

# HOUSE BILL No. 1221

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-10.5-4-8.

**Synopsis:** Pension matters. Requires certain supplemental allowance reserve accounts to pay an annual cost of living adjustment or thirteenth check beginning in 2027. Provides for a thirteenth check in certain years for certain members, participants, or beneficiaries of the: (1) Indiana state teachers' retirement fund; (2) Indiana public employees' retirement fund; (3) state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement plan; (4) state police pre-1987 benefit system; and (5) state police 1987 benefit system.

**Effective:** July 1, 2025.

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## Karickhoff, Smaltz

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January 9, 2025, read first time and referred to Committee on Employment, Labor and Pensions.

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First Regular Session of the 124th General Assembly (2025)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2024 Regular Session of the General Assembly.

# HOUSE BILL No. 1221

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 5-10.5-4-8, AS ADDED BY P.L.129-2024,  
2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2025]: Sec. 8. (a) The board shall set the surcharge rates under  
4 IC 5-10.2-12-3 at a level to actuarially prefund:  
5 (1) annual indexed thirteenth checks for all current retired  
6 members and beneficiaries retired before July 1, 2025; and  
7 (2) one percent (1%) annual cost of living adjustments to future  
8 in-payment members and beneficiaries retired on or after July 1,  
9 2025.  
10 (b) The board shall not reduce the surcharge rates under  
11 IC 5-10.2-12-3 from the prior year.  
12 (c) The board may increase the surcharge rates under IC 5-10.2-12-3  
13 by not more than one-tenth percent (0.1%) of payroll from the prior  
14 year.  
15 (d) ~~This section expires December 31, 2029.~~ **Not later than**  
16 **October 1, 2027, and not later than October 1 of each year**  
17 **thereafter, the following supplemental allowance reserve accounts**



1 shall pay a cost of living adjustment or thirteenth check, according  
2 to the framework set forth in subsection (a)(1) and (a)(2), to eligible  
3 members (or to a survivor or beneficiary of a member) or plan  
4 participants (or to a survivor or beneficiary of a plan participant),  
5 whichever is applicable:

- 6 (1) IC 2-3.5-3-2(c) (for the legislators' defined benefit plan).
- 7 (2) IC 5-10.2-2-2(a)(3) (for the public employees' retirement  
8 fund).
- 9 (3) IC 5-10.2-2-2(c)(3) (for the Indiana state teachers'  
10 retirement fund).
- 11 (4) IC 5-10-5.5-4(c) (for the state excise police, gaming agent,  
12 gaming control officer, and conservation enforcement  
13 officers' retirement plan).

14 SECTION 2. [EFFECTIVE JULY 1, 2025] (a) As used in this  
15 SECTION, "fund" refers to the Indiana state teachers' retirement  
16 fund established by IC 5-10.4-2-1.

17 (b) As used in this SECTION, "supplemental allowance reserve  
18 account" refers to the supplemental allowance reserve account  
19 established under IC 5-10.2-2-2(c)(3).

20 (c) Not later than October 1, 2025, the supplemental allowance  
21 reserve account shall pay the amount determined under subsection  
22 (e) to a member of the fund (or to a survivor or beneficiary of a  
23 member) who retired or was disabled on or before December 1,  
24 2024, and who is entitled to receive a monthly benefit on July 1,  
25 2025. The amount is not an increase in the pension portion of the  
26 monthly benefit.

27 (d) After June 30, 2026, and not later than October 1, 2026, the  
28 supplemental allowance reserve account shall pay the amount  
29 determined under subsection (e) to a member of the fund (or to a  
30 survivor or beneficiary of a member) who retired or was disabled  
31 on or before December 1, 2025, and who is entitled to receive a  
32 monthly benefit on July 1, 2026. The amount is not an increase in  
33 the pension portion of the monthly benefit.

34 (e) The amount paid under subsection (c) or (d) to a member of  
35 the fund (or to a survivor or beneficiary of a member) who meets  
36 the requirements of subsection (c) or (d) is determined as follows:

37 If a Member's Creditable	The Amount Is:
38 Service Is:	
39 At least 5 years, but less than 10 years 40 (only in the case of a member receiving 41 disability retirement benefits)	\$150
42 At least 10 years, but less than 20 years	\$275



1           At least 20 years, but less than 30 years           \$375

2           At least 30 years           \$450

3           (f) The creditable service used to determine the amount paid to  
4 a member (or to a survivor or beneficiary of a member) under  
5 subsection (c) or (d) is the creditable service that was used to  
6 compute the member's retirement benefit under IC 5-10.2-4-4,  
7 except that partial years of creditable service may not be used to  
8 determine the amount paid under subsection (c) or (d).

9           (g) If two (2) or more survivors or beneficiaries of a member are  
10 entitled to an amount paid under subsection (c) or (d), the amount  
11 shall be allocated to the survivors or beneficiaries in shares using  
12 the same percentages as the percentages determined under  
13 IC 5-10.2-3-7.5 or IC 5-10.4-4-10 to pay the monthly benefit to the  
14 survivors or beneficiaries.

15           (h) This SECTION applies notwithstanding IC 5-10.2-12-4(b).

16           (i) This SECTION expires January 1, 2027.

17           SECTION 3. [EFFECTIVE JULY 1, 2025] (a) As used in this  
18 SECTION, "fund" refers to the Indiana public employees'  
19 retirement fund established by IC 5-10.3-2-1.

20           (b) As used in this SECTION, "supplemental allowance reserve  
21 account" refers to the supplemental allowance reserve account  
22 established under IC 5-10.2-2-2(a)(3).

23           (c) Not later than October 1, 2025, the supplemental allowance  
24 reserve account shall pay the amount determined under subsection  
25 (e) to a member of the fund (or to a survivor or beneficiary of a  
26 member) who retired or was disabled on or before December 1,  
27 2024, and who is entitled to receive a monthly benefit on July 1,  
28 2025. The amount is not an increase in the pension portion of the  
29 monthly benefit.

30           (d) After June 30, 2026, and not later than October 1, 2026, the  
31 supplemental allowance reserve account shall pay the amount  
32 determined under subsection (e) to a member of the fund (or to a  
33 survivor or beneficiary of a member) who retired or was disabled  
34 on or before December 1, 2025, and who is entitled to receive a  
35 monthly benefit on July 1, 2026. The amount is not an increase in  
36 the pension portion of the monthly benefit.

37           (e) The amount paid under subsection (c) or (d) to a member of  
38 the fund (or to a survivor or beneficiary of a member) who meets  
39 the requirements of subsection (c) or (d) is determined as follows:

40                   If a Member's Creditable                   The Amount Is:

41                                   Service Is:

42                   At least 5 years, but less than 10 years           \$150



1 (only in the case of a member receiving  
2 disability retirement benefits)

3 At least 10 years, but less than 20 years \$275

4 At least 20 years, but less than 30 years \$375

5 At least 30 years \$450

6 (f) The creditable service used to determine the amount paid to  
7 a member (or to a survivor or beneficiary of a member) under  
8 subsection (c) or (d) is the creditable service that was used to  
9 compute the member's retirement benefit under IC 5-10.2-4-4,  
10 except that partial years of creditable service may not be used to  
11 determine the amount paid under subsection (c) or (d).

12 (g) If two (2) or more survivors or beneficiaries of a member are  
13 entitled to an amount paid under subsection (c) or (d), the amount  
14 shall be allocated to the survivors or beneficiaries in shares using  
15 the same percentages as the percentages determined under  
16 IC 5-10.2-3-7.5 or IC 5-10.3-8-15 to pay the monthly benefit to the  
17 survivors or beneficiaries.

18 (h) This SECTION applies notwithstanding IC 5-10.2-12-4(b).

19 (i) This SECTION expires January 1, 2027.

20 SECTION 4. [EFFECTIVE JULY 1, 2025] (a) As used in this  
21 SECTION, "participant" has the meaning set forth in  
22 IC 5-10-5.5-1.

23 (b) As used in this SECTION, "plan" refers to the state excise  
24 police, gaming agent, gaming control officer, and conservation  
25 enforcement officers' retirement plan created by IC 5-10-5.5-2.

26 (c) As used in this SECTION, "supplemental allowance reserve  
27 account" refers to the supplemental allowance reserve account  
28 established under IC 5-10-5.5-4(c).

29 (d) Not later than October 1, 2025, the supplemental allowance  
30 reserve account shall pay the amount determined under subsection  
31 (f) to a plan participant (or to a survivor or beneficiary of a plan  
32 participant) who retired or was disabled on or before December 1,  
33 2024, and who is entitled to receive a monthly benefit on July 1,  
34 2025. The amount is not an increase in the annual retirement  
35 allowance.

36 (e) After June 30, 2026, and not later than October 1, 2026, the  
37 supplemental allowance reserve account shall pay the amount  
38 determined under subsection (f) to a plan participant (or to a  
39 survivor or beneficiary of a plan participant) who retired or was  
40 disabled on or before December 1, 2025, and who is entitled to  
41 receive a monthly benefit on July 1, 2026. The amount is not an  
42 increase in the annual retirement allowance.



1           (f) The amount paid under subsection (d) or (e) to a plan  
2 participant (or to a survivor or beneficiary of a plan participant)  
3 who meets the requirements of subsection (d) or (e) is determined  
4 as follows:

5           **If a Plan Participant's Creditable           The Amount Is:**

6                           **Service Is:**

7           At least 5 years, but less than 10 years           **\$150**

8           (only in the case of a member receiving  
9 disability retirement benefits)

10          At least 10 years, but less than 20 years           **\$275**

11          At least 20 years, but less than 30 years           **\$375**

12          At least 30 years           **\$450**

13          (g) The creditable service used to determine the amount paid to  
14 a plan participant (or to a survivor or beneficiary of a plan  
15 participant) under subsection (d) or (e) is the creditable service  
16 that was used to compute the plan participant's retirement  
17 allowance under IC 5-10-5.5-10 and IC 5-10-5.5-12, except that  
18 partial years of creditable service may not be used to determine the  
19 amount paid under subsection (d) or (e).

20          (h) If two (2) or more survivors or beneficiaries of a plan  
21 participant are entitled to an amount paid under subsection (d) or  
22 (e), the amount shall be allocated to the survivors or beneficiaries  
23 in shares using the same percentages as the percentages  
24 determined under IC 5-10-5.5-16 to pay the monthly benefit to the  
25 survivors or beneficiaries.

26          (i) This SECTION applies notwithstanding IC 5-10.2-12-4(b).

27          (j) This SECTION expires January 1, 2027.

28          SECTION 5. [EFFECTIVE JULY 1, 2025] (a) As used in this  
29 SECTION, "trustee" has the meaning set forth in IC 10-12-1-10.

30          (b) As used in this SECTION, "trust fund" has the meaning set  
31 forth in IC 10-12-1-11.

32          (c) Not later than October 1, 2025, the trustee shall pay from the  
33 trust fund to each employee beneficiary of the state police pre-1987  
34 benefit system covered by IC 10-12-3 who:

35                  (1) retired or was disabled before July 2, 2024; and

36                  (2) is entitled to receive a monthly benefit as of September 1,  
37 2025;

38          an amount equal to one percent (1%) of the maximum basic annual  
39 pension amount payable to a retired state police employee in the  
40 grade of trooper who has completed twenty (20) years of service as  
41 of July 1, 2025, as calculated under IC 10-12-3-7.

42          (d) After September 1, 2026, and not later than October 1, 2026,



1 the trustee shall pay from the trust fund to each employee  
 2 beneficiary of the state police pre-1987 benefit system covered by  
 3 IC 10-12-3 who:

- 4 (1) retired or was disabled before July 2, 2025; and  
 5 (2) is entitled to receive a monthly benefit as of September 1,  
 6 2026;

7 an amount equal to one percent (1%) of the maximum basic annual  
 8 pension amount payable to a retired state police employee in the  
 9 grade of trooper who has completed twenty (20) years of service as  
 10 of July 1, 2026, as calculated under IC 10-12-3-7.

11 (e) The amounts paid under this SECTION are not an increase  
 12 in the monthly pension amount of an employee beneficiary.

13 (f) This SECTION applies notwithstanding IC 5-10.2-12-4(b).

14 (g) This SECTION expires January 1, 2027.

15 SECTION 6. [EFFECTIVE JULY 1, 2025] (a) As used in this  
 16 SECTION, "trustee" has the meaning set forth in IC 10-12-1-10.

17 (b) As used in this SECTION, "trust fund" has the meaning set  
 18 forth in IC 10-12-1-11.

19 (c) Not later than October 1, 2025, the trustee shall pay from the  
 20 trust fund to each employee beneficiary of the state police 1987  
 21 benefit system covered by IC 10-12-4 who:

- 22 (1) retired or was disabled after June 30, 1987, and before  
 23 July 2, 2024; and  
 24 (2) is entitled to receive a monthly benefit as of September 1,  
 25 2025;

26 an amount equal to one percent (1%) of the maximum basic annual  
 27 pension amount payable to a retired state police employee in the  
 28 grade of trooper who has completed twenty-five (25) years of  
 29 service as of July 1, 2025, as calculated under IC 10-12-4-7.

30 (d) After September 1, 2026, and not later than October 1, 2026,  
 31 the trustee shall pay from the trust fund to each employee  
 32 beneficiary of the state police 1987 benefit system covered by  
 33 IC 10-12-4 who:

- 34 (1) retired or was disabled after June 30, 1987, and before  
 35 July 2, 2025; and  
 36 (2) is entitled to receive a monthly benefit as of September 1,  
 37 2026;

38 an amount equal to one percent (1%) of the maximum basic annual  
 39 pension amount payable to a retired state police employee in the  
 40 grade of trooper who has completed twenty-five (25) years of  
 41 service as of July 1, 2026, as calculated under IC 10-12-4-7.

42 (e) The amount paid under this SECTION is not an increase in



- 1 **the monthly pension amount of an employee beneficiary.**
- 2 **(f) This SECTION applies notwithstanding IC 5-10.2-12-4(b).**
- 3 **(g) This SECTION expires January 1, 2027.**

