

Indiana Public Retirement System

Proposed Administrative Rule Changes—September 2026 (For consideration by the Board of Trustees at the October 30, 2026 meeting)

35 IAC 1.2-3-13 IS AMENDED TO READ AS FOLLOWS:

35 IAC 1.2-3-13 Purchase of service

Authority: IC 5-10.5-4-2

Affected: IC 5-10.3-7

Sec. 13. (a) Eligible PERF members may purchase service under **IC 5-10.3-7-4.3**, IC 5-10.3-7-4.5, IC 5-10.3-7-4.6, IC 5-10.3-7-4.8, and IC 5-10.3-7-5. .

(b) The cost to purchase such service shall be the total actuarial cost of the service. The fund shall provide the eligible fund member with information with respect to the cost of such service.

(c) The eligible fund member may purchase such service subject to the following:

(1) Service may be purchased in one (1) month increments. The minimum service purchase is one (1) year for a member who elects to purchase service through a finance agreement.

(2) Installment payments are subject to the terms of the finance agreement.

(3) Any such purchase may be made via a direct cash payment, a direct rollover as allowed by statute, or a combination of both.

(4) Any direct rollover may not exceed the actual cost of such service as established by the fund.

(5) Payment may be made in a lump sum or in annual installments for a period not to exceed five (5) years. Any installment may bear interest at the interest rate (defined within this section) effective on the date of the first installment. Any payments are subject to applicable Internal Revenue Service limits, and the fund may limit any payments in a manner necessary to comply with these limits.

(d) In the event of a payment default under the terms of the finance agreement, a partial service credit amount will be determined by INPRS. The partial service credit amount will be based on the payments made as of the date of payment default and the actuarial cost of the service. The minimum amount of partial service credit will be one (1) month. Partial service will be credited in monthly increments. The fund member is not eligible to make service purchase payments after the date of the payment default.

(e) A partial service credit will be determined by INPRS if the service purchase is not completed. The minimum amount of partial service credit will be one (1) month. Service will be credited in monthly increments based on the total payments and the actuarial cost of the service. Payments for a service purchase may not be made after the date of a payment default or the date of separation of employment.

(f) Any interest rate used will be set as determined by INPRS.

(g) A member of the PERF Hybrid Fund who is also a member of the PERF My Choice Plan may purchase and claim years of participation in PERF My Choice as creditable service in the PERF Hybrid Fund subject to the following requirements: (1) The member has at least one year of credited service in the fund; and (2) The member may claim the PERF My Choice years of participation if they have at least ten years of combined credited service in a covered position in the fund; and years of participation in a covered position in the plan. The member may use the service they claim as eligibility service for vesting purposes.

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-3-13](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Nov 19, 2010: [20101208-IR-035100722ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))

35 IAC 1.2-5-5 IS AMENDED TO READ AS FOLLOWS:

35 IAC 1.2-5-5 "Basic salary" or "compensation" defined

Authority: IC 5-10.5-4-2

Affected: IC 5-10.2-4-3; IC 5-10.2-4-3.2; IC 5-10.3-7-11.

Sec. 5. (a) Subject to subsections (b) and (c), "basic salary" or "compensation" means all compensation included as gross income and paid to the employee, as reported on the member's W-2, for covered service by a covered employer, plus the amounts stated in IC 5-10.2-4-3 that are not paid directly to the member. Subject to the limitations described in subsection (b), compensation includes, but is not limited to, vacation pay, sick pay, and employee bonuses. Certain fringe benefits, as defined in Internal Revenue Code Section 132(a), are not included in gross income.

(c) "Basic salary" does not include investment incentive bonus compensation paid under an investment incentive bonus plan or executive director incentive bonus plan established by the INPRS board, and no contributions are to be paid on such compensation.

(d) A member's basic salary or annual compensation must be certified by an official of the employing unit who has knowledge of and access to the records as set forth in IC 5-10.3-7-11. A member may not certify his or her basic salary or annual compensation.

*(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-5](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1082; readopted filed Dec 2, 2001, 12:35 p.m.: 25 IR 1265; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Nov 19, 2010: [20101208-IR-035100722ONA](#); adopted Sep 14, 2012: [20120926-IR-035120542ONA](#); adopted Nov 4, 2016: [20161116-IR-035160500ONA](#); errata filed Jan 16, 2018, 3:12 p.m.: [20180124-IR-035180061ACA](#)) **[35 IAC 14-2-10](#)***

35 IAC 1.3-4-3 IS REPEALED

35 IAC 4-1-1 IS REPEALED

35 IAC 4-3-1 IS REPEALED

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[35 IAC 4-3-4](#) Direct payments of insurance premiums, charitable contributions, or labor organization dues

Authority: [IC 5-10-5.5-3](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10-5.5-23](#)

Sec. 4. (a) Pursuant to [IC 5-10-5.5-23](#), INPRS may only pay insurance premiums directly to a healthcare plan sponsored by the state.

(b) The labor organizations a member may elect are available at INPRS' discretion.

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 4-3-4](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

35 IAC 14-2-10 IS AMENDED TO READ AS FOLLOWS:

35 IAC 14-2-10 Definition of compensation

Authority: IC 5-10.5-4-2

Affected: IC 5-10.2-4-3; IC 5-10.2-4-3.2; IC 5-10.4-5-6

Sec. 10. (a) Subject to subsections (b) and (c), "basic salary" or "annual compensation" means all compensation that is included as gross income as reported on the member's W-2 for covered service by a covered employer, plus the amounts stated in IC 5-10.2-4-3 that are not paid directly to the member.

(b) Unless otherwise required by law, a licensed teacher employed by a school corporation as a teacher and who under a standard teacher contract or separate contract is also employed to provide extracurricular student activities, those activities being generally described as voluntary activities sponsored by the school, for student involvement in public performances, contests, athletic competitions, demonstrations, displays, and club activities, is performing covered employment and compensation for such employment is included as basic salary.

(c) A member's basic salary or annual compensation must be certified by an official of the employing unit who has knowledge of and access to the records. A member may not certify his or her basic salary or annual compensation.

(Board of Trustees of the Indiana Public Retirement System; 35 IAC 14-2-10; filed Oct 5, 1992, 5:00 p.m.: 16 IR 705; filed Jul 26, 2000, 2:48 p.m.: 23 IR 3089; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; filed Apr 8, 2004, 3:23 p.m.: 27 IR 2496; adopted Mar 27, 2007: 20070404-IR-550070200ONA; adopted Nov 19, 2008: 20081126-IR-550080887ONA; adopted Dec 16, 2009: 20100106-IR-50090990ONA; adopted Jun 29, 2012: 20120718-IR-035120397ONA; adopted Sep 14, 2012: 20120926-IR-035120542ONA) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund (550 IAC 2-2-7) to the Board of Trustees of the Indiana Public Retirement System (35 IAC 14-2-10) by P.L.23-2011, SECTION 22, effective July 1, 2011.

35 IAC 14-5-9 IS AMENDED TO READ AS FOLLOWS:

35 IAC 14-5-9 Purchase of service credit

Authority: IC 5-10.5-4-2

Affected: IC 5-10.2-3-1.2; IC 5-10.2-4-10; IC 5-10.4-4 ; IC 5-10.4-4-2.3.

Sec. 9. (a) No additional purchase of service credit can be made once a member's application for retirement has been processed and a retirement benefit is scheduled to be distributed.

(b) A qualified member may only purchase service credit in increments of one-twelfth (1/12) of a year.

(c) A member seeking to purchase service credit must provide documentary evidence that the statutory requirements and the requirements stated herein have been satisfied.

35 IAC 14-5-10 IS AMENDED TO READ AS FOLLOWS:

35 IAC 14-5-10 Purchase of service credit; direct rollover or financial agreement

Authority: IC 5-10.5-4-2

Affected: IC 5-10.2-3-1.2; IC 5-10.4-4;

Sec. 10. (a) Eligible TRF members may purchase service under IC 5-10.2-3-1.2, **IC 5-10.4-4-2.3**, IC 5-10.4-4-4, IC 5-10.4-4-5, IC 5-10.4-4-6, and IC 5-10.4-4-8,

(b) The eligible fund member may purchase such service subject to the following:

(1) Service may be purchased in one (1) month increments. The minimum service purchase is one year for a member who elects to purchase service through a finance agreement.

(2) Installment payments are subject to the terms of the finance agreement.

(3) Any service purchase may be made via a direct cash payment, a direct rollover under IC 5-10.4-4-12, or a combination of both

(4) Any direct rollover may not exceed the actual cost of such service as established by the fund.(5) Payment may be made in a lump sum or in annual installments for a period not to exceed five years. Any installment shall bear interest at the interest rate (defined within this section) effective on the date of the first installment. Any payments are subject to applicable Internal Revenue Service limits, and the fund may limit any payments in a manner necessary to comply with these limits.

(c) In the event of a payment default under the terms of the finance agreement, a partial service credit amount will be determined by INPRS. The partial service credit amount will be based on the payments made as of the date of payment default and the actuarial cost of the service. The minimum amount of partial service credit will be one (1) month. Partial service will be credited in monthly increments. The member has a thirty (30) day grace period from the date of the payment default to restore the missed payment. The member is not eligible to make service purchase payments more than thirty (30) days after the date of the payment default.

(d) Any interest rate used will be set as determined by INPRS.

(e) A member of the TRF Hybrid Fund who is also a member of the TRF MY Choice Plan may purchase and claim years of participation in TRF My Choice as creditable service in the PERF Hybrid Fund subject to the following requirements: (1) The member has at least one year of credited service in the fund; and (2) The member may claim the TRF My

Choice years of participation if they have at least ten years of combined credited service in a covered position in the fund; and years of participation in a covered position in the plan. The member may use the service they claim as eligibility service for vesting purposes.

35 IAC 23-1-2 IS AMENDED TO READ AS FOLLOWS:

35 IAC 23-1-2 Definitions

Authority: IC 5-10.5-4-2; IC 5-10-8.5-11

Affected: IC 5-10-8.5; IC 5-10-8.5-9.7; IC 5-10.3-2; IC 5-10.3-12-14

Sec. 2. The following definitions apply throughout this article, unless the context otherwise clearly requires:

(1) "Claims administrator" means the third party administrator appointed by INPRS to handle the administration of the plan.

(2) "Covered dependent" means:

(A) a surviving spouse legally married to the retired participant on the date of the retired participant's death; or

(B) an unmarried person who is a dependent child of the retired participant as defined under the state's health plans.

(3) "Employer" means:

(A) for an elected officer, appointed officer, or employee of the executive branch of state government who is in a position covered by the plan as described in section 3 of this rule, the state, including any board, commission, department, division, authority, institution, establishment, facility, or governmental unit under the supervision of the state, having a payroll in relation to persons it immediately employs;

(B) for a member of the Indiana general assembly or an employee of the legislative branch of state government:

(i) the president pro tempore of the senate, for a member or an employee of the senate;

(ii) the speaker of the house of representatives, for a member or an employee of the house of representatives; or

(iii) the personnel subcommittee of the legislative council, for an employee of the legislative services agency.

(C) the Indiana supreme court, for a member or employee of the judicial branch of state government, including:

(i) a justice;

(ii) a judge;

(iii) a prosecuting attorney;

(iv) an officer described in section 3(b)(6) of this rule; and

(v) an employee of the judicial branch of state government, including an employee of any board, commission, department, division, authority, institution, establishment, facility, or governmental unit under the supervision of the judicial branch, having a payroll in relation to persons it immediately employs.

(4) “Plan” means the 2027 Retiree Health Benefit Trust which is the successor RMBA Plan effective January 1, 2027.

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 23-1-2](#); adopted Sep 10, 2021: [20210915-IR-035210420ONA](#))