

**Deferred retirement option plan--election--deposit of retirement allowance in DROP account--termination of participation, when--forms of payment--effect of participation--death of member, payment of funds--accidental disability retirement allowance, effect--interest, amount--approval by IRS--election for monthly survivor annuity, when.**

86.251.

10. A member's DROP account shall earn interest equal to the rate of return earned by the system's investment portfolio on a market value basis, including realized and unrealized gains and losses, net of investment expense, as certified by the system's actuary. As of the last day of each plan year beginning after DROP participation begins, the member's DROP account balance, determined as of the last day of the prior plan year, shall be credited with interest at the investment rate earned by the assets of the retirement system for such prior plan year. If distribution of the member's DROP account balance is made in a lump sum under subsection 4 or 8 of this section, interest for the plan year of distribution shall be credited on the ending balance for the prior plan year at the investment rate earned on the assets of the retirement system for the prior plan year, in proportion to the part of the plan year preceding the date of the member's termination of employment or death, whichever is earlier. If the member's DROP account is paid in equal monthly installments pursuant to subsection 4 of this section, interest during the installment period shall be credited as of the last day of each plan year ending after installment payment begins on the account balance as of the first or last day of the plan year, whichever is lower, at the investment rate earned by the assets of the system for the prior plan year. Interest for the year in which the final installment is paid shall be credited on the balance remaining after the final installment is paid, at the investment rate earned on the assets of the system for the prior plan year in proportion to the part of the plan year preceding payment of the final installment. Any interest credited to the DROP account during the installment period shall be paid as soon as reasonably possible after the final monthly installment. No interest shall be credited on amounts, if any, added to the member's DROP account during the year in which the distribution of the account is completed. **Any member who began employment after October 1, 2012 shall earn interest for all purposes at the rate of return earned by the ten (10) year United States Treasury Bill as of September 30 each year plus one percent not to exceed a rate of six percent. Members whose employment began prior to October 1, 2012 shall have a one time option to chose to earn interest at the same rate as those members who began their employment after October 1, 2012 or to continue with the system in this section.**