

1 AN ACT

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

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

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

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

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

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

22 (e-4) The board shall adopt rules necessary to implement
23 Subsection (e-3)(2) of this section, including rules regarding what
24 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.

President of the Senate

Speaker of the House

I certify that H.B. No. 3375 was passed by the House on May 14, 2021, by the following vote: Yeas 145, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3375 was passed by the Senate on May 26, 2021, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor