

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 6774

BILL NUMBER: HB 1188

NOTE PREPARED: Dec 23, 2025

BILL AMENDED:

SUBJECT: State Police Pensions.

FIRST AUTHOR: Rep. Davis

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill extends eligibility for supplemental pension benefits and incentive increases to employee beneficiaries of the State Police 1987 Benefit System. (Current law provides eligibility to employee beneficiaries under the State Police Pre-1987 Benefit System.)

The bill also modifies the:

- (1) terms of eligibility for; and
- (2) calculation of; supplemental pension benefits and incentive increases.

It provides that first time payments of and increases to supplemental pension benefits shall be paid or commence beginning in July of each year.

Effective Date: July 1, 2026.

Explanation of State Expenditures: The bill will increase annual state General Fund expenditures for supplemental pension benefits for state police retirees by an estimated \$3.6 M beginning in FY 2027. The increased expenditures would be ongoing and would further increase whenever a change to the state police salary matrix increases sixth year trooper salary.

Additional Information - The state appropriated \$5.45 M in FY 2026 and in FY 2027 for supplemental pension benefits for employee beneficiaries of the State Police Pre-1987 Benefit System. Supplemental pension benefits are paid through state General Fund appropriations and are separate from the State Police Pension Trust. Supplemental benefits are not included in the calculations of unfunded liabilities and funded status of the State Police Pension Trust.

1987 Benefit System: Allowing member beneficiaries of the State Police 1987 Benefit System to receive supplemental pension benefits under the bill would increase annual state General Fund expenditures by an estimated \$3.0 M. Supplemental benefits would be given if the retiree's basic monthly pension amount is less than what a retiree would be eligible for if their average monthly wage was equal to the sixth year trooper salary. In the first year that an individual is eligible for supplemental benefits, they would be eligible for an

amount equal to half of the difference between the two amounts. In future years, if there is an increase in the sixth year trooper salary, they would receive half of the difference in the increase for a sixth year trooper. Additionally, retirees with more than 25 years of service would receive an additional 5% per year increase for each year of service over 25 years of service up to 35 years of service. Any increase to supplemental benefits in one year is carried forward to subsequent years.

Pre-1987 Benefit System: Changing the calculation of supplemental benefits for retirees of the Pre-1987 benefit system from a fourth-year trooper to a six-year trooper would increase annual state General Fund expenditures by an estimated \$0.6 M beginning in FY 2027. Member beneficiaries of the Pre-1987 Benefit System would have their supplemental pension benefits increased in FY 2027 and whenever an increase in supplemental benefits is triggered by an increase in the state police salary for a trooper in the sixth year of service.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana State Police; Treasurer of State.

Local Agencies Affected:

Information Sources: State Police.

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