

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

LS 6204

BILL NUMBER: SB 63

NOTE PREPARED: Jan 8, 2026

BILL AMENDED: Jan 8, 2026

SUBJECT: Thirteenth Check.

FIRST AUTHOR: Sen. Niezgodski

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) The bill provides for a thirteenth check in calendar year 2026 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.

Effective Date: July 1, 2026.

Explanation of State Expenditures: (Revised) *Thirteenth Checks - State:* The bill provides a thirteenth check in FY 2027 to beneficiaries of PERF, TRF, EG&C, and the State Police Benefit System. The estimated cost for the thirteenth checks paid to state beneficiaries is \$33.6 M, shown in Table 1. The proposed thirteenth check amounts per beneficiary are shown in Table 2.

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 employee 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. The bill does not make an appropriation to either the State Police Pension Trust or to the State Police SRAs to fund the thirteenth checks for State Police recipients. This will increase the liability of the State Police Pension Trust Funds and reduce the funded status of the State Police pension funds.

Table 1. State Cost of Thirteenth Checks and Number of Beneficiaries for Pension Recipients in FY 2027		
Fund	Qualified Retirees/Beneficiaries (Approximate)	State Costs for Thirteenth Checks
PERF (State) SRA	34,500	\$11.9 M
TRF Pre-'96 SRA	50,200	\$20.9 M
EG&C Fund SRA	300	\$0.2 M
State Police Pension Trusts	1,050	\$0.5 M
Total (State)	86,050	\$33.6 M

Note: Sums may not total due to rounding.

Table 2. Thirteenth Check Amounts per Recipient
<p>Thirteenth check for retirees and beneficiaries of PERF and TRF equal to the following based on creditable years of service:</p> <ul style="list-style-type: none"> • \$150 if 5-9 years of service; • \$275 if 10-19 years of service; • \$375 if 20-29 years of service; • \$450 if 30 or more years of service. <p>Thirteenth check for retirees and beneficiaries of EG&C equal to 1% of maximum annual pension amount for employee beneficiaries of the 1987 State Police Plan:</p> <ul style="list-style-type: none"> • \$560. <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.

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 September 2025. The estimate was adjusted to account for retirements and disabilities occurring between that date and the eligibility dates laid out in the bill.

(Revised) Additional Information -

(Revised) *Total Costs*: The combined state (\$33.6 M) and local (\$28.3 M) expenditures to provide thirteenth checks under the bill are estimated at \$61.9 M.

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.

(Revised) *EG&C Joint and Survivor Option:* Allowing EG&C participants to elect a joint and survivor payment option for their retirement benefits would have no fiscal impact.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Thirteenth Checks - Local:* The estimated local cost for thirteenth checks is shown in Table 3. The thirteenth checks will be paid from the funds’ SRAs which are pre-funded by an employer contribution surcharge.

Table 3. Local Cost of Thirteenth Checks and Number of Beneficiaries for Pension Recipients in FY 2027

Fund	Qualified Retirees/Beneficiaries (Approximate)	Local Costs for Thirteenth Checks
PERF (Local) SRA	68,900	\$23.8 M
TRF ‘96 SRA	12,600	\$4.5 M
Total (Local)	81,500	\$28.3 M

(Revised) *Additional Information* - Beginning on January 1, 2026, the surcharge rates are 0.86% of payroll for PERF employers and 0.41% of payroll for TRF ‘96 employers. The employer surcharges will increase by an additional 0.1% of payroll in CY 2027. The employer contribution rate for PERF is 11.2% of salary. The employer contribution rate for TRF ‘96 is set at 7.1 % of payroll for CY 2026 and 8.1% of payroll for CY 2027.

Explanation of Local Revenues:

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

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; Indiana State Police.

Fiscal Analyst: Camille Tesch, 317-232-5293.