

ARTICLE 11. PUBLIC EMPLOYEES' RETIREMENT FUND ADDITIONAL CONTRIBUTIONS

[Rule 1.](#)

Elective Payroll Deductions for Additional Contributions

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[35 IAC 11-1-1](#)

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Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-2](#)

Sec. 1. (a) The purpose of this rule is to provide a pickup of member contributions by participating employers under Section 414(h)(2) of the Internal Revenue Code of 1986 for additional employee contributions made to the member's annuity savings account under [IC 5-10.2-3-2\(c\)](#) and [IC 5-10.2-3-2\(d\)](#). Employers may elect to participate in the pickup of additional employee contributions by a resolution adopting the provisions of this rule.

(b) A member in active covered employment (with an electing employer) who elects to make contributions in addition to and more than the mandatory contributions required under [IC 5-10.2-3-2\(b\)](#) may do so through a binding, irrevocable payroll deduction authorization. The total amount of additional employee contributions, in addition to and more than the mandatory contributions required under [IC 5-10.2-3-2\(b\)](#) that may be made to a member's ASA with respect to a payroll period may not exceed ten percent (10%) of the member's compensation for that payroll period. For example, Tony elects to contribute ten percent (10%) voluntary contributions. Together with Tony's mandatory three percent (3%) contributions, thirteen percent (13%) of Tony's compensation will be contributed into his ASA account.

(c) A member in active covered employment, having executed a binding, irrevocable payroll deduction authorization with respect to any such additional contributions, is not entitled to any option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the board of trustees of the public employees' retirement fund. Such contributions shall be remitted to the public employees' retirement fund in the same manner as all other contributions and shall be credited to the member's annuity savings account. The salary the employer will use to calculate such contributions will be the same as the salary the employer reports to the board of trustees for purposes of determining a member's mandatory contribution and benefit calculation. Such contributions, although designated as employee contributions, will be paid by the employer in lieu of contributions by the employee. The contributions so assumed shall be treated as tax-deferred employer pickup contributions pursuant to Section 414(h)(2) of the Internal Revenue Code, subject to a favorable letter ruling by the Internal Revenue Service.

(d) A member in active covered employment may elect to pay all or part of any additional contribution through payroll deduction. This election is available for two (2) years, beginning on September 1 following the plan year in which the employee completes five (5) years of creditable service and ending on August 31 of the second calendar year following the opening of the election period. The amounts to be deducted and the duration of the deduction shall be specified on the authorization form prescribed by the board, and the amounts and duration shall be irrevocable and binding once made. Prepayment of amounts covered by the authorization is not permitted. However, nothing in this rule shall prevent a member from paying any amounts not covered by the authorization with after-tax dollars, up to the statutory maximum. The investment of the additional contributions shall be made in the same manner and percentage as the investment of the member's mandatory contributions.

(e) If a member terminates and then returns to covered employment with a different employer, when the member has five (5) or more years of creditable service credited or reccredited under Indiana statutes, the member shall be entitled to execute a new binding irrevocable payroll deduction authorization within a two (2) year election period, beginning on September 1 following the plan year in which the employee completes or is reccredited with five (5) years of creditable service and ending on August 31 of the second calendar year following the opening of the election period. If a member terminates and then returns to covered employment with the same employer, the member's binding irrevocable payroll deduction authorization, if any, shall be immediately effective upon rehire.

(f) No payroll deduction shall begin unless and until the active member executes the payroll deduction authorization on a form prescribed by the board, which must be received within the election period defined in subsection (d). The board will send the form to the treasurer or other disbursing officer of the employer. After receiving the binding, irrevocable payroll deduction authorization, the treasurer or other disbursing officer of each employer shall add such contributions to the contributions deducted from the member's regular compensation each pay day. The employer shall treat these deductions as picked up contributions.

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(g) All such payroll deductions, including the amounts and the duration specified, shall be binding and irrevocable upon the member's execution of the prescribed form. A member may execute and submit the payroll deduction authorization with the election period defined in subsection (d), effective as of the next possible payroll date within the election period. However, such deductions will cease only upon any of the following events:

- (1) The member's death.
- (2) The termination of the member's employment.

Distribution of the additional contributions shall be made in the same manner as distributions from the member's annuity savings account. In no event shall the member receive a return of the payroll deductions made under this rule except pursuant to the normal disbursement procedures of [IC 5-10.2](#).

(h) Members with at least five (5) years of creditable service as of June 30, 2003, may elect to make additional contributions to their annuity savings accounts through a payroll deduction pursuant to this provision between September 1, 2003, and August 31, 2005. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 11-1-1; filed Dec 4, 2003, 3:10 p.m.: 27 IR 1164; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#)*)

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