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SENATE BILL No. 69

Proposed Changes to January 9, 2026 printing by AM006903

DIGEST OF PROPOSED AMENDMENT

1977 fund. Removes provisions from the bill that would have increased the: (1) basic monthly pension benefit payable to a member of the 1977 police officers' and firefighters' pension and disability fund (1977 fund) who retires after December 31, 2026, with 20 years of service; and (2) contribution rate of 1977 fund members.

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. ~~<IC 36-8-8-8, AS AMENDED BY P.L.92-2021,~~
2 ~~SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE~~
3 ~~JANUARY 1, 2027]:~~ Sec. 8. (a) Each fund member shall contribute
4 during the period of the fund member's employment or for thirty-two
5 (32) years, whichever is shorter, an amount equal to six percent (6%)
6 ~~eight and sixty-five hundredths percent (8.65%)~~ of the salary of a
7 first class patrolman or firefighter. However, the employer may pay:
8 — (1) ~~with respect to an agreement entered into:~~
9 — (A) ~~before January 1, 2027; or~~
10 — (B) ~~after June 30, 2029;~~
11 — ~~all or a part of the contribution for the member; and~~
12 — (2) ~~with respect to an agreement entered into after December~~
13 ~~31, 2026, but before July 1, 2029:~~
14 — (A) ~~up to six percent (6%) of the contribution for the~~
15 ~~member before July 1, 2029; and~~
16 — (B) ~~all or a part of the contribution for the member after~~
17 ~~June 30, 2029.~~
18 The amount of the contribution, other than contributions paid on behalf

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of a member, shall be deducted each pay period from each fund member's salary by the disbursing officer of the employer. The employer shall send to the system board each year on March 31, June 30, September 30, and December 31, for the calendar quarters ending on those dates, or an alternate date established by the rules of the system board, a certified list of fund members and a warrant issued by the employer for the total amount deducted for fund members' contributions:

— (b) After December 31, 2011, an employer shall submit:

— (1) the list described in subsection (a) in a uniform format through a secure connection over the Internet or through other electronic means specified by the system board; and

— (2) the contributions paid by or on behalf of a member under subsection (a) by electronic funds transfer.

— (c) Except as provided in section 7(n) or 7.2 of this chapter, if a fund member ends the fund member's employment other than by death or disability before the fund member completes twenty (20) years of active service, the system board shall return to the fund member in a lump sum the fund member's contributions plus interest at a rate specified by rule by the system board. If the fund member returns to service, the fund member is entitled to credit for the years of service for which the fund member's contributions were refunded if the fund member repays the amount refunded to the fund member plus interest at a rate specified by rule by the system board in either a lump sum or a series of payments determined by the system board.

— SECTION 2. IC 36-8-8-11, AS AMENDED BY P.L.146-2019, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2027]: Sec. 11. (a) Benefits paid under this section are subject to section 2.5 of this chapter.

— (b) This subsection applies to a fund member who retires before July 1, 2019. Each fund member who qualifies for a retirement benefit payment under section 10(b) of this chapter is entitled to receive a monthly benefit equal to fifty percent (50%) of the monthly salary of a first class patrolman or firefighter in the year the member ended the member's active service plus:

— (1) for a member who retires before January 1, 1986, two percent (2%) of that salary for each full year of active service; or

— (2) for a member who retires after December 31, 1985, one percent (1%) of that salary for each six (6) months of active service;

over twenty (20) years, to a maximum of twelve (12) years.

— (c) This subsection applies to a fund member who retires after

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~~June 30, 2019. Each fund member who qualifies for a retirement benefit payment under section 10(b) of this chapter is entitled to receive a monthly benefit equal to fifty-two percent (52%) of the monthly salary of a first class patrolman or firefighter in the year the member ended the member's active service plus one percent (1%) of that salary for each six (6) months of active service over twenty (20) years, to a maximum of twelve (12) years.~~

~~— (d) This subsection applies to a fund member who retires before July 1, 2019. Each fund member who qualifies for a retirement benefit payment under section 10(c) of this chapter is entitled to receive a monthly benefit equal to fifty percent (50%) of the monthly salary of a first class patrolman or firefighter in the year the member ended the member's active service plus one percent (1%) of that salary for each six (6) months of active service over twenty (20) years, to a maximum of twelve (12) years, all actuarially reduced for each month (if any) of benefit payments prior to fifty-two (52) years of age, by a factor established by the fund's actuary from time to time.~~

~~— (e) This subsection applies to a fund member who retires after June 30, 2019. Each fund member who qualifies for a retirement benefit payment under section 10(c) of this chapter is entitled to receive a monthly benefit equal to fifty-two percent (52%) of the monthly salary of a first class patrolman or firefighter in the year the member ended the member's active service plus one percent (1%) of that salary for each six (6) months of active service over twenty (20) years, to a maximum of twelve (12) years, all actuarially reduced for each month (if any) of benefit payments prior to fifty-two (52) years of age, by a factor established by the fund's actuary from time to time.~~

~~— (b) Each fund member who qualifies for a retirement benefit payment under section 10(b) of this chapter is entitled to receive a monthly benefit equal to the following:~~

~~— (1) For a fund member who retires before July 1, 2019, fifty percent (50%) of the monthly salary of a first class patrolman or firefighter in the year the member ended the member's active service plus:~~

~~— (A) for a member who retires before January 1, 1986, two percent (2%) of that salary for each full year of active service; or~~

~~— (B) for a member who retires after December 31, 1985, one percent (1%) of that salary for each six (6) months of active service;~~

~~— over twenty (20) years, to a maximum of twelve (12) years.~~

~~— (2) For a fund member who retires after June 30, 2019, and~~

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before January 1, 2027, fifty-two percent (52%) of the monthly salary of a first class patrolman or firefighter in the year the member ended the member's active service plus one percent (1%) of that salary for each six (6) months of active service over twenty (20) years, to a maximum of twelve (12) years.

— (3) For a fund member who retires after December 31, 2026, fifty-three percent (53%) of the monthly salary of a first class patrolman or firefighter in the year the member ended the member's active service plus one and one-quarter percent (1.25%) of that salary for each six (6) months of active service over twenty (20) years, to a maximum of twelve (12) years.

— (c) Each fund member who qualifies for a retirement benefit payment under section 10(c) of this chapter is entitled to receive a monthly benefit equal to the following:

— (1) For a fund member who retires before July 1, 2019, fifty percent (50%) of the monthly salary of a first class patrolman or firefighter in the year the member ended the member's active service plus one percent (1%) of that salary for each six (6) months of active service over twenty (20) years, to a maximum of twelve (12) years, all actuarially reduced for each month (if any) of benefit payments prior to fifty-two (52) years of age, by a factor established by the fund's actuary from time to time.

— (2) For a fund member who retires after June 30, 2019, and before January 1, 2027, fifty-two percent (52%) of the monthly salary of a first class patrolman or firefighter in the year the member ended the member's active service plus one percent (1%) of that salary for each six (6) months of active service over twenty (20) years, to a maximum of twelve (12) years, all actuarially reduced for each month (if any) of benefit payments prior to fifty-two (52) years of age, by a factor established by the fund's actuary from time to time.

— (3) For a fund member who retires after December 31, 2026, fifty-three percent (53%) of the monthly salary of a first class patrolman or firefighter in the year the member ended the member's active service plus one and one-quarter percent (1.25%) of that salary for each six (6) months of active service over twenty (20) years, to a maximum of twelve (12) years, all actuarially reduced for each month (if any) of benefit payments prior to fifty-two (52) years of age,

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1 ~~by a factor established by the fund's actuary from time to~~
 2 ~~time.~~

3 ~~SECTION 3.~~ IC 36-8-8-16, AS AMENDED BY P.L.28-2008,
 4 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2026]: Sec. 16. (a) Benefits paid under this section are subject
 6 to section 2.5 of this chapter.

7 (b) The heirs or estate of a fund member is entitled to receive at
 8 least ~~twelve thousand dollars (\$12,000)~~ **fifteen thousand dollars**
 9 **(\$15,000)** upon the fund member's death, **adjusted annually by the**
 10 **percentage increase, if any, in the consumer price index as**
 11 **calculated under section 15 of this chapter.**

12 (c) **The board shall annually publish the total benefit payable**
 13 **under this section on the board's website.**

14 SECTION ~~<4>~~ [2]. IC 36-8-8.5-8 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. As used in this
 16 chapter, "DROP retirement date" means the future retirement date
 17 selected by a member at the time the member makes a DROP election
 18 **or extension.**

19 SECTION ~~<5>~~ [3]. IC 36-8-8.5-10.5, AS ADDED BY
 20 P.L.129-2024, SECTION 11 AND P.L.136-2024, SECTION 57, IS
 21 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:
 22 Sec. 10.5. (a) Notwithstanding section 10 of this chapter, a member
 23 that entered the DROP ~~before July 1, 2024~~, and that has not exited the
 24 DROP may elect to extend the member's DROP retirement date up to
 25 sixty (60) months after the member's DROP entry date.

26 (b) A member that makes the election described in subsection (a)
 27 shall notify the member's employer within thirty (30) days of the
 28 election.

29 SECTION ~~<6>~~ [4]. IC 36-8-8.5-14, AS AMENDED BY
 30 P.L.129-2024, SECTION 12 AND P.L.136-2024, SECTION 58, IS
 31 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:
 32 Sec. 14. (a) Subject to subsection (b), a member who enters the DROP
 33 established by this chapter shall exit the DROP at the earliest of:

34 (1) the member's DROP retirement date;

35 (2) **either:**

36 (A) ~~thirty-six (36) months after the member's DROP entry~~
 37 ~~date, if the member:~~

38 (i) ~~executes an election described in section 10 of this~~
 39 ~~chapter before July 1, 2024; and~~

40 (ii) ~~does not execute an extension described in section~~
 41 ~~10.5 of this chapter; or~~

42 (B) ~~sixty (60) months after the member's DROP entry date;~~

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- 1 if the member:
- 2 (i) executes an election described in section 10 of this
- 3 chapter after June 30, 2024; or
- 4 (ii) executes an extension described in section 10.5 of
- 5 this chapter;
- 6 (3) (2) the mandatory retirement age applicable to the member,
- 7 if any; or
- 8 (4) (3) the date the member retires because of a disability as
- 9 provided under section 16.5(d) of this chapter.
- 10 (b) A member of the 1925 fund, the 1937 fund, or the 1953 fund
- 11 who enters the DROP established by this chapter must exit the DROP
- 12 on the date the authority of the board of trustees of the Indiana public
- 13 retirement system to distribute from the pension relief fund established
- 14 under IC 5-10.3-11-1 to units of local government (described in
- 15 IC 5-10.3-11-3) amounts determined under IC 5-10.3-11-4.7 expires. [\[\]](#)

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