

# SENATE BILL No. 160

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 36-8.

**Synopsis:** Local government pensions. Increases the 1977 police officers' and firefighters' pension and disability fund's maximum annual cost of living adjustment from 3% to 5%. Increases the maximum duration that members of certain funds can participate in the deferred retirement option plan from 36 to 60 months.

**Effective:** July 1, 2024.

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## Pol Jr.

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January 8, 2024, read first time and referred to Committee on Pensions and Labor.

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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.

# SENATE BILL No. 160

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 36-8-8-15, AS AMENDED BY P.L.35-2012,  
2 SECTION 134, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2024]: Sec. 15. Each year the system board  
4 shall determine if there has been an increase or decrease in the  
5 consumer price index (United States city average) prepared by the  
6 United States Department of Labor by comparing the arithmetic mean  
7 of the consumer price index for January, February, and March of that  
8 year with the arithmetic mean for the same three (3) months of the  
9 preceding year. If there has been an increase, or a decrease, it shall be  
10 stated as a percentage of the arithmetic mean for the preceding three  
11 (3) month period. The percentage shall be rounded to the nearest  
12 one-tenth of one percent (0.1%) and may not exceed ~~three five~~ percent  
13 (~~3%~~; **5%**). If there is a percentage increase of the arithmetic mean for  
14 the preceding three (3) month period, a fund member's or survivor's  
15 monthly benefit, beginning with the July payment, shall be increased  
16 by an amount equal to the June payment times the percentage increase.  
17 However, a fund member's or survivor's monthly benefit may not be



1 increased under this section until July of the year following the year of  
 2 the first monthly benefit payment to the fund member or survivor. In  
 3 computing a fund member's benefit, the increase is based only on those  
 4 years for which the fund member was eligible for benefit payments  
 5 under this chapter. A monthly benefit may not be reduced if there is a  
 6 percentage decrease of the arithmetic mean for the preceding three (3)  
 7 month period.

8 SECTION 2. IC 36-8-8.5-10 IS AMENDED TO READ AS  
 9 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 10. A member who  
 10 elects to enter the DROP shall agree to the following:

11 (1) The member shall execute an irrevocable election to retire on  
 12 the DROP retirement date and shall remain in active service until  
 13 that date.

14 (2) While in the DROP, the member shall continue to make  
 15 contributions to the applicable fund under the provisions of that  
 16 fund.

17 (3) The member shall elect a DROP retirement date not less than  
 18 twelve (12) months and not more than:

19 (A) thirty-six (36) months after the member's DROP entry  
 20 date, **for a member who executes an election described in**  
 21 **subdivision (1) before July 1, 2024; or**

22 (B) **sixty (60) months after the member's DROP entry date,**  
 23 **for a member who executes an election described in**  
 24 **subdivision (1) after June 30, 2024.**

25 (4) The member may not remain in the DROP after the date the  
 26 member reaches any mandatory retirement age that may apply to  
 27 the member.

28 (5) The member may make an election to enter the DROP only  
 29 once in the member's lifetime.

30 SECTION 3. IC 36-8-8.5-10.7 IS ADDED TO THE INDIANA  
 31 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
 32 [EFFECTIVE JULY 1, 2024]: **Sec. 10.7. Notwithstanding section 10**  
 33 **of this chapter, a member who entered the DROP before July 1,**  
 34 **2024, and who has not exited the DROP may elect to extend the**  
 35 **member's DROP retirement date up to sixty (60) months after the**  
 36 **member's DROP entry date.**

37 SECTION 4. IC 36-8-8.5-14, AS AMENDED BY P.L.156-2020,  
 38 SECTION 147, IS AMENDED TO READ AS FOLLOWS  
 39 [EFFECTIVE JULY 1, 2024]: Sec. 14. (a) Subject to subsection (b), a  
 40 member who enters the DROP established by this chapter shall exit the  
 41 DROP at the earliest of:

42 (1) the member's DROP retirement date;



- 1           (2) **either:**  
 2            (A) thirty-six (36) months after the member's DROP entry  
 3            date, **if the member:**  
 4               (i) **executes an election described in section 10 of this**  
 5               **chapter before July 1, 2024; and**  
 6               (ii) **does not execute an extension described in section**  
 7               **10.7 of this chapter; or**  
 8            (B) **sixty (60) months after the member's DROP entry date,**  
 9            **if the member:**  
 10            (i) **executes an election described in section 10 of this**  
 11            **chapter after June 30, 2024; or**  
 12            (ii) **executes an extension described in section 10.7 of this**  
 13            **chapter;**  
 14            (3) the mandatory retirement age applicable to the member, if  
 15            any; or  
 16            (4) the date the member retires because of a disability as provided  
 17            under section 16.5(d) of this chapter.  
 18            (b) A member of the 1925 fund, the 1937 fund, or the 1953 fund  
 19            who enters the DROP established by this chapter must exit the DROP  
 20            on the date the authority of the board of trustees of the Indiana public  
 21            retirement system to distribute from the pension relief fund established  
 22            under IC 5-10.3-11-1 to units of local government (described in  
 23            IC 5-10.3-11-3) amounts determined under IC 5-10.3-11-4.7 expires.

