

HOUSE BILL No. 1261

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-8-8.5.

Synopsis: Deferred retirement option plan. Allows a member of the 1925 police pension fund, 1937 firefighters' pension fund, 1953 police pension fund (Indianapolis), or 1977 police officers' and firefighters' pension and disability fund to withdraw from the deferred retirement option plan (DROP) and make an election to enter the DROP for a second time not earlier than three years after the date the member withdrew from the DROP. Provides that a member may make an election to enter the DROP only twice in the member's lifetime.

Effective: July 1, 2024.

Smith V

January 9, 2024, read first time and referred to Committee on Employment, Labor and Pensions.



Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

HOUSE BILL No. 1261

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 36-8-8.5-10 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 10. A member who
3 elects to enter the DROP shall agree to the following:
4 (1) **Except as provided in subdivision (5)**, the member shall
5 execute an ~~irrevocable~~ election to retire on the DROP retirement
6 date and shall remain in active service until that date.
7 (2) While in the DROP, the member shall continue to make
8 contributions to the applicable fund under the provisions of that
9 fund.
10 (3) The member shall elect a DROP retirement date not less than
11 twelve (12) months and not more than thirty-six (36) months after
12 the member's DROP entry date.
13 (4) The member may not remain in the DROP after the date the
14 member reaches any mandatory retirement age that may apply to
15 the member.
16 **(5) The member may:**
17 **(A) withdraw from the DROP before the DROP retirement**



1 **date; and**
 2 **(B) make an election to enter the DROP for a second time**
 3 **not earlier than three (3) years after the date the member**
 4 **withdrew from the DROP.**
 5 ~~(5)~~ **(6)** The member may make an election to enter the DROP only
 6 ~~once~~ **twice** in the member's lifetime.
 7 SECTION 2. IC 36-8-8.5-10.5 IS ADDED TO THE INDIANA
 8 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 9 [EFFECTIVE JULY 1, 2024]: **Sec. 10.5. If a member makes an**
 10 **election to enter the DROP for a second time as set forth in section**
 11 **10(5) of this chapter, the:**
 12 **(1) DROP entry date; and**
 13 **(2) DROP retirement date;**
 14 **are based on the member's most recent DROP election.**
 15 SECTION 3. IC 36-8-8.5-14, AS AMENDED BY P.L.156-2020,
 16 SECTION 147, IS AMENDED TO READ AS FOLLOWS
 17 [EFFECTIVE JULY 1, 2024]: Sec. 14. (a) Subject to subsection (b), a
 18 member who enters the DROP established by this chapter shall exit the
 19 DROP at the earliest of:
 20 (1) the member's DROP retirement date;
 21 (2) thirty-six (36) months after the member's DROP entry date;
 22 (3) the mandatory retirement age applicable to the member, if
 23 any; ~~or~~
 24 (4) the date the member retires because of a disability as provided
 25 under section 16.5(d) of this chapter; ~~or~~
 26 **(5) the date the member withdraws from the DROP under**
 27 **section 10(5) of this chapter.**
 28 (b) A member of the 1925 fund, the 1937 fund, or the 1953 fund
 29 who enters the DROP established by this chapter must exit the DROP
 30 on the date the authority of the board of trustees of the Indiana public
 31 retirement system to distribute from the pension relief fund established
 32 under IC 5-10.3-11-1 to units of local government (described in
 33 IC 5-10.3-11-3) amounts determined under IC 5-10.3-11-4.7 expires.

