

By: Davis

H.B. No. 3375

Substitute the following for H.B. No. 3375:

By: Perez

C.S.H.B. No. 3375

A BILL TO BE ENTITLED

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.