

HOUSE BILL No. 1300

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 withdraws 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, 2026.

Smith V

January 6, 2026, read first time and referred to Committee on Employment, Labor and Pensions.



Introduced

Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1300

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, AS AMENDED BY P.L.129-2024,
2 SECTION 10 AND P.L.136-2024, SECTION 56, IS AMENDED TO
3 READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. A
4 member who elects to enter the DROP shall do the following:

5 (1) Agree to the following:

6 (A) **Except as provided in clause (F)**, the member shall
7 execute an **irrevocable** election to retire on the DROP
8 retirement date and shall remain in active service until that
9 date.

10 (B) While in the DROP, the member shall continue to make
11 contributions to the applicable fund under the provisions of
12 that fund.

13 (C) The member shall elect a DROP retirement date not less
14 than twelve (12) months and not more than:

15 (i) thirty-six (36) months after the member's DROP entry
16 date, for a member who executes an election described in
17 clause (A) before July 1, 2024; or



(ii) sixty (60) months after the member's DROP entry date, for a member who executes an election described in clause (A) after June 30, 2024.

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

(E) Except as provided in clause (F), the member may make an election to enter the DROP only once in the member's lifetime.

(F) The member may:

(i) withdraw from the DROP before the DROP retirement date; and

(ii) make an election to enter the DROP for a second time not earlier than three (3) years after the date the member withdrew from the DROP.

16 (2) Notify the member's employer of the DROP election within
17 thirty (30) days of the election.

SECTION 2. IC 36-8-8.5-10.5, AS ADDED BY P.L.129-2024, SECTION 11 AND P.L.136-2024, SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10.5. (a) Notwithstanding section 10 of this chapter, a member that entered the DROP before July 1, 2024, and that has not exited **or withdrawn from** the DROP may elect to extend the member's DROP retirement date up to sixty (60) months after the member's DROP entry date.

25 (b) A member that makes the election described in subsection (a)
26 shall notify the member's employer within thirty (30) days of the
27 election.

SECTION 3. IC 36-8-8.5-10.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 10.7. If a member makes an election to enter the DROP for a second time as set forth in section 10(1)(F) of this chapter, the:**

- (1) DROP entry date; and**
- (2) DROP retirement date**

are based on the member's most recent DROP election.

36 SECTION 4. IC 36-8-8.5-14, AS AMENDED BY P.L.129-2024,
37 SECTION 12 AND P.L.136-2024, SECTION 58, IS AMENDED TO
38 READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 14. (a)
39 Subject to subsection (b), a member who enters the DROP established
40 by this chapter shall exit the DROP at the earliest of:

- (1) the member's DROP retirement date;
- (2) either:



1 (A) thirty-six (36) months after the member's DROP entry
2 date, if the member:
3 (i) executes an election described in section 10 of this
4 chapter before July 1, 2024; and
5 (ii) does not execute an extension described in section 10.5
6 of this chapter; or
7 (B) sixty (60) months after the member's DROP entry date, if
8 the member:
9 (i) executes an election described in section 10 of this
10 chapter after June 30, 2024; or
11 (ii) executes an extension described in section 10.5 of this
12 chapter;

13 (3) the mandatory retirement age applicable to the member, if
14 any; **or**
15 (4) the date the member retires because of a disability as provided
16 under section 16.5(d) of this chapter; **or**
17 **(5) the date the member withdraws from the DROP under**
18 **section 10(1)(F) of this chapter.**

19 (b) A member of the 1925 fund, the 1937 fund, or the 1953 fund
20 who enters the DROP established by this chapter must exit the DROP
21 on the date the authority of the board of trustees of the Indiana public
22 retirement system to distribute from the pension relief fund established
23 under IC 5-10.3-11-1 to units of local government (described in
24 IC 5-10.3-11-3) amounts determined under IC 5-10.3-11-4.7 expires.

