

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

**LS 6341**

**BILL NUMBER:** SB 69

**NOTE PREPARED:** Jan 26, 2026

**BILL AMENDED:** Jan 22, 2026

**SUBJECT:** 1977 Pension and Disability Fund.

**FIRST AUTHOR:** Sen. Rogers

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FIRST SPONSOR:**

**FUNDS AFFECTED:**    **GENERAL**  
                           **DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill increases the lump sum death benefit payable to the heirs or estate of a 1977 Fund ('77 Fund) member. The bill provides that a '77 Fund member may extend their deferred retirement option plan (DROP) retirement date up to 60 months after the member entered the DROP. It makes conforming changes.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:** *Indiana Public Retirement System (INPRS):* INPRS administers the '77 Fund and would have increased workload to make administrative changes. The administrative costs of the '77 Fund are paid from the fund.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *'77 Fund Benefits:* The bill would increase expenditures from the '77 Fund for death benefits. The proposal would increase the present value of future benefits for the '77 Fund by an estimated \$27.7 M. This would increase the unfunded liability of the '77 Fund by \$26.2 M and would reduce the funded status of the '77 Fund by 0.22% percentage points from 88.1% funded to 87.9% funded.

The bill increases the death benefit for members of the '77 Fund from \$12,000 to \$15,000 which would be indexed annually by the percentage increase in the Consumer Price Index (CPI). The lump sum death benefit is payable to the heir or estate of members of the '77 Fund upon their death. Inactive, non-vested members of the '77 Fund with fewer than 20 years of service are not eligible for this benefit.

*Employer Contributions:* The bill would increase expenditures for local employers. The bill would increase the employer contribution rate by an estimated 0.22% of salary—likely beginning in calendar year 2028 since the INPRS board has already set the employer contribution rate for calendar years 2026 (23.3% of salary) and 2027 (26.5% of salary). Based on covered payroll of \$1.24 B for FY 2025, 0.22% of salary is \$2.7 M. The actual increase in expenditures for local employers will depend on future covered payroll.

Additional Information - The fiscal impact of extending the DROP period up to 60 months after the date the member entered the DROP would likely be minimal.

The employer contribution rate is set as a percentage of salary sufficient to cover the actuarially determined contribution rate determined by fund actuaries. Actuaries do this by computing the present value of future benefits. This is the amount required to fund the normal cost (the cost for new service and new pay earned in the current year) as well as an amount to cover any unfunded liability of the fund. The unfunded liability is paid for (amortized) over 20 years through higher employer contributions to the fund.

**Explanation of Local Revenues:** *'77 Fund Benefit:* The bill will increase annual revenue to the '77 Fund from employer contributions. See *Explanation of Local Expenditures: Employer Contributions*.

**State Agencies Affected:** Indiana Public Retirement System.

**Local Agencies Affected:** Local units with police and fire departments with members in the '77 Fund.

**Information Sources:** CavMac Actuarial Consulting Services, LLC. (2025, October 23.) PD 3152 – 1977 Police Officers' and Firefighters' Retirement Fund Provisions and the Indiana Local Public Safety Pension Relief Fund Funeral Benefits; INPRS.

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