

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

LS 6204
BILL NUMBER: SB 63

NOTE PREPARED: Nov 19, 2025
BILL AMENDED:

SUBJECT: Thirteenth Check.

FIRST AUTHOR: Sen. Niezgodski
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides for a thirteenth check for certain members, participants, or beneficiaries of the:

- (1) Indiana State Teachers' Retirement Fund (TRF);
- (2) Indiana Public Employees' Retirement Fund (PERF);
- (3) State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (EG&C);
- (4) State Police Pre-1987 Benefit System; and
- (5) State Police 1987 Benefit System.

It provides for a \$50 payment to members of TRF and PERF, and to participants of the EG&C plan.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Summary* - Total state costs for the thirteenth check and the \$50 payments are estimated to be \$37.8 M in FY 2027. The estimated cost for the thirteenth checks and \$50 payments by fund is shown in Table 1. The proposed amount per beneficiary is shown in Table 2.

Thirteenth Checks - State: Total state costs for the thirteenth checks are estimated at \$33.5 M in FY 2027. The thirteenth checks for PERF (state), TRF Pre-'96 (teachers who began teaching prior to July 1, 1995), and EG&C will be paid from the pension funds' pre-funded supplemental reserve accounts (SRAs), which are set up to pre-fund cost-of-living increases (COLAs) and thirteenth checks. The thirteenth checks for the State Police pension retirees and beneficiaries will be paid from the State Police Pension Trust Fund. The State Police Pension Trust receives funding from state General Fund appropriations through the biennial budget process.

\$50 Payments - State: The bill also provides for an additional \$50 payment in FY 2027 to pension benefit recipients of PERF (state), TRF Pre-'96, and EG&C who receive a thirteenth check. The state cost for the \$50 payments is estimated to be \$4.3 M in FY 2027. The \$50 payments will be paid from General Fund appropriations or from the respective pension funds or a combination of the two sources (see Table 1).

The bill does not make an appropriation.

Table 1. State Cost of Thirteenth Checks and \$50 Payments for Pension Recipients in FY 2027				
	Qualified Retirees / Beneficiaries (Approx.)	Thirteenth Checks	\$50 Payments	Total State Cost FY 2027 (in Millions)
PERF (State)	34,500	\$11.9 M	\$1.7 M	\$13.6 M
TRF Pre-'96	50,200	\$20.9 M	\$2.5 M	\$23.5 M
EG&C Fund	300	\$0.1 M	\$0.01 M	\$0.1 M
State Police	1,050	\$0.5 M	--	\$0.5 M
Total (State)	86,050	\$33.5 M	\$4.3 M	\$37.8 M

Note: Funding for the thirteenth checks for PERF, TRF, and the EG&C Fund will come from the Supplemental Reserve Accounts of the respective funds. Funding for the State Police thirteenth check will come from the State Police pension trust. Funding for the \$50 payments will come from state General Fund appropriations, from the respective pension funds, or from a combination of the two sources. Sums may not total due to rounding.

Table 2. Combined Thirteenth Check and \$50 Payment Amounts per Recipient
<p>Payment amount for retirees and beneficiaries of PERF, TRF, and EG&C equal to the following based on creditable years of service:</p> <ul style="list-style-type: none"> • \$200 if 5-9 years of service (applies to disability retirement benefits only); • \$325 if 10-19 years of service; • \$425 if 20-29 years of service; • \$500 if 30 or more years of service. <p>Thirteenth check of 1% of maximum annual pension amount for employee beneficiaries of the State Police Pension Trusts:</p> <ul style="list-style-type: none"> • \$397 for the Pre-1987 State Police Plan. • \$560 for the 1987 State Police Plan.

Additional Information -

Total Costs: The combined state (\$37.8 M) and local (\$32.4 M) expenditures to provide the thirteenth checks and \$50 payments under the bill are estimated at \$70.2 M in FY 2027.

If the full cost of the \$50 payments for all recipients, including the local members of PERF and TRF '96, are paid from a state General Fund appropriation, the total required General Fund appropriation is estimated to be \$8.3 M which includes the combined state (\$4.3 M) and local (\$4.1 M) cost of providing the \$50 payment for members of PERF, TRF, and EG&C.

The estimate is based on pension fund member retiree, disability, and beneficiary data and years of service as of June 30, 2024 and actual thirteenth check payments from October 2025. The estimate was adjusted to account for retirements and disabilities occurring between that date and the eligibility dates laid out in the bill.

Supplemental Reserve Accounts (SRAs): SRAs were established by SEA 373-2018 for PERF, TRF, EG&C,

and the Legislator's Defined Benefit Fund as a way to pre-fund COLAs and thirteenth checks. The SRAs are funded by employer contributions as a surcharge as determined by the INPRS Board, as a percentage of the employers' payroll that is attributable to those employees who are members of PERF, TRF '96, or EG&C.

Beginning on January 1, 2026, the surcharge rates are 0.86% of payroll for PERF employers, 0.41% of payroll for TRF '96 employers, and 1.20% of payroll for EG&C employers. The employer surcharges will increase by an additional 0.1% of payroll in CY 2027. Additionally, \$30 M annually of surplus revenue from the State Lottery Commission is transferred to the SRA to pre-fund thirteenth checks and COLAs for members of the TRF Pre-'96 Fund. The INPRS Board has leeway to use the lottery revenue for other SRAs funds as well, including for members of the Legislators' Defined Benefit Fund.

Workload Impact: INPRS administers the PERF, TRF, and EG&C funds. The State Police and the Treasurer of State's Office administer the State Police Benefit Funds. This bill will increase workload for these agencies to make additional payments to pension benefit recipients. The administrative costs of the funds are paid from the respective funds.

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary* - Total local costs for the thirteenth check and the \$50 payments are estimated to be \$32.4 M in FY 2027.

Thirteenth Checks - Local: The local cost for thirteenth checks is estimated to be \$28.3 M in FY 2027 for the local share of PERF and TRF '96 (teachers who began teaching after June 30, 1995). See Table 2. The thirteenth checks will be paid from the funds' SRAs which are pre-funded by an employer contribution surcharge.

\$50 Payments - Local: The bill also provides for an additional \$50 payment in FY 2027 to pension benefit recipients of PERF (local), TRF '96, and EG&C who receive a thirteenth check. The local cost for the \$50 payments are estimated to be \$4.1 M in FY 2027. The \$50 payments will be paid from either General Fund appropriations or from the respective pension funds or a combination of the two sources (see Table 3). The bill does not make an appropriation.

Table 3. Local Cost for Thirteenth Checks for Pension Recipients for FY 2027				
	Qualified Retirees/Beneficiaries (Approx.)	Thirteenth Checks	\$50 Payments	Total Local Cost FY 2027 (in Millions)
PERF (Local)	68,900	\$23.8 M	\$3.4 M	\$27.3 M
TRF '96	12,600	\$4.5 M	\$0.6 M	\$5.1 M
Total (Local)	81,500	\$28.3 M	\$4.1 M	\$32.4 M

Note: Funding for the thirteenth checks for PERF, TRF, and the EG&C Fund will come from the Supplemental Reserve Accounts of the respective funds. Funding for the \$50 payments will come from state General Fund appropriations, from the respective pension funds, or from a combination of the two sources. Sums may not total due to rounding.

Explanation of Local Revenues:

State Agencies Affected: Indiana Public Retirement System, Indiana State Police, Treasurer of State.

Local Agencies Affected:

Information Sources: INPRS; INPRS. *2024 Comprehensive Annual Financial Report*. <https://www.in.gov/inprs/annualreports.htm>; INPRS, 2024 valuation pension database; Legislative Services Agency. *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2024.