

SENATE BILL No. 250

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-1-14-15; IC 5-10.2; IC 5-10.3; IC 5-10.4; IC 5-11-20-6.

Synopsis: Pension matters. Modifies the definition of "average of the annual compensation" for a member of the public employees' retirement fund (PERF) who retires after December 31, 2026. Specifies that compensation received in contemplation of retirement is excluded from the average of the annual compensation for particular members of PERF and the Indiana state teachers' retirement fund (TRF). Provides that a specified monthly pension benefit provided to a member of PERF whose creditable service was earned only as an elected official may not be less than \$180. Repeals a provision requiring the board of trustees of the Indiana public retirement system (board) to maintain separate accounts for each unit of local government. Provides that amounts forfeited under the public employees defined contribution plan must be used as determined by the board. (Current law requires these amounts to be used to reduce the unfunded accrued liability of PERF.) Specifies a process by which a fully vested member of the public employees' defined contribution plan or the teachers' defined contribution plan may irrevocably elect to participate in PERF or TRF, as applicable. Modifies the information that must be included in a delinquency notice to a delinquent political subdivision. Specifies that a delinquent political subdivision may not be required to make a presentation to the interim study committee on pension management oversight more than one time within a three year period. Makes conforming amendments. (The introduced version of this bill was prepared by the interim study committee on pension management oversight.)

Effective: Upon passage; July 1, 2025.

Buchanan, Rogers

January 13, 2025, read first time and referred to Committee on Pensions and Labor.



First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

SENATE BILL No. 250

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-1-14-15, AS AMENDED BY P.L.146-2008,
2 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2025]: Sec. 15. (a) Before July 1, 2008, a county or
4 municipality may issue bonds, notes, or other obligations for the
5 purpose of providing funds to pay pension benefits under IC 36-8-6,
6 IC 36-8-7, or IC 36-8-7.5.
7 (b) Notwithstanding any other law:
8 (1) bonds, notes, or other obligations issued for the purpose
9 described in this section may have a final maturity date up to, but
10 not exceeding, forty (40) years from the date of original issuance;
11 **and**
12 (2) the amount of bonds, notes, or other obligations that may be
13 issued for the purpose described in this section may not exceed
14 two percent (2%) of the true tax value of property located within
15 the county or municipality. ~~and~~
16 ~~(3) the proceeds of bonds, notes, or other obligations issued for~~
17 ~~the purpose described in this section may be deposited to the~~



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

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

6 SECTION 2. IC 5-10.2-4-3, AS AMENDED BY P.L.2-2007,
 7 SECTION 93, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2025]: Sec. 3. (a) **This subsection applies to a member who**
 9 **retires before January 1, 2027.** Except as provided in subsection ~~(f)~~;
 10 **(h)**, in computing the retirement benefit for a nonteacher member,
 11 "average of the annual compensation" means the average annual
 12 compensation calculated using the twenty (20) calendar quarters of
 13 service in a position covered by the retirement fund before retirement
 14 in which the member's annual compensation was the highest. However,
 15 in order for a quarter to be included in the twenty (20) calendar
 16 quarters, the nonteacher member must have performed service
 17 throughout the calendar quarter. All twenty (20) calendar quarters ~~do~~
 18 **need not have to** be continuous but they must be in groups of four (4)
 19 consecutive calendar quarters. The same calendar quarter may not be
 20 included in two (2) different groups.

21 **(b) This subsection applies to a member who retires after**
 22 **December 31, 2026. This subsection does not apply to a teacher**
 23 **member described in subsection (d) or (e). Except as provided in**
 24 **subsection (h), in computing the retirement benefit for a**
 25 **nonteacher member, "average of the annual compensation" means**
 26 **average annual compensation calculated using the greater of the**
 27 **following:**

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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



1 **January 1, 2027.** Compensation of not more than two thousand dollars
 2 (\$2,000) received from the employer in contemplation of the member's
 3 retirement, including severance pay, termination pay, retirement bonus,
 4 or commutation of unused sick leave or personal leave, may be
 5 included in the total annual compensation from which the average of
 6 the annual compensation is determined, if it is received:

7 (1) before the member ceases service; or

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

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

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

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

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

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

21 SECTION 3. IC 5-10.2-4-3.2 IS ADDED TO THE INDIANA
 22 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 23 [EFFECTIVE JULY 1, 2025]: **Sec. 3.2. (a) This section applies to the**
 24 **calculation of the average of the annual compensation under**
 25 **section 3 of this chapter.**

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

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

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

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

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

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

35 **(1) retires after December 31, 2026; and**

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

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

40 **(d) For purposes of this section, a year must begin on January**
 41 **1 or July 1.**

42 SECTION 4. IC 5-10.2-5-43, AS ADDED BY P.L.12-2008,



1 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2025]: Sec. 43. (a) The pension portion (plus postretirement
3 increases to the pension portion) provided by employer contributions
4 of the monthly benefit payable after December 31, 2008, to a member
5 of the public employees' retirement fund (or to a survivor or beneficiary
6 of a member of the public employees' retirement fund) who retired or
7 was disabled before January 1, 2008, shall be increased by:

8 (1) two percent (2%) for members who retired after December 31,
9 1999; and

10 (2) two and one-half (2.5%) percent for members who retired
11 before January 1, 2000.

12 (b) In addition to any other cost of living increase provided under
13 this chapter, the pension portion (plus postretirement increases to the
14 pension portion) provided by employer contributions of the monthly
15 benefit payable after December 31, 2008, to a member of the public
16 employees' retirement fund (or to a survivor or beneficiary of a member
17 of the public employees' retirement fund) who:

18 (1) is a retired member of the fund; ~~with at least ten (10) years of~~
19 ~~creditable service and~~

20 (2) **has attained vested status (as defined in IC 5-10.2-1-8);**
21 may not be less than one hundred eighty dollars (\$180).

22 (c) ~~Subsection (b) does not apply to a member of the public~~
23 ~~employees' retirement fund (or to a survivor or beneficiary of a member~~
24 ~~of the public employees' retirement fund) whose creditable service was~~
25 ~~earned only as an elected official.~~

26 (d) (c) The increases specified in this section:

27 (1) are based on the date of the member's latest retirement or
28 disability;

29 (2) do not apply to benefits payable in a lump sum; and

30 (3) are in addition to any other increase provided by law.

31 SECTION 5. IC 5-10.3-7-1, AS AMENDED BY P.L.92-2019,
32 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
33 JULY 1, 2025]: Sec. 1. (a) This section does not apply to:

34 (1) members of the general assembly; or

35 (2) employees covered by section 3 of this chapter.

36 (b) As used in this section, "employees of the state" includes:

37 (1) employees of the judicial circuits whose compensation is paid
38 from state funds;

39 (2) elected and appointed state officers;

40 (3) prosecuting attorneys and deputy prosecuting attorneys of the
41 judicial circuits, whose compensation is paid in whole or in part
42 from state funds, including participants in the prosecuting



- 1 attorneys retirement fund established under IC 33-39-7;
 2 (4) employees in the classified service;
 3 (5) employees of any state department, institution, board,
 4 commission, office, agency, court, or division of state government
 5 receiving state appropriations and having the authority to certify
 6 payrolls from appropriations or from a trust fund held by the
 7 treasurer of state or by any department;
 8 (6) employees of any state agency that is a body politic and
 9 corporate;
 10 (7) except as provided under IC 5-10.5-7-4, employees of the
 11 board of trustees of the Indiana public retirement system;
 12 (8) persons who:
 13 (A) are employed by the state;
 14 (B) have been classified as federal employees by the United
 15 States Secretary of Agriculture; and
 16 (C) are excluded from coverage as federal employees by the
 17 federal Social Security program under 42 U.S.C. 410;
 18 (9) the directors and employees of county offices of family and
 19 children; and
 20 (10) members and employees of the state lottery commission.
 21 (c) An employee of the state or of a participating political
 22 subdivision who:
 23 (1) became a full-time employee of the state or of a participating
 24 political subdivision in a covered position; and
 25 (2) had not become a member of the fund;
 26 before April 1, 1988, shall on April 1, 1988, become a member of the
 27 fund unless the employee is excluded from membership under section
 28 2 of this chapter.
 29 (d) Except as otherwise provided, any individual who becomes a
 30 full-time employee of the state or of a participating political
 31 subdivision in a covered position after March 31, 1988, becomes a
 32 member of the fund on the date the individual's employment begins
 33 unless the individual is excluded from membership under section 2 of
 34 this chapter.
 35 (e) An individual:
 36 (1) who becomes a full-time employee of a political subdivision
 37 in a covered position after June 30, 2015;
 38 (2) who is employed by a political subdivision that has elected in
 39 an ordinance or resolution adopted under IC 5-10.3-6-1 and
 40 approved by the board to require an employee in the covered
 41 position to become a member of the fund; and
 42 (3) who is not excluded from membership under section 2 of this



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

4 (f) An individual:

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

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

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

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

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

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

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

26 (g) An individual:

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

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

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

37 (B) to require an employee to make an election under section
 38 1.1 of this chapter in order to become a member of the fund;

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

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



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

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

6 SECTION 6. IC 5-10.3-11-3, AS AMENDED BY P.L.27-2019,
7 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2025]: Sec. 3. The pension relief fund may be used only for
9 making payments to cities, counties, towns, and townships, referred to
10 as "units of local government" in this chapter, having pension funds
11 established under IC 18-1-12, IC 19-1-18, IC 19-1-24, IC 19-1-25-4,
12 IC 19-1-30, IC 19-1-37, or IC 19-1-44 (all before their repeal), and
13 paying reasonable administrative expenses approved by the state board.
14 Payments received by the units may be used only for

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

16 or

17 (2) withdrawals under section 6 of this chapter.

18 SECTION 7. IC 5-10.3-11-6 IS REPEALED [EFFECTIVE JULY
19 1, 2025]. Sec. 6: (a) The state board shall maintain separate accounts
20 for each unit of local government for purposes of this section. The
21 accounts are separate and distinct accounts within the public
22 employees' retirement fund and the pension relief fund.

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

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

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

29 (3) Direct the state board at any time to pay from the unit's
30 separate account all or a part of either or both of the following:

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

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

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

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

42 Years of participation in the Vested percentage of



1		plan	employer contributions
2			and earnings
3		1	20%
4		2	40%
5		3	60%
6		4	80%
7		5	100%
8	For purposes of vesting in the employer contribution subaccount, only		
9	a member's full years of participation in the plan may be counted.		
10	(c) The amount that a member may withdraw from the member's		
11	account is limited to the vested portion of the account.		
12	(d) A member who attains normal retirement age is fully vested in		
13	all amounts in the member's account.		
14	(e) If a member separates from service with the member's employer		
15	before the member is fully vested in the employer contribution		
16	subaccount, the amount in the employer contribution subaccount that		
17	is not vested is forfeited as of the date the member separates from		
18	service.		
19	(f) Amounts forfeited under subsection (e) must be used to reduce		
20	the unfunded accrued liability of the fund as determined under		
21	IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4); as determined by the		
22	board.		
23	(g) A member may not earn creditable service (as defined in		
24	IC 5-10.2-3-1(a)) under the plan.		
25	SECTION 9. IC 5-10.3-12-27, AS AMENDED BY P.L.86-2018,		
26	SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE		
27	JULY 1, 2025]: Sec. 27. (a) For purposes of this section, "member"		
28	includes an individual who makes an election to participate in the		
29	fund under section 33 of this chapter.		
30	(a) (b) If a member dies:		
31	(1) while in service in a position covered by the plan but not in		
32	the line of duty; or		
33	(2) after terminating service in a position covered by the plan but		
34	before withdrawing the member's account;		
35	to the extent that the member is vested, the member's account shall be		
36	paid to the beneficiary or beneficiaries designated by the member on		
37	a form prescribed by the board. The amount paid shall be valued as		
38	provided in IC 5-10.2-2-3 and IC 5-10.2-2-4 (expired). The board shall		
39	invest the total amount in the member's account in the stable value fund		
40	not later than thirty (30) days after receiving notification of a member's		
41	death.		
42	(b) (c) If there is no properly designated beneficiary, or if no		



1 beneficiary survives the member, the member's account shall be paid
2 to:

- 3 (1) the surviving spouse of the member;
4 (2) if there is not a surviving spouse, the surviving dependent or
5 dependents of the member in equal shares; or
6 (3) if there is not a surviving spouse or dependent, the member's
7 estate.

8 ~~(c)~~ **(d)** The beneficiary or beneficiaries designated under subsection
9 ~~(a)~~ **(b)** or a survivor determined under subsection ~~(b)~~ **(c)** may elect to
10 have the member's account paid as:

- 11 (1) a lump sum;
12 (2) a direct rollover to another eligible retirement plan; or
13 (3) a monthly annuity in accordance with rules of the board.

14 A monthly annuity is an option only on or after the beneficiary or
15 survivor attains sixty-two (62) years of age. The board shall establish
16 the forms of annuity by rule, in consultation with the board's actuary.
17 Further, the board may establish a minimum account balance or a
18 minimum monthly payment amount that is required in order for a
19 beneficiary or survivor to select the monthly annuity option.

20 ~~(d)~~ **(e)** If a member dies in the line of duty while in service in a
21 covered position, the designated beneficiary or beneficiaries or the
22 surviving spouse or dependents, as applicable, are entitled to payment
23 of the member's account as provided in this section. In addition, if the
24 member was not fully vested in the employer contribution subaccount,
25 the account is deemed to be fully vested for purposes of withdrawal
26 under this section.

27 SECTION 10. IC 5-10.3-12-33 IS ADDED TO THE INDIANA
28 CODE AS A NEW SECTION TO READ AS FOLLOWS
29 [EFFECTIVE JULY 1, 2025]: **Sec. 33. (a) This section applies**
30 **notwithstanding sections 20, 20.3, 20.5, and 31 of this chapter.**

31 **(b) An employer that participates in the fund may allow a**
32 **member who is fully vested in the employer contribution**
33 **subaccount under section 25(b) of this chapter to make an election**
34 **to participate in the fund.**

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

- 37 **(1) The election must be made:**
38 **(A) within a time; and**
39 **(B) in a form and manner;**
40 **approved by the board.**
41 **(2) An employee who makes an election:**
42 **(A) becomes a member of the fund; and**



- 1 **(B) is no longer a member of the plan;**
 2 **on the date described in IC 5-10.3-7-1(h).**
 3 **(3) The election is irrevocable.**
 4 **(d) A member who does not make an election under subsection**
 5 **(b) remains a member of the plan. The failure to make an election**
 6 **under subsection (b) is irrevocable.**
 7 SECTION 11. IC 5-10.4-4-1, AS AMENDED BY P.L.104-2022,
 8 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2025]: Sec. 1. (a) The members of the fund include:
 10 (1) legally qualified and regularly employed teachers in the public
 11 schools;
 12 (2) persons employed by a governing body, who were qualified
 13 before their election or appointment;
 14 (3) legally qualified and regularly employed teachers at Ball State
 15 University, Indiana State University, University of Southern
 16 Indiana, and Vincennes University;
 17 (4) legally qualified and regularly employed teachers in a state
 18 educational institution whose teachers devote their entire time to
 19 teaching;
 20 (5) legally qualified and regularly employed teachers in state
 21 benevolent, charitable, or correctional institutions;
 22 (6) legally qualified and regularly employed teachers in an
 23 experimental school in a state university who teach elementary or
 24 high school students;
 25 (7) as determined by the board, certain instructors serving in a
 26 state educational institution extension division not covered by a
 27 state retirement law;
 28 (8) employees and officers of the department of education and of
 29 the fund who were qualified before their election or appointment;
 30 (9) a person who:
 31 (A) is employed as a nurse appointed under IC 20-34-3-6 by a
 32 school corporation located in a city having a population of more
 33 than sixty-nine thousand (69,000) and less than sixty-nine
 34 thousand five hundred (69,500); and
 35 (B) participated in the fund before December 31, 1991, in the
 36 position described in clause (A); and
 37 (10) persons who are employed by the fund.
 38 (b) Teachers in any state institution who accept the benefits of a
 39 state supported retirement benefit system comparable to the fund's
 40 benefits may not come under the fund unless permitted by law or the
 41 rules of the board.
 42 (c) The members of the fund do not include substitute teachers who



1 have not obtained an associate degree or a baccalaureate degree.

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

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

8 SECTION 12. IC 5-10.4-8-13, AS ADDED BY P.L.217-2017,
9 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2025]: Sec. 13. (a) **For purposes of this section, "member"**
11 **includes an individual who makes an election to participate in the**
12 **fund under section 18 of this chapter.**

13 ~~(a)~~ (b) If a member dies:

14 (1) while in service in a position covered by the plan; or

15 (2) after terminating service in a position covered by the plan but
16 before withdrawing the member's account;

17 to the extent that the member is vested, the member's account shall be
18 paid to the beneficiary or beneficiaries designated by the member on
19 a form prescribed by the board. The amount paid must be valued as
20 provided in IC 5-10.2-2-3. The board shall invest the total amount in
21 the member's account in the stable value fund not later than thirty (30)
22 days after receiving notification of a member's death.

23 ~~(b)~~ (c) If there is no properly designated beneficiary, or if no
24 beneficiary survives the member, the member's account shall be paid
25 to:

26 (1) the surviving spouse of the member;

27 (2) if there is not a surviving spouse, the surviving dependent or
28 dependents of the member in equal shares; or

29 (3) if there is not a surviving spouse or dependent, the member's
30 estate.

31 ~~(c)~~ (d) The beneficiary or beneficiaries designated under subsection
32 ~~(a)~~ (b) or a survivor determined under subsection ~~(b)~~ (c) may elect to
33 have the member's account paid as:

34 (1) a lump sum;

35 (2) a direct rollover to another eligible retirement plan; or

36 (3) a monthly annuity in accordance with rules of the board.

37 A monthly annuity is an option only on or after the date the beneficiary
38 or survivor becomes sixty-two (62) years of age. The board shall
39 establish the forms of annuity by rule, in consultation with the board's
40 actuary. ~~Further,~~ The board may establish a minimum account balance
41 or a minimum monthly payment amount that is required in order for a
42 beneficiary or survivor to select the monthly annuity option.



1 SECTION 13. IC 5-10.4-8-18 IS ADDED TO THE INDIANA
 2 CODE AS A NEW SECTION TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2025]: **Sec. 18. (a) This section applies**
 4 **notwithstanding sections 6 and 17 of this chapter.**

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

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

10 **(1) The election must be made:**

11 **(A) within a time; and**

12 **(B) in a form and manner;**

13 **approved by the board.**

14 **(2) An employee who makes an election under subsection (b):**

15 **(A) becomes a member of the fund; and**

16 **(B) is no longer a member of the plan;**

17 **on the date described in IC 5-10.4-4-1(e).**

18 **(3) The election is irrevocable.**

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

22 SECTION 14. IC 5-11-20-6, AS ADDED BY P.L.129-2024,
 23 SECTION 8 AND P.L.136-2024, SECTION 5, IS AMENDED TO
 24 READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 6. (a) On or
 25 before June 15 of each year, the system shall send a delinquency notice
 26 to a delinquent political subdivision. The delinquency notice must
 27 inform the delinquent political subdivision ~~that:~~ **of the following:**

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

30 **(A) received less than ~~ninety-five percent (95%)~~ of the**
 31 **actuarially determined contribution for **at least three (3) out of****
 32 **the **last five (5)** immediately preceding fiscal ~~year, years,~~ as**
 33 **determined by the system or its agent; or**

34 **(B) was less than fifty percent (50%) funded at any time during**
 35 **the immediately preceding fiscal year, as determined by the**
 36 **system or its agent. ~~and~~**

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

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



1 retirement plan described in subsection (a). **However, a delinquent**
2 **political subdivision may not be required to make a presentation**
3 **under this subsection more than one (1) time within a three (3)**
4 **year period.**

5 SECTION 15. **An emergency is declared for this act.**

