written notice of the following to the board:**
 20 **(A) The action that was taken under subsection (b) by the**
 21 **freezing political subdivision.**
 22 **(B) The effective date of the action taken under subsection**
 23 **(b).**
 24 **(C) The employee classifications that:**
 25 **(i) are covered by the fund before the effective date of**
 26 **the freeze; and**
 27 **(ii) will not be covered by the fund on or after the**
 28 **effective date of the freeze.**
 29 **(D) The names of the freezing political subdivision's**
 30 **current employees and former employees as of the date on**
 31 **which the notice is provided.**
 32 **(2) Comply with subsections (d) through (f).**
 33 **(d) With respect to retired members who have creditable service**
 34 **with the freezing political subdivision, the freezing political**
 35 **subdivision must contribute to the fund any additional amounts**
 36 **that the board determines are necessary to provide for reserves**
 37 **with sufficient assets to pay all future benefits from the fund to**
 38 **those retired members attributable to service with the freezing**
 39 **political subdivision. The board shall collaborate with the freezing**
 40 **political subdivision by sharing the actuarial method and report.**
 41 **The contribution by the freezing political subdivision must be made**
 42 **in a lump sum or in a series of payments determined by the board.**



1 (e) With respect to members of the fund who have creditable
 2 service with the freezing political subdivision and who are not
 3 employees as of the effective date on which the political subdivision
 4 freezes its participation in the fund, the freezing political
 5 subdivision must contribute the amount that the board determines
 6 is necessary to fund fully the service for those members that is
 7 attributable to service with the freezing political subdivision. The
 8 board shall collaborate with the freezing political subdivision by
 9 sharing the actuarial method and report. The contribution by the
 10 freezing political subdivision must be made in a lump sum or in a
 11 series of payments determined by the board.

12 (f) With respect to members of the fund who are employees of
 13 the freezing political subdivision on the date of the notice under
 14 subsection (c), the freezing political subdivision shall continue to
 15 contribute the amounts required under IC 5-10.2-2-11 for those
 16 employees for the duration of their employment with the freezing
 17 political subdivision. In addition, the freezing political subdivision
 18 must contribute to the fund the amount the board determines is
 19 necessary to fund fully the benefits attributable to service with the
 20 freezing political subdivision that are vested, or will become vested,
 21 and are not anticipated to be fully funded through the continuing
 22 contributions under IC 5-10.2-2-11 during the duration of their
 23 employment with the freezing political subdivision. The board shall
 24 collaborate with the freezing political subdivision by sharing the
 25 actuarial method and report. The contribution by the freezing
 26 participating entity must be made in a lump sum or in a series of
 27 payments determined by the board.

28 (g) The Indiana public retirement system may do any of the
 29 following to determine a political subdivision's compliance with
 30 this section:

31 (1) Require reports from the political subdivision.

32 (2) Audit the political subdivision.

33 SECTION 18. IC 5-10.3-6-8.3 IS ADDED TO THE INDIANA
 34 CODE AS A NEW SECTION TO READ AS FOLLOWS
 35 [EFFECTIVE UPON PASSAGE]: **Sec. 8.3. (a) This section applies to**
 36 **a political subdivision that:**

37 (1) either:

38 (A) withdraws from the fund under section 8 of this
 39 chapter; or

40 (B) freezes its participation in the fund as described in
 41 section 8.2 of this chapter; and

42 (2) chooses thereafter to offer a retirement plan to its



- 1 **employees.**
- 2 **(b) Except as provided in subsection (c), a political subdivision**
- 3 **to which this section applies may offer a retirement plan to its**
- 4 **employees only by participating in the defined contribution plan**
- 5 **under IC 5-10.3-12.**
- 6 **(c) If, on July 1, 2015, a political subdivision to which this**
- 7 **section applies has established or is otherwise participating in a**
- 8 **defined contribution plan other than the defined contribution plan**
- 9 **under IC 5-10.3-12, the political subdivision may continue to**
- 10 **participate in the defined contribution plan in which the political**
- 11 **subdivision participated on July 1, 2015.**
- 12 SECTION 19. IC 5-10.3-7-1, AS AMENDED BY P.L.195-2013,
- 13 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 14 UPON PASSAGE]: Sec. 1. (a) This section does not apply to:
- 15 (1) members of the general assembly; or
- 16 (2) employees covered by section 3 of this chapter.
- 17 **(b) As used in this section, "employees of the state" includes:**
- 18 **(1) employees of the judicial circuits whose compensation is**
- 19 **paid from state funds;**
- 20 **(2) elected and appointed state officers;**
- 21 **(3) prosecuting attorneys and deputy prosecuting attorneys of**
- 22 **the judicial circuits, whose compensation is paid in whole or**
- 23 **in part from state funds, including participants in the**
- 24 **prosecuting attorneys retirement fund established under**
- 25 **IC 33-39-7;**
- 26 **(4) employees in the classified service;**
- 27 **(5) employees of any state department, institution, board,**
- 28 **commission, office, agency, court, or division of state**
- 29 **government receiving state appropriations and having the**
- 30 **authority to certify payrolls from appropriations or from a**
- 31 **trust fund held by the treasurer of state or by any**
- 32 **department;**
- 33 **(6) employees of any state agency which is a body politic and**
- 34 **corporate;**
- 35 **(7) except as provided under IC 5-10.5-7-4, employees of the**
- 36 **board of trustees of the Indiana public retirement system;**
- 37 **(8) persons who:**
- 38 **(A) are employed by the state;**
- 39 **(B) have been classified as federal employees by the United**
- 40 **States Secretary of Agriculture; and**
- 41 **(C) are excluded from coverage as federal employees by**
- 42 **the federal Social Security program under 42 U.S.C. 410;**



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



- 1 (C) are excluded from coverage as federal employees by the
- 2 federal Social Security program under 42 U.S.C. 410;
- 3 (9) the directors and employees of county offices of family and
- 4 children;
- 5 (10) employees of the center for agricultural science and heritage
- 6 (the barn); and
- 7 (11) members and employees of the state lottery commission.
- 8 **(e) An individual:**
- 9 (1) who becomes a full-time employee of a political
- 10 subdivision in a covered position after June 30, 2015;
- 11 (2) who is employed by a political subdivision that has elected
- 12 in an ordinance or resolution adopted under IC 5-10.3-6-1 and
- 13 approved by the board to require an employee in the covered
- 14 position to become a member of the fund; and
- 15 (3) who is not excluded from membership under section 2 of
- 16 this chapter;
- 17 becomes a member of the fund on the date the individual's
- 18 employment begins.
- 19 **(f) An individual:**
- 20 (1) who becomes a full-time employee of a political
- 21 subdivision in a covered position after an ordinance or
- 22 resolution described in subdivision (2) that is adopted by the
- 23 political subdivision has been approved by the board;
- 24 (2) who is employed by a political subdivision that has elected
- 25 in an ordinance or resolution adopted under IC 5-10.3-6-1 and
- 26 approved by the board:
- 27 (A) to allow an employee in the covered position to become
- 28 a member of the fund or a member of the public
- 29 employee's defined contribution plan at the discretion of
- 30 the employee; and
- 31 (B) to require an employee in a covered position to make
- 32 an election under IC 5-10.3-12-20.5 in order to become a
- 33 member of the plan;
- 34 (3) who does not make an election under IC 5-10.3-12-20.5 to
- 35 become a member of the public employees' defined
- 36 contribution plan; and
- 37 (4) who is not excluded from membership under section 2 of
- 38 this chapter;
- 39 becomes a member of the fund on the date the individual's
- 40 employment begins.
- 41 **(g) An individual:**
- 42 (1) who becomes a full-time employee of a political



- 1 subdivision in a covered position after an ordinance or
- 2 resolution described in subdivision (2) that is adopted by the
- 3 political subdivision has been approved by the board;
- 4 (2) who is employed by a political subdivision that has elected
- 5 in an ordinance or resolution adopted under IC 5-10.3-6-1 and
- 6 approved by the board:
- 7 (A) to allow an employee in the covered position to become
- 8 a member of the fund or the public employees' defined
- 9 contribution plan at the discretion of the employee; and
- 10 (B) to require an employee to make an election under
- 11 section 1.1 of this chapter in order to become a member of
- 12 the fund;
- 13 (3) who does make an election under section 1.1 of this
- 14 chapter to become a member of the fund; and
- 15 (4) who is not excluded from membership under section 2 of
- 16 this chapter;
- 17 becomes a member of the fund on the date the individual's
- 18 employment begins.

19 SECTION 20. IC 5-10.3-7-1.1 IS ADDED TO THE INDIANA
 20 CODE AS A NEW SECTION TO READ AS FOLLOWS
 21 [EFFECTIVE UPON PASSAGE]: **Sec. 1.1. (a) An individual:**

- 22 (1) who becomes a full-time employee of a political
- 23 subdivision in a covered position after an ordinance or
- 24 resolution described in subdivision (2) that is adopted by the
- 25 political subdivision has been approved by the board;
- 26 (2) who is employed by a political subdivision that has elected
- 27 in an ordinance or resolution adopted under IC 5-10.3-6-1 and
- 28 approved by the board:
- 29 (A) to allow an employee in the covered position to become
- 30 a member of the fund or the public employees' defined
- 31 contribution plan at the discretion of the employee; and
- 32 (B) to require an employee to make an election under this
- 33 section in order to become a member of the fund; and
- 34 (3) who is not excluded from membership under section 2 of
- 35 this chapter;
- 36 may elect to become a member of the fund.
- 37 **(b) An election under this section:**
- 38 (1) must be made in writing on a form prescribed by the
- 39 board;
- 40 (2) must be filed with the board; and
- 41 (3) is irrevocable.
- 42 **(c) An individual who:**



1 **(1) is eligible to make the election under this section; and**
 2 **(2) does not make the election;**
 3 **becomes a member of the public employees' defined contribution**
 4 **plan.**

5 SECTION 21. IC 5-10.3-7-7.5 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7.5.
 7 Notwithstanding IC 5-10.2-3-1, for the purpose of computing benefits
 8 the creditable service of a member covered by an ordinance or
 9 resolution adopted by a political subdivision's governing body under
 10 ~~IC 5-10.3-6-1(b)~~ **IC 5-10.3-6-1(e)** excludes all service with the
 11 political subdivision before the prior service credit date contained in
 12 the resolution. However, service with the political subdivision before
 13 the prior service credit date shall be considered for the purpose of
 14 determining eligibility for benefits.

15 SECTION 22. IC 5-10.3-7-12.5, AS AMENDED BY P.L.165-2009,
 16 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 UPON PASSAGE]: Sec. 12.5. (a) An employer or department shall
 18 make the reports, membership records, or payments required by
 19 IC 5-10.3-6 or by sections 10 through 12 of this chapter:

- 20 (1) not more than thirty (30) days after the end of the calendar
 21 quarter, if applicable;
 22 (2) another due date specified in sections 10 through 12 of this
 23 chapter; or
 24 (3) an alternate due date established by the rules of the board.

25 (b) If the employer or department does not make the reports,
 26 records, or payments within the time specified in subsection (a):

- 27 (1) the board may fine the employer or department one hundred
 28 dollars (\$100) for each additional day that the reports, records, or
 29 payments are late, to be withheld under IC 5-10.3-6-7; and
 30 (2) if the employer or department is habitually late, as determined
 31 by the board, the board shall report the employer or the
 32 department to the auditor of state for additional withholding under
 33 IC 5-10.3-6-7.

34 (c) After December 31, 2009, an employer or department shall
 35 submit:

- 36 (1) the reports and records described in subsection (a) in a
 37 uniform format through a secure connection over the Internet or
 38 through other electronic means specified by the board in
 39 accordance with IC 5-10.2-2-12.5; and
 40 (2) both:
 41 (A) employer contributions determined under IC 5-10.2-2-11,
 42 **IC 5-10.3-12-24, or IC 5-10.3-12-24.5;** and



1 (B) contributions paid by or on behalf of a member under
2 section 9 of this chapter **or IC 5-10.3-12-23;**

3 by electronic funds transfer in accordance with IC 5-10.2-2-12.5.

4 SECTION 23. IC 5-10.3-8-14, AS AMENDED BY P.L.91-2014,
5 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 UPON PASSAGE]: Sec. 14. (a) Except as provided in subsection ~~(c)~~;
7 **(d)**, this section applies to employees of the state ~~(as defined in~~
8 ~~IC 5-10.3-7-1(d))~~ who are:

- 9 (1) members of the fund; and
10 (2) paid by the auditor of state by salary warrants.

11 (b) Except as provided in subsection ~~(c)~~; **(d)**, this section does not
12 apply to the employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~
13 employed by:

- 14 (1) a body corporate and politic of the state created by state
15 statute; or
16 (2) a state educational institution (as defined in IC 21-7-13-32).

17 **(c) As used in this section, "employees of the state" has the**
18 **meaning set forth in IC 5-10.3-7-1.**

19 ~~(c)~~ **(d)** The chief executive officer of a body or institution described
20 in subsection (b) may elect to have this section apply to the employees
21 of the state ~~(as defined in IC 5-10.3-7-1(d))~~ employed by the body or
22 institution by submitting a written notice of the election to the director.
23 An election under this subsection is effective on the later of:

- 24 (1) the date the notice of the election is received by the director;
25 or
26 (2) July 1, 2013.

27 ~~(d)~~ **(e)** The board shall adopt provisions to establish a retirement
28 medical benefits account within the fund under Section 401(h) or as a
29 separate fund under another applicable section of the Internal Revenue
30 Code for the purpose of converting unused excess accrued leave to a
31 monetary contribution for an employee of the state to fund on a pretax
32 basis benefits for sickness, accident, hospitalization, and medical
33 expenses for the employee and the spouse and dependents of the
34 employee after the employee's retirement. The state may match all or
35 a portion of an employee's contributions to the retirement medical
36 benefits account established under this section.

37 ~~(e)~~ **(f)** The board is the trustee of the account described in
38 subsection ~~(d)~~; **(e)**. The account must be qualified, as determined by the
39 Internal Revenue Service, as a separate account within the fund whose
40 benefits are subordinate to the retirement benefits provided by the fund.

41 ~~(f)~~ **(g)** The board may adopt rules under IC 5-10.5-4-2 that it
42 considers appropriate or necessary to implement this section after



1 consulting with the state personnel department. The rules adopted by
2 the board under this section must:

- 3 (1) be consistent with the federal and state law that applies to:
4 (A) the account described in subsection ~~(d)~~; **(e)**; and
5 (B) the fund; and
6 (2) include provisions concerning:
7 (A) the type and amount of leave that may be converted to a
8 monetary contribution;
9 (B) the conversion formula for valuing any leave that is
10 converted;
11 (C) the manner of employee selection of leave conversion; and
12 (D) the vesting schedule for any leave that is converted.

13 ~~(g)~~ **(h)** The board may adopt the following:

- 14 (1) Account provisions governing:
15 (A) the investment of amounts in the account; and
16 (B) the accounting for converted leave.
17 (2) Any other provisions that are necessary or appropriate for
18 operation of the account.

19 ~~(h)~~ **(i)** The account described in subsection ~~(d)~~ **(e)** may be
20 implemented only if the board has received from the Internal Revenue
21 Service any rulings or determination letters that the board considers
22 necessary or appropriate.

23 ~~(i)~~ **(j)** To the extent allowed by:

- 24 (1) the Internal Revenue Code; and
25 (2) rules adopted by:
26 (A) the board under this section; and
27 (B) the state personnel department under IC 5-10-1.1-7.5;

28 employees of the state may convert unused excess accrued leave to a
29 monetary contribution under this section and under IC 5-10-1.1-7.5.

30 SECTION 24. IC 5-10.3-12-1, AS AMENDED BY P.L.54-2013,
31 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 UPON PASSAGE]: Sec. 1. (a) Except as **otherwise** provided in
33 ~~subsection (e)~~, **this section**, this chapter applies to **the following**:

34 **(1)** An individual who:

35 **(A)** on or after the effective date of the plan, ~~(h)~~ becomes for
36 the first time a full-time employee of the state: ~~(as defined in~~
37 ~~IC 5-10.3-7-1(d))~~;

38 ~~(A)~~ **(i)** in a position that would otherwise be eligible for
39 membership in the fund under IC 5-10.3-7; and

40 ~~(B)~~ **(ii)** who is paid by the auditor of state by salary
41 warrants; and

42 ~~(2)~~ **(B)** makes the election described in section 20 of this



- 1 chapter to become a member of the plan.
 2 **(2) An individual:**
 3 **(A) who becomes a full-time employee of a participating**
 4 **political subdivision in a covered position after an**
 5 **ordinance or resolution described in clause (C) that is**
 6 **adopted by the political subdivision has been approved by**
 7 **the board;**
 8 **(B) who would otherwise be eligible for membership in the**
 9 **fund under IC 5-10.3-7; and**
 10 **(C) who is employed by a political subdivision that has**
 11 **elected in an ordinance or resolution adopted under**
 12 **IC 5-10.3-6-1 and approved by the board to require an**
 13 **employee in the covered position to become a member of**
 14 **the plan.**
 15 **(3) An individual:**
 16 **(A) who becomes a full-time employee of a political**
 17 **subdivision in a covered position after an ordinance or**
 18 **resolution described in clause (C) that is adopted by the**
 19 **political subdivision has been approved by the board;**
 20 **(B) who would otherwise be eligible for membership in the**
 21 **fund under IC 5-10.3-7;**
 22 **(C) who is employed by a political subdivision that has**
 23 **elected in an ordinance or resolution adopted under**
 24 **IC 5-10.3-6-1 and approved by the board:**
 25 **(i) to allow an employee in the covered position to**
 26 **become a member of the fund or a member of the plan at**
 27 **the discretion of the employee; and**
 28 **(ii) to require an employee in a covered position to make**
 29 **an election under section 20.5 of this chapter in order to**
 30 **become a member of the plan; and**
 31 **(D) who makes an election under section 20.5 of this**
 32 **chapter to become a member of the plan.**
 33 **(4) An individual:**
 34 **(A) who becomes a full-time employee of a political**
 35 **subdivision in a covered position after an ordinance or**
 36 **resolution described in clause (C) that is adopted by the**
 37 **political subdivision has been approved by the board;**
 38 **(B) who would otherwise be eligible for membership in the**
 39 **fund under IC 5-10.3-7;**
 40 **(C) who is employed by a political subdivision that has**
 41 **elected in an ordinance or resolution adopted under**
 42 **IC 5-10.3-6-1 and approved by the board:**



1 (i) to allow an employee in the covered position to
 2 become a member of the fund or a member of the plan at
 3 the discretion of the employee; and

4 (ii) to require an employee to make an election under
 5 IC 5-10.3-7-1.1 in order to become a member of the
 6 fund; and

7 (D) who does not make an election under IC 5-10.3-7-1.1 to
 8 become a member of the fund.

9 (b) Except as provided in subsection (c), this chapter does not apply
 10 to an individual who, on or after the effective date of the plan:

11 (1) becomes for the first time a full-time employee of the state (~~as~~
 12 ~~defined in IC 5-10.3-7-1(d)~~) in a position that would otherwise be
 13 eligible for membership in the fund under IC 5-10.3-7; and

14 (2) is employed by:

15 (A) a body corporate and politic of the state created by state
 16 statute; or

17 (B) a state educational institution (as defined in
 18 IC 21-7-13-32).

19 (c) The chief executive officer of a body or institution described in
 20 subsection (b) may elect, by submitting a written notice of the election
 21 to the director, to have this chapter apply to individuals who, as
 22 employees of the body or institution, become for the first time full-time
 23 employees of the state (~~as defined in IC 5-10.3-7-1(d)~~) in positions that
 24 would otherwise be eligible for membership in the fund under
 25 IC 5-10.3-7. An election under this subsection is effective on the later
 26 of:

27 (1) the date the notice of the election is received by the director;

28 or

29 (2) March 1, 2013.

30 (d) This chapter does not apply to ~~an individual who:~~ **the following:**

31 (1) **An individual who** ~~before the effective date of the plan;~~ is or
 32 was a member (as defined in IC 5-10.3-1-5) of the fund ~~or before~~
 33 **otherwise becoming eligible to become a member of the plan.**

34 (2) **An individual who:**

35 (A) on or after the effective date of the plan, (~~A~~) except as
 36 provided in subsection (c), becomes for the first time a
 37 full-time employee of the state: (~~as defined in~~
 38 ~~IC 5-10.3-7-1(d)~~);

39 (i) in a position that would otherwise be eligible for
 40 membership in the fund under IC 5-10.3-7; and

41 (ii) who is not paid by the auditor of state by salary warrants;

42 or



1 (B) does not elect to participate in the plan.
 2 (3) **An individual who:**
 3 (A) **is eligible to make the election under IC 5-10.3-7-1.1 to**
 4 **become a member of the fund; and**
 5 (B) **does make the election under IC 5-10.3-7-1.1 to become**
 6 **a member of the fund.**
 7 (4) **An individual who is required to become a member of the**
 8 **fund.**
 9 SECTION 25. IC 5-10.3-12-7.5 IS ADDED TO THE INDIANA
 10 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
 11 [EFFECTIVE JULY 1, 2015]: **Sec. 7.5. As used in this chapter,**
 12 **"employees of the state" has the meaning set forth in IC 5-10.3-7-1.**
 13 SECTION 26. IC 5-10.3-12-8, AS ADDED BY P.L.22-2011,
 14 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 UPON PASSAGE]: Sec. 8. As used in this chapter, "employer" means
 16 the state **or a participating political subdivision.**
 17 SECTION 27. IC 5-10.3-12-12, AS ADDED BY P.L.22-2011,
 18 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 UPON PASSAGE]: Sec. 12. As used in this chapter, "member" means
 20 an individual who has elected **or is required** to participate in the plan.
 21 SECTION 28. IC 5-10.3-12-14.5 IS ADDED TO THE INDIANA
 22 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
 23 [EFFECTIVE UPON PASSAGE]: **Sec. 14.5. As used in this chapter,**
 24 **"participating political subdivision" means a political subdivision**
 25 **which is participating in the plan as specified in IC 5-10.3-6.**
 26 SECTION 29. IC 5-10.3-12-20, AS ADDED BY P.L.22-2011,
 27 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2015]: Sec. 20. (a) **This section applies only to** an individual
 29 who, on or after the effective date of the plan, becomes for the first
 30 time a full-time employee of the state ~~(as defined in IC 5-10.3-7-1(d))~~
 31 in a position that would otherwise be eligible for membership in the
 32 fund under IC 5-10.3-7.
 33 (b) **An individual to whom this section applies** may elect to
 34 become a member of the plan. An election under this section:
 35 (1) must be made in writing;
 36 (2) must be filed with the board, on a form prescribed by the
 37 board; and
 38 (3) is irrevocable.
 39 ~~(b)~~ (c) **An individual who does not elect to become a member of the**
 40 **plan becomes a member (as defined in IC 5-10.3-1-5) of the fund.**
 41 SECTION 30. IC 5-10.3-12-20.5 IS ADDED TO THE INDIANA
 42 CODE AS A **NEW SECTION TO READ AS FOLLOWS**



1 [EFFECTIVE JULY 1, 2015]: **Sec. 20.5. (a) This section applies to an**
 2 **individual described in section 1(a)(3) of this chapter who is**
 3 **otherwise eligible to become a member of the plan.**

4 **(b) An individual described in subsection (a) may elect to**
 5 **become a member of the plan on the date the individual begins the**
 6 **individual's employment in a covered position with a political**
 7 **subdivision that participates in the plan.**

8 **(c) An election under this section:**

9 **(1) must be made in writing;**

10 **(2) must be filed with the board, on a form prescribed by the**
 11 **board; and**

12 **(3) is irrevocable.**

13 **(d) An individual described in subsection (a) who does not elect**
 14 **to become a member of the plan becomes a member (as defined in**
 15 **IC 5-10.3-1-5) of the fund.**

16 SECTION 31. IC 5-10.3-12-21, AS AMENDED BY P.L.35-2012,
 17 SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2015]: Sec. 21. (a) The plan consists of the following:

19 (1) Each member's contributions to the plan under section 23 of
 20 this chapter.

21 (2) Contributions made by an employer to the plan on behalf of
 22 each member under section 24 **or 24.5** of this chapter.

23 (3) Rollovers to the plan by a member under section 29 of this
 24 chapter.

25 (4) All earnings on investments or deposits of the plan.

26 (5) All contributions or payments to the plan made in the manner
 27 provided by the general assembly.

28 (b) The plan shall establish an account for each member. A
 29 member's account consists of two (2) subaccounts credited individually
 30 as follows:

31 (1) The member contribution subaccount consists of:

32 (A) the member's contributions to the plan under section 23 of
 33 this chapter; and

34 (B) the net earnings on the contributions described in clause
 35 (A) as determined under section 22 of this chapter.

36 (2) The employer contribution subaccount consists of:

37 (A) the employer's contributions made on behalf of the
 38 member to the plan under section 24 **or 24.5** of this chapter;
 39 and

40 (B) the earnings on the contributions described in clause (A)
 41 as determined under section 22 of this chapter.

42 The board may combine the two (2) subaccounts established under this



1 subsection into a single account, if the board determines that a single
2 account is administratively appropriate and permissible under
3 applicable law.

4 (c) If a member makes rollover contributions under section 29 of
5 this chapter, the plan shall establish a rollover account as a separate
6 subaccount within the member's account.

7 SECTION 32. IC 5-10.3-12-23, AS AMENDED BY P.L.5-2014,
8 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
9 UPON PASSAGE]: Sec. 23. (a) Each member's contribution to the plan
10 is equal to three percent (3%) of the member's compensation.

11 **(b) For a member who is an employee of the state**, the state shall
12 pay the member's contribution on behalf of ~~each the member of the~~
13 ~~plan~~ each year.

14 **(c) For a member who is an employee of a political subdivision,**
15 **the political subdivision may pay all or part of the member's**
16 **contribution on behalf of the member.**

17 ~~(b)~~ **(d)** To the extent permitted by the Internal Revenue Code and
18 applicable regulations, a member of the plan may make contributions
19 to the plan in addition to the contribution required under subsection (a).
20 IC 5-10.2-3-2(c) and IC 5-10.2-3-2(d) govern additional contributions
21 made under this subsection.

22 ~~(c)~~ **(e)** Member contributions will be credited to the member's
23 account as specified in IC 5-10.2-3.

24 ~~(d)~~ **(f)** Although designated as employee contributions, the
25 contributions made under subsection ~~(a)~~ **(b)** are picked up and paid by
26 the state as the employer in lieu of the contributions being paid by the
27 employee in accordance with Section 414(h)(2) of the Internal Revenue
28 Code.

29 **(g) Although designated as employee contributions, the**
30 **contributions made under subsection (c) by a political subdivision**
31 **may be picked up and paid by the employer instead of the**
32 **contributions being paid by the employee in accordance with**
33 **Section 414(h)(2) of the Internal Revenue Code.**

34 **(h)** A member may not receive any amounts paid by ~~the state an~~
35 **employer** under this section directly instead of having the amounts
36 paid to the plan.

37 SECTION 33. IC 5-10.3-12-24, AS ADDED BY P.L.22-2011,
38 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
39 UPON PASSAGE]: Sec. 24. (a) The state shall make employer
40 contributions to the plan based on the rate determined under this
41 section.

42 (b) The ~~employer's state's~~ contribution rate for the plan ~~shall be is~~



1 equal to the employer's contribution rate for the fund as determined by
 2 the board under IC 5-10.2-2-11(b). The amount credited from the
 3 employer's contribution rate to the member's account shall not be
 4 greater than the normal cost of the fund. Any amount not credited to the
 5 member's account shall be applied to the unfunded accrued liability of
 6 the fund as determined under IC 5-10.2-2-11(a)(3) and
 7 IC 5-10.2-2-11(a)(4).

8 (c) The state's minimum contribution under this section is equal to
 9 three percent (3%) of the compensation of all members of the plan **who**
 10 **are employees of the state.**

11 (d) The state shall submit the employer contributions determined
 12 under this section as provided in IC 5-10.2-2-12.5.

13 SECTION 34. IC 5-10.3-12-24.5 IS ADDED TO THE INDIANA
 14 CODE AS A NEW SECTION TO READ AS FOLLOWS
 15 [EFFECTIVE UPON PASSAGE]: **Sec. 24.5. (a) A participating**
 16 **political subdivision shall make employer contributions to the plan**
 17 **based on the rate determined under this section.**

18 (b) A participating political subdivision's contribution rate for
 19 the plan is equal to the sum of:

- 20 (1) the contribution rate determined by the participating
 21 political subdivision under IC 5-10.3-6-1(c); and
 22 (2) the sum, for each member employed by the participating
 23 political subdivision, of:

24 (A) the member's additional contribution to the plan under
 25 section 23(d) of this chapter; multiplied by

26 (B) the participating political subdivision's matching rate
 27 determined under IC 5-10.3-6-1(d).

28 (c) For each employee of a participating political subdivision,
 29 the amount credited to the member's account is the part of the
 30 employer's contribution determined under subsection (b) that is
 31 attributable to the member's compensation and the member's
 32 additional contributions.

33 (d) A participating political subdivision shall submit the
 34 employer contributions determined under this section as provided
 35 in IC 5-10.2-2-12.5.

36 SECTION 35. IC 5-10.3-12-25, AS AMENDED BY P.L.6-2012,
 37 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 UPON PASSAGE]: Sec. 25. (a) Member contributions and net
 39 earnings on the member contributions in the member contribution
 40 subaccount belong to the member at all times and do not belong to ~~the~~
 41 ~~state.~~ **any employer.**

42 (b) A member is vested in the employer contribution subaccount in



1 accordance with the following schedule:
 2 Years of participation in the Vested percentage of
 3 plan employer contributions
 4 and earnings
 5 1 20%
 6 2 40%
 7 3 60%
 8 4 80%
 9 5 100%

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

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

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

16 (e) If a member separates from service with the **state member's**
 17 **employer** before the member is fully vested in the employer
 18 contribution subaccount, the amount in the employer contribution
 19 subaccount that is not vested is forfeited as of the date the member
 20 separates from service.

21 (f) Amounts forfeited under subsection (e) must be used to reduce
 22 the ~~state's~~ unfunded accrued liability of the fund as determined under
 23 IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

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

26 SECTION 36. IC 5-10.3-12-31, AS ADDED BY P.L.22-2011,
 27 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 UPON PASSAGE]: Sec. 31. (a) If a member of the plan separates from
 29 employment with the **state member's employer** and later returns to
 30 **state** employment in a position covered by the plan:
 31 **(1) the member resumes the member's participation in the**
 32 **plan; and**
 33 **(2) the member is entitled to receive credit for the member's years**
 34 **of participation in the plan before the member's separation.**
 35 However, any amounts forfeited by the member under section 25(e) of
 36 this chapter may not be restored to the member's account.

37 ~~(b) An individual who elected under section 20 of this chapter to~~
 38 ~~become a member of the plan resumes membership in the plan upon~~
 39 ~~the individual's return to state employment.~~
 40 ~~(c) An individual who~~ **(b) If a member (as defined in**
 41 **IC 5-10.3-1-5) of the fund separates from employment with the**
 42 **member's employer and later returns to employment in a position**



1 covered by the fund, did not elect to become a member of the plan
 2 individual resumes the membership member's participation in the
 3 fund.

4 (c) An individual who returns to state employment having had
 5 an opportunity to make an election under section 20 of this chapter
 6 during an earlier period of state employment is not entitled to a second
 7 opportunity to make an election under section 20 of this chapter.

8 SECTION 37. IC 5-10.5-4-4 IS ADDED TO THE INDIANA CODE
 9 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
 10 **UPON PASSAGE]: Sec. 4. (a) This section applies after December**
 11 **31, 2015.**

12 (b) **Members and beneficiaries of the public pension and**
 13 **retirement funds of the system may receive monthly benefits only**
 14 **by direct deposit or another method approved by the board.**

15 SECTION 38. IC 21-38-3-3, AS AMENDED BY P.L.3-2008,
 16 SECTION 146, IS AMENDED TO READ AS FOLLOWS
 17 [EFFECTIVE UPON PASSAGE]: Sec. 3. The board of trustees of Ball
 18 State University may define the duties and provide compensation for
 19 faculty and staff of the university. **Subject to IC 5-10.2-2-20 and**
 20 **IC 5-10.2-2-21**, the authority of the board under this section includes
 21 the authority to establish fringe benefit programs, including retirement
 22 benefits, that may be supplemental to, or instead of, state retirement
 23 programs for teachers or other public employees as authorized by law.

24 SECTION 39. IC 21-38-3-4, AS ADDED BY P.L.2-2007,
 25 SECTION 279, IS AMENDED TO READ AS FOLLOWS
 26 [EFFECTIVE UPON PASSAGE]: Sec. 4. The board of trustees of
 27 Indiana University may:

28 (1) elect a president, the professors, and other officers for Indiana
 29 University as necessary and prescribe the duties and salaries of
 30 those positions;

31 (2) employ other persons as necessary; and

32 (3) **subject to IC 5-10.2-2-20 and IC 5-10.2-2-21**, establish
 33 programs of fringe benefits and retirement benefits for Indiana
 34 University's officers, faculty, and other employees that may be
 35 supplemental to, or instead of, state retirement programs
 36 established by statute for public employees.

37 SECTION 40. IC 21-38-3-5, AS ADDED BY P.L.2-2007,
 38 SECTION 279, IS AMENDED TO READ AS FOLLOWS
 39 [EFFECTIVE UPON PASSAGE]: Sec. 5. The board of trustees of
 40 Indiana State University may prescribe the duties and provide the
 41 compensation, including retirement and other benefits, of the faculty,
 42 administration, and employees of Indiana State University. **The**



1 **authorization under this section to provide retirement benefits to**
 2 **the faculty, administration, and employees of Indiana State**
 3 **University is subject to IC 5-10.2-2-20 and IC 5-10.2-2-21.**

4 SECTION 41. IC 21-38-3-7, AS ADDED BY P.L.169-2007,
 5 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 UPON PASSAGE]: Sec. 7. The board of trustees of Ivy Tech
 7 Community College may do the following:

8 (1) Develop a statewide salary structure and classification system,
 9 including provisions for employee group insurance, employee
 10 benefits, and personnel policies.

11 (2) Employ the chief administrator of each region.

12 (3) Authorize the chief administrator of a region to employ the
 13 necessary personnel for the region, determine qualifications for
 14 positions, and fix compensation for positions in accordance with
 15 statewide policies established under subdivision (1).

16 **The authorizations under this section to provide for employee**
 17 **benefits and compensation are subject to IC 5-10.2-2-20 and**
 18 **IC 5-10.2-2-21.**

19 SECTION 42. IC 21-38-3-8, AS ADDED BY P.L.2-2007,
 20 SECTION 279, IS AMENDED TO READ AS FOLLOWS
 21 [EFFECTIVE UPON PASSAGE]: Sec. 8. The board of trustees of
 22 Purdue University may elect all professors and teachers, removable at
 23 the board's pleasure; fix and regulate compensations, including
 24 programs of fringe benefits and retirement benefits that may be
 25 supplemental to or in lieu of state retirement programs established by
 26 statute for public employees. **The authorization to provide**
 27 **retirement benefits under this section is subject to IC 5-10.2-2-20**
 28 **and IC 5-10.2-2-21.**

29 SECTION 43. IC 21-38-3-9, AS ADDED BY P.L.2-2007,
 30 SECTION 279, IS AMENDED TO READ AS FOLLOWS
 31 [EFFECTIVE UPON PASSAGE]: Sec. 9. The University of Southern
 32 Indiana may employ a faculty and staff for the university, define the
 33 duties of the faculty and staff, and provide compensation for the faculty
 34 and staff, including a program of fringe benefits and a program of
 35 retirement benefits that may supplement or supersede the state
 36 retirement programs established by statute for teachers or other public
 37 employees. **The authorization to provide retirement benefits under**
 38 **this section is subject to IC 5-10.2-2-20 and IC 5-10.2-2-21.**

39 SECTION 44. IC 21-38-3-11, AS ADDED BY P.L.2-2007,
 40 SECTION 279, IS AMENDED TO READ AS FOLLOWS
 41 [EFFECTIVE UPON PASSAGE]: Sec. 11. The board of trustees of
 42 Vincennes University may elect and appoint persons of suitable



1 learning and talents to be president and professors of Vincennes
 2 University and, **subject to IC 5-10.2-2-20 and IC 5-10.2-2-21**, agree
 3 with them for their salaries and emoluments. The board of trustees shall
 4 appoint a president to preside over and govern Vincennes University.

5 SECTION 45. IC 21-38-7-3, AS ADDED BY P.L.2-2007,
 6 SECTION 279, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE UPON PASSAGE]: Sec. 3. **Subject to IC 5-10.2-2-20**
 8 **and IC 5-10.2-2-21**, a state educational institution may establish a
 9 retirement benefit system for the employees of the state educational
 10 institution.

11 SECTION 46. IC 36-8-8-11.5, AS AMENDED BY P.L.35-2012,
 12 SECTION 125, IS AMENDED TO READ AS FOLLOWS
 13 [EFFECTIVE JULY 1, 2015]: Sec. 11.5. (a) **This subsection applies**
 14 **to a fund member who is less than fifty-five (55) years of age on the**
 15 **date on which the fund member retires.** Not less than thirty (30) days
 16 after a fund member retires from a position covered by this chapter, the
 17 fund member may:

18 (1) be rehired by the same unit that employed the fund member in
 19 a position covered by this chapter for a position not covered by
 20 this chapter; and

21 (2) continue to receive the fund member's retirement benefit
 22 under this chapter.

23 **(b) This subsection applies to a fund member who is at least**
 24 **fifty-five (55) years of age on the date on which the fund member**
 25 **retires. In accordance with the federal Pension Protection Act of**
 26 **2006 (P.L.109-280) and unless otherwise prohibited by law, a fund**
 27 **member may:**

28 (1) be rehired by the same unit that employed the fund
 29 member in a position covered by this chapter for a position
 30 not covered by this chapter without a minimum period of
 31 separation from employment; and

32 (2) continue to receive the fund member's retirement benefit
 33 under this chapter.

34 ~~(b)~~ (c) This section may be implemented unless the system board
 35 receives from the Internal Revenue Service a determination that
 36 prohibits the implementation.

37 SECTION 47. **An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 492, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 15, delete "or" and insert "**and**".

Page 1, after line 16, begin a new paragraph and insert:

"SECTION 3. IC 5-10.2-2-6, AS AMENDED BY P.L.35-2012, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. (a) The retirement allowance account of the public employees' retirement fund consists of the retirement fund, exclusive of the annuity savings account. The retirement allowance account also includes any amounts received under ~~IC 5-10.3-12-24(b)~~ **IC 5-10.3-12-24 or IC 5-10.3-12-24.5**. For the public employees' retirement fund, separate accounts within the retirement allowance account shall be maintained for contributions made by each contribution rate group.

(b) The retirement allowance account of the pre-1996 account consists of the pre-1996 account, exclusive of the annuity savings account.

(c) The retirement allowance account of the 1996 account consists of the 1996 account, exclusive of the annuity savings account."

Page 2, line 19, delete "may" and insert "**shall**".

Page 2, between lines 32 and 33, begin a new paragraph and insert:

"(e) If the board determines contributions and contribution rates for one (1) or more employers under this section differ from the contributions and contribution rates determined by the actuarial investigation under section 9 of this chapter, the board shall notify the interim study committee for pension management oversight of this fact by reporting the board's action to the legislative services agency in an electronic format under IC 5-14-6."

Page 3, line 35, delete "members." and insert "**members attributable to service with the withdrawing participating entity.**".

Page 3, line 37, delete "payments determined by the board." and insert "**payments.**".

Page 4, line 1, delete "benefit." and insert "**benefit attributable to service with the withdrawing participating entity.**".

Page 4, line 2, after "payments" insert ".".

Page 4, delete line 3.

Page 4, line 16, after "of" insert "**payments.**".



Page 4, delete line 17.

Page 4, line 24, after "which" insert "**newly hired employees of**".

Page 4, line 27, after "which" insert "**newly hired employees of**".

Page 4, line 31, after "which" insert "**newly hired employees of**".

Page 4, line 34, after "which" insert "**newly hired employees of**".

Page 5, line 28, delete "members." and insert "**members attributable to service with the freezing participating entity. The board shall collaborate with the freezing participating entity by sharing the actuarial method and report.**".

Page 5, line 29, after "payments" insert ".".

Page 5, delete line 30.

Page 5, line 39, after "payments" insert ".".

Page 5, delete line 40.

Page 6, line 4, after "entity." insert "**In addition, the freezing participating entity must contribute to the fund the amount the board determines is necessary to fund fully the benefits attributable to service with the freezing participating entity that are vested or will become vested and are not expected to be fully funded through the continuing contributions under section 11 of this chapter during the duration of their employment with the freezing participating entity. The contribution by the freezing participating entity must be made in a lump sum or in a series of payments.**".

Page 6, delete lines 33 through 42, begin a new paragraph and insert:

"SECTION 8. IC 5-10.2-2-23 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 23. If any provision of this article, IC 5-10.3, or IC 5-10.4 allows the state as an employer to make an election or take discretionary action, the election or discretionary action shall be taken by the following entities, as applicable:**

(1) **The governor, if the election or discretionary action involves an elected officer, appointed officer, or employee of the executive branch.**

(2) **The legislative council, if the election or discretionary action involves a senator, a representative, or an employee of the legislative branch.**

(3) **The chief justice of the supreme court, if the election or discretionary action involves:**

(A) **a justice;**

(B) **a judge;**



- (C) a prosecuting attorney;
- (D) an officer paid by the state under IC 33-23-5-10, IC 33-38-5-7, or IC 33-39-6-2; or
- (E) an employee of the judicial branch of state government."

Page 7, delete lines 1 through 30.

Page 9, between lines 24 and 25, begin a new paragraph and insert:

"SECTION 11. IC 5-10.3-6-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. As used in this chapter, "plan" refers to the public employees' defined contribution plan under IC 5-10.3-12.**

SECTION 12. IC 5-10.3-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) ~~By ordinance or resolution of~~ The governing body of a political subdivision may **adopt an ordinance or resolution** specifying ~~by a~~ departmental, occupational, or other definable classification ~~the of~~ employees:

- (1) who ~~will~~ **are required to** become members of the fund;
- (2) **who are required to become members of the plan; or**
- (3) **who may each elect whether to become members of the fund or members of the plan.**

A political subdivision may become a participant in the fund **or the plan, or both, as applicable**, if the ordinance or resolution is filed with and approved by the board.

(b) **An ordinance or resolution adopted under subsection (a) that includes a provision described under subsection (a)(3) may also include one (1) of the following provisions:**

- (1) **If an employee who may elect whether to become a member of the fund or a member of the plan does not make an election under IC 5-10.3-7-1.1, the employee becomes a member of the plan.**
- (2) **If an employee who may elect whether to become a member of the fund or a member of the plan does not make an election under IC 5-10.3-12-20.5, the employee becomes a member of the fund.**

If an ordinance or resolution adopted under subsection (a) that includes a provision described under subsection (a)(3) does not include either of the provisions described in subdivisions (1) or (2), subdivision (1) applies to the departmental, occupational, or other definable classification of employees that may elect to become members of the fund or members of the plan.

(c) **If an ordinance or resolution adopted under subsection (a)**



includes a provision described under subsection (a)(2) or (a)(3), or both, the ordinance or resolution may include a specification of the political subdivision's contribution rate to the plan as a percentage of each member's compensation. Each year, the political subdivision's contribution rate specified under this subsection must be greater than or equal to zero percent (0%) and may not exceed the percentage that would produce the normal cost for participation in the fund under IC 5-10.2-2-11, if the political subdivision were a participant in the fund. If a provision specifying the political subdivision's contribution rate is not included in the ordinance or resolution, the political subdivision's contribution rate to the plan is zero percent (0%).

(d) If an ordinance or resolution adopted under subsection (a) includes a provision described under subsection (a)(2) or (a)(3), or both, the ordinance or resolution may include a specification of the political subdivision's matching rate that is the percentage of each member's additional contributions to the plan that the political subdivision will match. A political subdivision may specify only:

- (1) zero percent (0%); or
- (2) fifty percent (50%).

If a provision specifying the political subdivision's matching rate is not included in the ordinance or resolution, the political subdivision's matching rate for the plan is zero percent (0%).

(b) (e) A governing body may include in its ordinance or resolution adopted under subsection (a) a determination of the date from which prior service for its employees will be computed. Creditable service for these employees is determined under IC 5-10.3-7-7.5.

(c) (f) The effective date of participation is the earlier of January 1 or July 1 after the date of approval. However, no retirement benefit may be paid until six (6) months after the effective date of participation.

SECTION 13. IC 5-10.3-6-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. (a) This section applies to a third class city or a town.

(b) The clerk-treasurer of a city or town is that city's or town's authorized agent for all matters concerning the fund **and the plan**.

SECTION 14. IC 5-10.3-6-4, AS AMENDED BY P.L.23-2011, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The board shall maintain separate accounts for each contribution rate group. Credits and charges to these accounts shall be made as prescribed in IC 5-10.2-2 **and IC 5-10.3-12, as applicable**.

SECTION 15. IC 5-10.3-6-7, AS AMENDED BY P.L.115-2009,



SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) If the employer or political subdivision fails to make payments required by this chapter, the amount payable may be:

- (1) withheld by the auditor of state from moneys payable to the employer or subdivision and transferred to the fund **or the plan, as applicable**; or
- (2) recovered in a suit in the circuit or superior court of the county in which the political subdivision is located. The suit shall be an action by the state on the relation of the board, prosecuted by the attorney general.

(b) If:

- (1) service credit is verified for a member who has filed an application for retirement benefits; and
- (2) the member's employer at the time the service credit was earned has not made contributions for or on behalf of the member for the service credit;

liability for the unfunded service credit shall be charged against the employer's account and collected by the fund as provided in subsection (a). Processing of a member's application for retirement benefits may not be delayed by an employer's failure to make contributions for the service credit earned by the member while the member was employed by the employer.

(c) If the employer or political subdivision fails to file the reports or records required by this chapter or by IC 5-10.3-7-12.5, the auditor of state shall:

- (1) withhold the penalty described in IC 5-10.3-7-12.5 from money payable to the employer or the political subdivision; and
- (2) transfer the penalty to the fund **or the plan, as applicable**."

Page 10, line 20, delete "." and insert "**attributable to service with the withdrawing political subdivision**."

Page 10, line 28, delete "." and insert "**attributable to service with the withdrawing political subdivision**."

Page 11, line 21, after "which" insert "**newly hired employees of**".

Page 11, line 24, after "which" insert "**newly hired employees of**".

Page 11, line 28, after "which" insert "**newly hired employees of**".

Page 11, line 31, after "which" insert "**newly hired employees of**".

Page 12, line 19, delete "members." and insert "**members attributable to service with the freezing political subdivision**."

Page 12, line 36, after "subdivision." insert "**In addition, the freezing political subdivision must contribute to the fund the amount the board determines is necessary to fund fully the benefits**



attributable to service with the freezing political subdivision that are vested, or will become vested, and are not anticipated to be fully funded through the continuing contributions under IC 5-10.2-2-11 during the duration of their employment with the freezing political subdivision. The contribution by the freezing participating entity must be made in a lump sum or in a series of payments determined by the board."

Page 13, delete lines 21 through 42.

Delete pages 14 through 15.

Page 16, delete lines 1 through 3.

Page 18, line 1, delete "or of a".

Page 18, line 2, delete "participating political subdivision in a covered position".

Page 18, between lines 8 and 9, begin a new paragraph and insert:

"(f) An individual:

- (1) who becomes a full-time employee of a political subdivision in a covered position after June 30, 2015;**
- (2) who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board to require an employee in the covered position to become a member of the fund; and**
- (3) who is not excluded from membership under section 2 of this chapter;**

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

(g) An individual:

- (1) who becomes a full-time employee of a political subdivision in a covered position after June 30, 2015;**
- (2) who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board:**
 - (A) to allow an employee in the covered position to become a member of the fund or a member of the public employee's defined contribution plan at the discretion of the employee; and**
 - (B) to require an employee in a covered position to make an election under IC 5-10.3-12-20.5 in order to become a member of the plan;**
- (3) who does not make an election under IC 5-10.3-12-20.5 to become a member of the public employees' defined contribution plan; and**
- (4) who is not excluded from membership under section 2 of**



this chapter;
becomes a member of the fund on the date the individual's employment begins.

(h) An individual:

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

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

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

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

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

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

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

Page 18, delete lines 9 through 26, begin a new paragraph and insert:

"SECTION 20. IC 5-10.3-7-1.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1.1. (a) An individual:**

(1) who becomes a full-time employee of the state (as defined in section 1 of this chapter) after June 30, 2015; and

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

may elect to become a member of the fund.

(b) An individual:

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

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

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

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



(3) who is not excluded from membership under section 2 of this chapter;
may elect to become a member of the fund.

(c) An election under this section:

(1) must be made in writing on a form prescribed by the board;

(2) must be filed with the board; and

(3) is irrevocable.

(d) An individual who:

(1) is eligible to make the election under this section; and

(2) does not make the election;

becomes a member of the public employees' defined contribution plan.

SECTION 21. IC 5-10.3-7-7.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7.5. Notwithstanding IC 5-10.2-3-1, for the purpose of computing benefits the creditable service of a member covered by an ordinance or resolution adopted by a political subdivision's governing body under ~~IC 5-10.3-6-1(b)~~ **IC 5-10.3-6-1(e)** excludes all service with the political subdivision before the prior service credit date contained in the resolution. However, service with the political subdivision before the prior service credit date shall be considered for the purpose of determining eligibility for benefits."

Page 18, line 31, delete "IC 5-10.3-6, IC 5-10.3-6.5," and insert "IC 5-10.3-6".

Page 18, line 42, after "IC 5-10.3-6-7" insert ";".

Page 18, line 42, delete "or".

Page 19, line 1, delete "IC 5-10.3-6.5-8;".

Page 19, line 5, after "IC 5-10.3-6-7" insert ".".

Page 19, line 5, delete "or IC 5-10.3-6.5-8."

Page 19, line 13, after "IC 5-10.2-2-11" insert ",".

Page 19, line 14, delete "or".

Page 19, line 14, delete ";" and insert ", **or IC 5-10.3-12-24.5;**".

Page 21, delete lines 2 through 42, begin a new paragraph and insert:

"SECTION 24. IC 5-10.3-12-1, AS AMENDED BY P.L.54-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Except as **otherwise** provided in ~~subsection (e)~~, **this section**, this chapter applies to **the following**:

(1) An individual who:

(A) on or after the effective date of the plan ~~(†)~~ and before July 1, 2015, becomes for the first time a full-time employee



of the state: ~~(as defined in IC 5-10.3-7-1(d))~~:

~~(A)~~ (i) in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

~~(B)~~ (ii) who is paid by the auditor of state by salary warrants; and

~~(2)~~ (B) makes the election described in section 20 of this chapter to become a member of the plan.

(2) An individual who:

(A) after June 30, 2015, becomes for the first time a full-time employee of the state:

(i) in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

(ii) who is paid by the auditor of state by salary warrants; and

(B) does not make the election under IC 5-10.3-7-1.1 to become a member of the fund.

(3) An individual:

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

(B) who would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

(C) who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board to require an employee in the covered position to become a member of the plan.

(4) An individual:

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

(B) who would otherwise be eligible for membership in the fund under IC 5-10.3-7;

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

(i) to allow an employee in the covered position to become a member of the fund or a member of the plan at the discretion of the employee; and

(ii) to require an employee in a covered position to make an election under section 20.5 of this chapter in order to become a member of the plan; and

(D) who makes an election under section 20.5 of this



chapter to become a member of the plan.

(5) An individual:

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

(B) who would otherwise be eligible for membership in the fund under IC 5-10.3-7;

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

(i) to allow an employee in the covered position to become a member of the fund or a member of the plan at the discretion of the employee; and

(ii) to require an employee to make an election under IC 5-10.3-7-1.1 in order to become a member of the fund; and

(D) who does not make an election under IC 5-10.3-7-1.1 to become a member of the fund.

(b) Except as provided in subsection (c), this chapter does not apply to an individual who, on or after the effective date of the plan:

(1) becomes for the first time a full-time employee of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

(2) is employed by:

(A) a body corporate and politic of the state created by state statute; or

(B) a state educational institution (as defined in IC 21-7-13-32).

(c) The chief executive officer of a body or institution described in subsection (b) may elect, by submitting a written notice of the election to the director, to have this chapter apply to individuals who, as employees of the body or institution, become for the first time full-time employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in positions that would otherwise be eligible for membership in the fund under IC 5-10.3-7. An election under this subsection is effective on the later of:

(1) the date the notice of the election is received by the director; or

(2) March 1, 2013.

(d) This chapter does not apply to ~~an individual who:~~ **the following:**

(1) **An individual who before the effective date of the plan, is or was a member (as defined in IC 5-10.3-1-5) of the fund or before otherwise becoming eligible to become a member of the plan.**



(2) An individual who:

(A) on or after the effective date of the plan **and before July 1, 2015**, ~~(A)~~ except as provided in subsection (c), becomes for the first time a full-time employee of the state: ~~(as defined in IC 5-10.3-7-1(d))~~:

(i) in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

(ii) who is not paid by the auditor of state by salary warrants;
or

(B) does not elect to participate in the plan.

(3) An individual who:

(A) is eligible to make the election under IC 5-10.3-7-1.1 to become a member of the fund; and

(B) does make the election under IC 5-10.3-7-1.1 to become a member of the fund.

(4) An individual who is required to become a member of the fund."

Delete page 22.

Page 23, delete lines 1 through 3.

Page 23, line 20, delete "IC 5-10.3-6.5." and insert "**IC 5-10.3-6.**".

Page 23, between lines 35 and 36, begin a new paragraph and insert:

"SECTION 30. IC 5-10.3-12-20.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 20.5. (a) This section applies to an individual described in section 1(a)(4) of this chapter who is otherwise eligible to become a member of the plan.**

(b) An individual described in subsection (a) may elect to become a member of the plan on the date the individual begins the individual's employment in a covered position with a political subdivision that participates in the plan.

(c) An election under this section:

(1) must be made in writing;

(2) must be filed with the board, on a form prescribed by the board; and

(3) is irrevocable.

(d) An individual described in subsection (a) who does not elect to become a member of the plan becomes a member (as defined in IC 5-10.3-1-5) of the fund.

SECTION 31. IC 5-10.3-12-21, AS AMENDED BY P.L.35-2012, SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 21. (a) The plan consists of the following:

(1) Each member's contributions to the plan under section 23 of



this chapter.

(2) Contributions made by an employer to the plan on behalf of each member under section 24 **or 24.5** of this chapter.

(3) Rollovers to the plan by a member under section 29 of this chapter.

(4) All earnings on investments or deposits of the plan.

(5) All contributions or payments to the plan made in the manner provided by the general assembly.

(b) The plan shall establish an account for each member. A member's account consists of two (2) subaccounts credited individually as follows:

(1) The member contribution subaccount consists of:

(A) the member's contributions to the plan under section 23 of this chapter; and

(B) the net earnings on the contributions described in clause (A) as determined under section 22 of this chapter.

(2) The employer contribution subaccount consists of:

(A) the employer's contributions made on behalf of the member to the plan under section 24 **or 24.5** of this chapter; and

(B) the earnings on the contributions described in clause (A) as determined under section 22 of this chapter.

The board may combine the two (2) subaccounts established under this subsection into a single account, if the board determines that a single account is administratively appropriate and permissible under applicable law.

(c) If a member makes rollover contributions under section 29 of this chapter, the plan shall establish a rollover account as a separate subaccount within the member's account."

Page 24, line 2, delete "or state educational institution".

Page 24, line 18, delete "or a state educational institution".

Page 24, delete lines 24 through 42, begin a new paragraph and insert:

"SECTION 33. IC 5-10.3-12-24, AS ADDED BY P.L.22-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 24. (a) The state shall make employer contributions to the plan based on the rate determined under this section.

(b) The ~~employer's state's~~ contribution rate for the plan ~~shall be is~~ equal to the employer's contribution rate for the fund as determined by the board under IC 5-10.2-2-11(b). The amount credited from the employer's contribution rate to the member's account shall not be



greater than the normal cost of the fund. Any amount not credited to the member's account shall be applied to the unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(c) The state's minimum contribution under this section is equal to three percent (3%) of the compensation of all members of the plan **who are employees of the state.**

(d) The state shall submit the employer contributions determined under this section as provided in IC 5-10.2-2-12.5.

SECTION 34. IC 5-10.3-12-24.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 24.5. (a) A participating political subdivision shall make employer contributions to the plan based on the rate determined under this section.**

(b) A participating political subdivision's contribution rate for the plan is equal to the sum of:

(1) the contribution rate determined by the participating political subdivision under IC 5-10.3-6-1(c); and

(2) the sum, for each member employed by the participating political subdivision, of:

(A) the member's additional contribution to the plan under section 23(b) of this chapter; multiplied by

(B) the participating political subdivision's matching rate determined under IC 5-10.3-6-1(d).

(c) For each employee of a participating political subdivision, the amount credited to the member's account is the part of the employer's contribution determined under subsection (b) that is attributable to the member's compensation and the member's additional contributions.

(d) A participating political subdivision shall submit the employer contributions determined under this section as provided in IC 5-10.2-2-12.5."

Page 25, delete lines 1 through 3.

Page 28, between lines 20 and 21, begin a new paragraph and insert:

"SECTION 46. IC 36-8-8-11.5, AS AMENDED BY P.L.35-2012, SECTION 125, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 11.5. (a) This subsection applies to a fund member who is less than fifty-five (55) years of age on the date on which the fund member retires.** Not less than thirty (30) days after a fund member retires from a position covered by this chapter, the fund member may:

(1) be rehired by the same unit that employed the fund member in



a position covered by this chapter for a position not covered by this chapter; and

(2) continue to receive the fund member's retirement benefit under this chapter.

(b) This subsection applies to a fund member who is at least fifty-five (55) years of age on the date on which the fund member retires. In accordance with the federal Pension Protection Act of 2006 (P.L.109-280) and unless otherwise prohibited by law, a fund member may:

(1) be rehired by the same unit that employed the fund member in a position covered by this chapter for a position not covered by this chapter without a minimum period of separation from employment; and

(2) continue to receive the fund member's retirement benefit under this chapter.

~~(b)~~ (c) This section may be implemented unless the system board receives from the Internal Revenue Service a determination that prohibits the implementation."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass and be reassigned to the Senate Committee on Appropriations.

(Reference is to SB 492 as introduced.)

BOOTS, Chairperson

Committee Vote: Yeas 8, Nays 1.

COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 492, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 3, line 15, after "section" delete "," and insert "":

**(1) "fund" means the public employees' retirement fund; and
(2)".**

Page 5, line 8, delete "is" and insert "are".

Page 5, line 11, delete "is" and insert "are".

Page 5, line 16, delete "is" and insert "are".

Page 5, line 19, delete "is" and insert "are".

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Page 5, between lines 30 and 31, begin a new line block indented and insert:

"(3) "Fund" means the public employees' retirement fund."

Page 6, line 23, after "entity." insert **"The board shall collaborate with the freezing participating entity by sharing the actuarial method and report."**

Page 6, line 37, after "entity." insert **"The board shall collaborate with the freezing participating entity by sharing the actuarial method and report."**

Page 7, line 8, after "the" insert **"public employees' retirement"**.

Page 7, line 10, after "the" insert **"public employees' retirement"**.

Page 10, line 11, delete "A" and insert **"An ordinance or resolution adopted by the governing body of a political subdivision under this subsection that specifies the departmental, occupational, or other definable classification of employees who are required under subdivision (2) to become members of the plan or who may under subdivision (3) elect whether to become members of the fund or plan may not take effect before January 2, 2016. A"**.

Page 10, line 28, delete "(1)" and insert "(2)".

Page 10, line 33, delete "may" and insert **"shall"**.

Page 11, line 4, delete "may" and insert **"shall"**.

Page 14, line 11, delete "(b)." and insert **"(b)(1), (b)(2), or (b)(3)."**

Page 14, line 15, after "subdivision" insert **"that did not take an action described in this subsection before the effective date of this section"**.

Page 14, line 15, after "may" insert **"adopt an ordinance or resolution, which may not be effective before January 2, 2016, to"**.

Page 14, line 16, after "date" delete ":" and insert **"(which may not be before January 2, 2016):"**.

Page 14, line 19, delete "is" and insert **"are"**.

Page 14, line 22, delete "is" and insert **"are"**.

Page 14, line 24, after "date" delete ":" and insert **"(which may not be before January 2, 2016):"**.

Page 14, line 27, delete "is" and insert **"are"**.

Page 14, line 30, delete "is" and insert **"are"**.

Page 14, line 34, after "date" insert **"(which may not be before January 2, 2016)"**.

Page 15, line 18, after "subdivision." insert **"The board shall collaborate with the freezing political subdivision by sharing the actuarial method and report."**

Page 15, line 27, after "subdivision." insert **"The board shall collaborate with the freezing political subdivision by sharing the**



actuarial method and report."

Page 15, line 41, after "subdivision." insert **"The board shall collaborate with the freezing political subdivision by sharing the actuarial method and report."**

Page 17, line 30, delete "Any" and insert **"Except as otherwise provided, any"**.

Page 17, line 32, delete "and before July 1, 2015,".

Page 18, delete lines 24 through 31.

Page 18, line 32, delete "(f)" and insert **"(e)"**.

Page 19, line 1, delete "(g)" and insert **"(f)"**.

Page 19, line 3, delete "June 30, 2015;" and insert **"an ordinance or resolution described in subdivision (2) that is adopted by the political subdivision has been approved by the board;"**.

Page 19, line 21, delete "(h)" and insert **"(g)"**.

Page 19, line 23, delete "June 30, 2015;" and insert **"an ordinance or resolution described in subdivision (2) that is adopted by the political subdivision has been approved by the board;"**.

Page 19, delete line 42.

Page 20, delete lines 1 through 5.

Page 20, line 7, delete "June 30, 2015;" and insert **"an ordinance or resolution described in subdivision (2) that is adopted by the political subdivision has been approved by the board;"**.

Page 20, line 19, delete "(c)" and insert **"(b)"**.

Page 20, line 24, delete "(d)" and insert **"(c)"**.

Page 23, line 17, after "plan" insert ",".

Page 23, line 17, delete "and before".

Page 23, line 18, delete "July 1, 2015,".

Page 23, delete lines 26 through 34.

Page 23, line 35, delete "(3)" and insert **"(2)"**.

Page 24, line 4, delete "(4)" and insert **"(3)"**.

Page 24, line 6, delete "June 30, 2015;" and insert **"an ordinance or resolution described in clause (C) that is adopted by the political subdivision has been approved by the board;"**.

Page 24, line 20, delete "(5)" and insert **"(4)"**.

Page 24, line 22, delete "June 30, 2015;" and insert **"an ordinance or resolution described in clause (C) that is adopted by the political subdivision has been approved by the board;"**.

Page 25, line 20, delete "and before July" and insert ",".

Page 25, line 21, delete "1, 2015,".

Page 26, line 14, delete "and before July 1, 2015," and insert ",".



Page 26, line 29, delete "1(a)(4)" and insert "**1(a)(3)**".

Page 29, line 10, delete "23(b)" and insert "**23(d)**".

and when so amended that said bill do pass.

(Reference is to SB 492 as printed January 30, 2015.)

KENLEY, Chairperson

Committee Vote: Yeas 10, Nays 0.

SENATE MOTION

Madam President: I move that Senate Bill 492 be amended to read as follows:

Page 24, line 4, delete "June 30," and insert "**an ordinance or resolution described in clause (C) that is adopted by the political subdivision has been approved by the board;**".

Page 24, delete line 5.

(Reference is to SB 492 as printed February 6, 2015.)

BOOTS

