

By: Davis

H.B. No. 3375

A BILL TO BE ENTITLED

AN ACT

relating to certain benefits payable by the public retirement systems for police and fire fighters in certain municipalities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 6.14(e-3) and (e-4), Article 6243a-1, Revised Statutes, are amended to read as follows:

(e-3) The board may by rule allow any person receiving an annuity from the annuitization of a DROP account under this section ~~[a DROP participant who has terminated active service and who is eligible for a retirement pension]~~ to:

(1) assign the distribution from the person's ~~[participant's]~~ annuitized DROP account to a third party provided the pension system receives a favorable private letter ruling from the Internal Revenue Service ruling that such an assignment will not negatively impact the pension system's qualified plan status; and

(2) subject to Subsection (e-4) of this section, in the event of a financial hardship that was not reasonably foreseeable obtain a lump-sum distribution from the person's ~~[participant's]~~ DROP account resulting in a corresponding reduction in the total number or in the amount of annuity payments.

(e-4) The board shall adopt rules necessary to implement Subsection (e-3)(2) of this section, including rules regarding what constitutes a financial hardship for purposes of that subdivision.

1 In adopting the rules, the board shall provide flexibility to  
2 persons receiving an annuity from the annuitization of a DROP  
3 account [~~members~~].

4 SECTION 2. This Act takes effect September 1, 2021.