

# AN ACT

To amend sections 145.291, 145.30, 3305.05, 3305.06, 3307.01, 3307.35, 3309.36, 3309.38, 3309.50, and 3309.69, to enact sections 3305.051 and 3307.515, and to repeal section 3309.37 of the Revised Code to increase the School Employees Retirement System (SERS) service retirement benefit for retirants with more than 30 years' service credit, to increase the SERS death benefit to \$1,000, to increase the SERS reimbursement for insurance coverage under Medicare Part B, to make changes with regard to military service credit granted by the Public Employees Retirement System, to make changes to the law governing alternative retirement programs for employees of public institutions of higher education, to change the date by which the Ohio Retirement Study Council is required to have completed and submitted an actuarial study of the alternative retirement program for employees of public institutions of higher education, to permit a member of the Public Employees Retirement System who resigned due to pregnancy to purchase up to one year of service credit, to permit a member of the State Teachers Retirement System who was granted a leave of absence for pregnancy or resigned due to pregnancy to purchase up to two years of service credit, and to declare an emergency.

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

SECTION 1. That sections 145.291, 145.30, 3305.05, 3305.06, 3307.01, 3307.35, 3309.36, 3309.38, 3309.50, and 3309.69 be amended and sections

3305.051 and 3307.515 of the Revised Code be enacted to read as follows:

Sec. 145.291. Any member, of the public employees retirement system who subsequent to January 1, 1935, and the date membership was established was off the payroll ~~for not more than one year~~ either on a leave of absence approved by the then appointing authority or because the member resigned due to pregnancy, shall have the right to make such payment, at the contribution rate in effect at the time of payment, with interest on such amount compounded annually at a rate to be determined by the retirement board as he the member would have made if he the member had continued on the payroll at the earnable salary he the member was receiving at the time his public service was interrupted, provided that subsequent to such leave of absence he the member returned to regular contributing status in this the retirement system for at least twelve calendar months. The In the case of resignation, the member must submit evidence satisfactory to the retirement board documenting that the resignation was due to pregnancy.

The member may choose to purchase only part of such the credit in any one payment, subject to board rules. The payment shall entitle the member to receive service credit for the leave or period of absence, except that service credit purchased under this section shall not exceed one year. The payment, together with any regular interest, shall, in the event of death or withdrawal from service of the member prior to retirement, be considered as accumulated contributions of the member.

Sec. 145.30. (A) As used in this section and section 145.301 of the Revised Code:

(1) "Armed forces" of the United States includes the following:

(a) Army, navy, air force, marine corps, coast guard, auxiliary corps as established by congress, red cross nurse serving with the army, navy, air force, or hospital service of the United States, army nurse corps, navy nurse corps, full-time service with the American red cross in a combat zone, and such other service as may be designated by congress as included therein;

(b) Personnel of the Ohio national guard and the reserve components of any of the armed forces enumerated in division (A)(1) of this section who are called to active duty pursuant to an executive order issued by the president of the United States or an act of congress;

(c) Persons on whom United States merchant marine veteran status has been conferred for service aboard oceangoing merchant ships in service to the United States during World War II.

(2) "State retirement system" means any of the following: the police and firemen's disability and pension fund, public employees retirement system,

school employees retirement system, state highway patrol retirement system, or the state teachers retirement system.

(B) Upon reemployment in the public service and completion of one year of service credit as covered by a state retirement system or the Cincinnati retirement system, within two years after service in the ~~uniformed services~~ armed forces that is terminated in a manner other than as described in section 4304 of Title 38 of the United States Code, "Uniformed Services Employment and Reemployment Rights Act of 1994," 108 Stat. 3149, 38 U.S.C.A. 4304, and presentation of documentation of the service and subject to rules adopted by the retirement board, any member of the public employees retirement system who was a member with not less than one year of payroll deductions before entering active duty with the armed forces and maintained membership in the public employees retirement system as provided by section 145.41 of the Revised Code, and who was or is out of active service as a public employee by reason of having become a member of the armed forces of the United States on active duty or service shall have such ~~military~~ service, not in excess of ten years, considered as the equivalent of prior service. ~~Uniformed service~~ service in the armed forces as established by documentation of the service, not in excess of ten years, shall also be considered prior service for a person who was a public employee and who has acquired service credit for five years prior to, and within the one year preceding, the date of entering on active duty in the armed forces of the United States if such person was reemployed in the public service within one year after service in the ~~uniformed services~~ armed forces that is terminated in a manner other than as described in section 4304 of Title 38 of the United States Code, "Uniformed Services Employment and Reemployment Rights Act of 1994," 108 Stat. 3149, 38 U.S.C.A. 4304, and established total service credit as defined in section 145.01 Of the Revised Code of twenty years exclusive of credit for service in the uniformed service services, as defined in section 145.302 Of the Revised Code. This division shall not serve to cancel any military service credit earned or granted prior to November 1, 1965.

(C) A member of the public employees retirement system is ineligible to receive service credit under this section for any year of military service credit used in the calculation of any retirement benefit currently being paid to the member or payable in the future under any other retirement program, except social security, or used to obtain service credit pursuant to section 145.301 or 145.302 of the Revised Code. At the time such credit is requested, the member shall certify on a form supplied by the retirement board that the member does and will conform to this requirement. This

division does not cancel any military service credit earned prior to March 15, 1979.

Sec. 3305.05. (A) A person whose employment as an academic or administrative employee of a public institution of higher education commences after the initial date on which the board of trustees of the public institution establishes the alternative retirement program may, not later than ninety days after the starting date of employment, make an election to participate in an alternative retirement plan available at the public institution. If no election to an alternative retirement plan is in effect at the end of ninety days after the person's starting date of employment, the person shall be deemed to have elected participation in the state retirement system that applies to the person's employment. Except as provided under division (F) of this section, an election that is made under this division or division (B) of this section and that is in effect at the end of ninety days after the person's starting date of employment, shall be irrevocable while the electing employee remains continuously employed. A person who makes an election to participate in an alternative retirement plan shall be forever barred from claiming or purchasing service credit under any state retirement system for the period of that person's employment that the election is in effect. If a person ceases to be continuously employed and subsequently is employed by a public institution of higher education in a position for which an alternative retirement plan is available under this chapter, the person may make another election under this division. Each public institution of higher education employing a person eligible to make an election under this division shall notify, within ten days of the person's employment, ~~that~~ the state retirement system that applies to that person's employment in the manner specified by that state retirement system, which notice shall include the new employee's name and address.

This division does not apply to any person who has made an election under this division or division (B) of this section unless the person has ceased to be continuously employed.

(B)(1) Not later than one hundred twenty days after the date on which the board of trustees of a public institution of higher education establishes the initial alternative retirement program for that public institution, each eligible academic or administrative employee of the public institution ~~with less than five years of total service credit in the state retirement system in which the person is a member on that initial establishment date~~ may make an election to participate in an alternative retirement plan available at the public institution. If a person to whom this division applies fails to make an election, the person shall be deemed to have elected continued participation

in the state retirement system in which the person is a member.

(2)(a) If a public institution's alternative retirement program is established on or after the effective date of this amendment but not later than twelve months after the department of insurance makes a designation under section 3305.03 Of the Revised Code, a member of the public employees retirement system or school employees retirement system who is an academic or administrative employee of the public institution is eligible to elect to participate if the member has less than five years of service credit in the retirement system on the last day of the month in which the designation is made. If a public institution's alternative retirement program is established more than twelve months after the department of insurance makes the designation, a member of the public employees retirement system or school employees retirement system who is an academic or administrative employee of the public institution is eligible to elect to participate if the member has less than five years of service credit in the retirement system on the first day the month in which the program is established.

(b) A member of the state teachers retirement system who is an academic or administrative employee of a public institution that establishes an alternative retirement program is eligible to participate in the program if the member has less than five years of service credit in the retirement system on the thirtieth day of June immediately preceding the date the program is established.

(C) Each academic or administrative employee shall make ~~any~~ an election under division (A) or (B) of this section in writing and submit the election to the designated officer of the employee's employing public institution of higher education. The officer shall file a certified copy of the election within ten days with the state retirement system to which, apart from this election, the employee's employment would be subject.

(D)(1) Each election made under division (A) of this section shall be effective on the electing employee's starting date of employment.

(2) ~~Each~~ In the case of a member of the public employees retirement system or school employees retirement system, an election made under division (B) of this section shall be effective on the first day of the month next following the date on which the electing employee submits the election under division (C) of this section date described in division (B)(2)(a) of this section. In the case of a member of the state teachers retirement system, an election shall be effective on the date described in division (B)(2)(b) of this section.

(E) Any election made under division (A) or (B) of this section shall only apply to the electing employee's employment in positions for which an

alternative retirement program is available pursuant to this chapter. Employment of the electing employee in any other position shall be subject to the applicable state retirement system.

(F) The board of trustees of a public institution of higher education shall permit an electing employee to change the alternative retirement plan in which the electing employee participates if the plan ceases, pursuant to division (C) of section 3305.03 of the Revised Code, to be a designated plan.

Sec. 3305.051. The state retirement system that covers the position held by an employee of a public institution of higher education who makes an election under division (A) of section 3305.05 Of the Revised Code to participate in the public institution's alternative retirement program shall return to the public institution any employee and employer contributions made to the retirement system for the ninety-day period described in that division less the amount due the retirement system pursuant to division (E) of section 3305.06 Of the Revised Code for that period.

The state retirement system that covers the position held by an employee of a public institution of higher education who makes an election under division (B) of section 3305.05 Of the Revised Code to participate in the public institution's alternative retirement program shall return to the public institution any employee and employer contributions made to the retirement system for any period commencing after the applicable date described in division (B)(2)(a) or (b) of section 3305.05 Of the Revised Code less the amount due the retirement system pursuant to division (E) of section 3305.06 Of the Revised Code for that period.

Sec. 3305.06. (A) Each electing employee shall contribute an amount, which shall be a certain percentage of the employee's compensation, to the alternative retirement plan in which the employee participates. This percentage shall be the percentage the electing employee would have otherwise been required to contribute to the state retirement system that applies to the employee's position, except that the percentage shall not be less than three per cent. Employee contributions under this division may be treated as employer contributions in accordance with Internal Revenue Code 414 (h).

(B) Each public institution of higher education employing an electing employee shall contribute an amount, which shall be a certain percentage of the employee's compensation, to the alternative retirement plan the employee has elected. This percentage shall be determined by the board of trustees of the public institution.

(C)(1) In no event shall the amount contributed by the electing

employee pursuant to division (A) of this section and on the electing employee's behalf pursuant to division (B) of this section be less than the amount necessary to qualify the plan as a state retirement system pursuant to Internal Revenue Code 3121(B)(7) and the regulations adopted thereunder.

(2) The full amount of the electing employee's contribution under division (A) of this section and the full amount of the employer's contribution made on behalf of that employee under division (B) of this section shall be paid to the entity providing the employee's alternative retirement plan for application to that plan in accordance with any contract the electing employee has entered into for purposes of that plan. In no event shall any benefits be paid under that plan prior to the time an electing employee ceases to be continuously employed.

(D) An electing employee may make voluntary deposits to the employee's alternative retirement plan in addition to the employee contribution required under division (A) of this section.

(E) Each public institution of higher education employing an electing employee shall contribute on behalf of that employee to the state retirement system that otherwise applies to the electing employee's position an amount equal to six per cent of the electing employee's compensation to mitigate any negative financial impact of the alternative retirement program on the state retirement system; provided that on the first day of July following the first year after the ~~effective date of this section~~ department of insurance designates an alternative retirement plan under section 3305.03 Of the Revised Code and every third year thereafter, the Ohio retirement study ~~commission~~ COUNCIL shall cause an independent actuarial study to be completed and submitted to the Ohio board of regents. The study shall determine any adjustments in contributions necessary to reflect any change in the level of the negative financial impact resulting from the establishment of the alternative retirement program. The amount contributed to the state retirement system pursuant to this division shall be increased or decreased to reflect the amount needed to mitigate the negative financial impact, if any, on the system, as determined by each actuarial study. Any increase or decrease in contributions shall become effective on the first day of July in the year in which the actuarial study is completed. Contributions on behalf of an electing employee shall continue in accordance with this division until the occurrence of the following:

(1) If the electing employee would be subject to Chapter 145. of the Revised Code had the employee not made an election pursuant to section 3305.05 of the Revised Code, until the unfunded actuarial accrued liability for all benefits, except health care benefits provided under section 145.325

or 145.58 of the Revised Code, is fully amortized, as determined by the annual actuarial valuation prepared under section 145.22 of the Revised Code;

(2) If the electing employee would be subject to Chapter 3307. of the Revised Code had the employee not made an election pursuant to section 3305.05 of the Revised Code, until the unfunded actuarial accrued liability for all benefits, except health care benefits provided under section 3307.405 or 3307.74 of the Revised Code, is fully amortized, as determined by the annual actuarial valuation prepared under section 3307.20 of the Revised Code;

(3) If the electing employee would be subject to Chapter 3309. of the Revised Code had the employee not made an election pursuant to section 3305.05 of the Revised Code, until the unfunded actuarial accrued liability for all benefits, except health care benefits provided under section 3309.375 or 3309.69 of the Revised Code, is fully amortized, as determined by the annual actuarial valuation prepared under section 3309.21 of the Revised Code.

Sec. 3307.01. As used in this chapter:

(A) "Employer" means the board of education, school district, governing authority of any community school established under Chapter 3314. of the Revised Code, college, university, institution, or other agency within the state by which a teacher is employed and paid.

(B) "Teacher" means any person paid from public funds and employed in the public schools of the state under any type of contract described in section 3319.08 of the Revised Code in a position for which the person is required to have a license issued pursuant to sections 3319.22 to 3319.31 of the Revised Code; any person employed as a teacher by a community school pursuant to Chapter 3314. of the Revised Code; and any other teacher or faculty member employed in any school, college, university, institution, or other agency wholly controlled and managed, and supported in whole or in part, by the state or any political subdivision thereof, including Central state university, Cleveland state university, the university of Toledo, and the medical college of Ohio at Toledo. The educational employees of the department of education, as determined by the state superintendent of public instruction, shall be considered teachers for the purpose of membership in this system. In all cases of doubt, the state teachers retirement board shall determine whether any person is a teacher, and its decision shall be final.

"Teacher" does not include any academic or administrative employee of a public institution of higher education, as defined in section 3305.01 of the Revised Code, who participates in an alternative retirement plan established

under Chapter 3305. of the Revised Code.

(C) "Prior service" means all service as a teacher before September 1, 1920, military service credit, all service prior to September 1, 1920, as an employee of any employer who comes within the public employees retirement system, the school employees retirement system, or any other state retirement system established under the laws of Ohio, and similar service in another state, credit for which was procured by a member under section 3307.33 of the Revised Code, prior to June 25, 1945. Prior service credit shall not be granted to any member for service for which credit or benefits have been received in any other state retirement system in Ohio or for credit that was forfeited by withdrawal of contributions, unless the credit has been restored. If the teacher served as an employee in any two or all of the capacities, "prior service" means the total combined service in the capacities prior to September 1, 1920.

If a teacher who has been granted prior service credit for service rendered prior to September 1, 1920, as an employee of an employer who comes within the public employees retirement system or the school employees retirement system, establishes, subsequent to September 16, 1957, and before retirement, three years of contributing service in the public employees retirement system, or one year in the school employees retirement system, the prior service credit granted shall become, at retirement, the liability of the other system if the prior service or employment was in a capacity covered by that system.

(D) "Total service," "total service credit," except as provided in section 3307.41 of the Revised Code, or "Ohio service credit" means all service of a member of the state teachers retirement system since last becoming a member and, in addition thereto, restored service credit under section 3307.28 of the Revised Code, all prior service credit, all military service credit computed as provided in this chapter, and all other service credit established under sections 3307.22, 3307.31, 3307.311, 3307.32, 3307.35, 3307.411, 3307.412, 3307.51, 3307.512, 3307.513, 3307.514, 3307.515, and 3307.73 and former section 3307.52 of the Revised Code, and Section 3 of Amended Substitute Senate Bill No. 530 of the 114th general assembly. All service credit purchased under section 3307.33 of the Revised Code shall be used exclusively for the purpose of qualifying for service retirement.

(E) "Member" means any person included in the membership of the state teachers retirement system, which shall consist of all teachers and contributors as defined in divisions (B) and (F) of this section and all disability benefit recipients. However, for purposes of this chapter, the following persons shall not be considered members:

(1) A student, intern, or resident who is not a member while employed part-time by a school, college, or university at which the student, intern, or resident is regularly attending classes;

(2) A person denied membership pursuant to section 3307.27 of the Revised Code;

(3) A superannuate or other system retirant as defined in section 3307.381 of the Revised Code;

(4) An individual employed in a program established pursuant to the "Job Training Partnership Act," 96 Stat. 1322 (1982), 29 U.S.C.A. 1501.

(F) "Contributor" means any person who has an account in the teachers' savings fund.

(G) "Beneficiary" means any person eligible to receive, or in receipt of, a retirement allowance or other benefit provided by this chapter.

(H)(1) "Service retirement" means retirement as provided in section 3307.38 or 3307.39 of the Revised Code.

(2) "Disability retirement" means retirement as provided in section 3307.43 of the Revised Code.

(I) "Accumulated contributions" means the sum of all amounts credited to a contributor's individual account in the teachers' savings fund, together with interest credited thereon at the rates approved by the state teachers retirement board prior to retirement.

(J) "Annuity" means payments for life derived from contributions made by a contributor and paid from the annuity and pension reserve fund. All annuities shall be paid in twelve equal monthly installments.

(K) "Pensions" means annual payments for life derived from appropriations made by an employer and paid from the annuity and pension reserve fund. All pensions shall be paid in twelve equal monthly installments.

(L)(1) "Allowance" or "benefit" means the pension plus the annuity, or any other payment under this chapter, and includes a disability allowance or disability benefit.

(2) "Disability allowance" means an allowance paid on account of disability under section 3307.431 of the Revised Code.

(3) "Disability benefit" means a benefit paid as disability retirement under section 3307.43 of the Revised Code, as a disability allowance under section 3307.431 of the Revised Code, or as a disability benefit under section 3307.41 of the Revised Code.

(M) "Annuity reserve" means the present value, computed upon the basis of mortality tables adopted by the state teachers retirement board with interest, of all payments to be made on account of any annuity, or benefit in

lieu of any annuity, granted to a member.

(N) "Pension reserve" means the present value, computed upon the basis of mortality tables adopted by the state teachers retirement board with interest, of all payments to be made on account of any pension, or benefit in lieu of any pension, granted to a member or to a beneficiary.

(O) "Year" means the year beginning the first day of July and ending with the thirtieth day of June next following, except that for the purpose of determining final average salary, "year" may mean the contract year.

(P) "Local district pension system" means any school teachers pension fund created in any school district of the state in accordance with the laws of the state prior to September 1, 1920.

(Q) "Employer contribution" means the amount paid by an employer, as determined by the employer rate, including the normal and deficiency rates, contributions, and funds wherever used in this chapter.

(R) "Five years of service credit," for the exclusive purpose of satisfying the service credit requirements and determining eligibility for benefits under section 3307.38 of the Revised Code, means employment covered under this chapter and employment covered under a former retirement plan operated, recognized, or endorsed by a college, institute, university, or political subdivision of this state prior to coverage under this chapter.

(S) "Actuary" means the actuarial consultant to the state teachers retirement board, who shall be either of the following:

(1) A member of the American academy of actuaries;

(2) A firm, partnership, or corporation of which at least one person is a member of the American academy of actuaries.

(T) "Fiduciary" means a person who does any of the following:

(1) Exercises any discretionary authority or control with respect to the management of the system, or with respect to the management or disposition of its assets;

(2) Renders investment advice for a fee, direct or indirect, with respect to money or property of the system;

(3) Has any discretionary authority or responsibility in the administration of the system.

(U)(1) Except as otherwise provided in this division, "compensation" means all salary, wages, and other earnings paid to a teacher by reason of the teacher's employment, including compensation paid pursuant to a supplemental contract. The salary, wages, and other earnings shall be determined prior to determination of the amount required to be contributed to the teachers' savings fund under section 3307.51 of the Revised Code and without regard to whether any of the salary, wages, or other earnings are

treated as deferred income for federal income tax purposes.

(2) Compensation does not include any of the following:

(a) Payments for accrued but unused sick leave or personal leave, including payments made under a plan established pursuant to section 124.39 of the Revised Code or any other plan established by the employer;

(b) Payments made for accrued but unused vacation leave, including payments made pursuant to section 124.13 of the Revised Code or a plan established by the employer;

(c) Payments made for vacation pay covering concurrent periods for which other salary, compensation, or benefits under this chapter are paid;

(d) Amounts paid by the employer to provide life insurance, sickness, accident, endowment, health, medical, hospital, dental, or surgical coverage, or other insurance for the teacher or the teacher's family, or amounts paid by the employer to the teacher in lieu of providing the insurance;

(e) Incidental benefits, including lodging, food, laundry, parking, or services furnished by the employer, use of the employer's property or equipment, and reimbursement for job-related expenses authorized by the employer, including moving and travel expenses and expenses related to professional development;

(f) Payments made by the employer in exchange for a member's waiver of a right to receive any payment, amount, or benefit described in division (U)(2) of this section;

(g) Payments by the employer for services not actually rendered;

(h) Any amount paid by the employer as a retroactive increase in salary, wages, or other earnings, unless the increase is one of the following:

(i) A retroactive increase paid to a member employed by a school district board of education in a position that requires a license designated for teaching and not designated for being an administrator issued under section 3319.22 of the Revised Code that is paid in accordance with uniform criteria applicable to all members employed by the board in positions requiring the licenses;

(ii) A retroactive increase paid to a member employed by a school district board of education in a position that requires a license designated for being an administrator issued under section 3319.22 of the Revised Code that is paid in accordance with uniform criteria applicable to all members employed by the board in positions requiring the licenses;

(iii) A retroactive increase paid to a member employed by a school district board of education as a superintendent that is also paid as described in division (U)(2)(h)(i) of this section;

(iv) A retroactive increase paid to a member employed by an employer

other than a school district board of education in accordance with uniform criteria applicable to all members employed by the employer.

(i) Payments made to or on behalf of a teacher that are in excess of the annual compensation that may be taken into account by the retirement system under division (a)(17) of section 401 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 401(a)(17), as amended. For a teacher who first establishes membership before July 1, 1996, the annual compensation that may be taken into account by the retirement system shall be determined under division (d)(3) of section 13212 of the "Omnibus Budget Reconciliation Act of 1993," Pub. L. No. 103-66, 107 Stat. 472.

(j) Payments made under division (B) or (D) of section 5923.05 of the Revised Code or Section 4 of Substitute Senate Bill No. 3 of the 119th general assembly;

(k) Anything of value received by the teacher that is based on or attributable to retirement or an agreement to retire.

(3) The retirement board shall determine by rule both of the following:

(a) Whether particular forms of earnings are included in any of the categories enumerated in this division;

(b) Whether any form of earnings not enumerated in this division is to be included in compensation.

Decisions of the board made under this division shall be final.

(V) "Retirant" means any former member who is granted age and service retirement as provided in sections 3307.38, 3307.39, 3307.41, and 3307.50 of the Revised Code.

(W) "Disability benefit recipient" means a member who is receiving a disability benefit.

Sec. 3307.35. An employer may establish a retirement incentive plan for its employees who are members of the state teachers retirement system. The plan shall provide for purchase by the employer of service credit for eligible employees who choose to participate in the plan and for payment by the employer of the entire cost of such service credit. A plan established under this section shall remain in effect until terminated by the employer, except that, once established, the plan must remain in effect for at least one year.

An employee who is a member of the state teachers retirement system shall be eligible to participate in a retirement incentive plan if the employee has attained age fifty and the employee agrees to retire and retires under section 3307.38 of the Revised Code effective within ninety days after receiving notice from the state teachers retirement system that service credit has been purchased for the member under this section.

Participation in the plan shall be available to all eligible employees

except that the employer may limit the number of persons for whom it purchases credit in any calendar year to a specified percentage of its employees who are members of the state teachers retirement system on the first day of January of that year. The percentage shall not be less than five per cent of such employees. If participation is limited, employees with a greater length of service with the employer have the right to elect to have credit purchased before employees with a lesser length of service with the employer.

The amount of service credit purchased for any participant shall be uniformly determined but shall not exceed the lesser of the following:

(A) Five years of service credit;

(B) An amount of service credit equal to one-fifth of the total service credited to the participant under sections 3307.02, 3307.021, 3307.022, 3307.22, 3307.28, 3307.31, 3307.311, 3307.32, 3307.41, 3307.411, 3307.412, 3307.512, 3307.513, 3307.514, 3307.515, 3307.52, and 3307.73 of the Revised Code.

For each year of service credit purchased under this section, the employer shall pay an amount specified by the state teachers retirement board equal to the additional liability resulting from the purchase of that year of service credit as determined by an actuary employed by the board. Payments shall be made in accordance with rules adopted by the board, and the board shall notify each member when the member is credited with service purchased under this section.

No payment made to the state teachers retirement system under this section shall affect any payment required by section 3307.53 of the Revised Code.

Sec. 3307.515. As used in this section, "regular employment" means a consistent pattern of employment for twelve or more consecutive weeks by the same employer during the year.

A member of the state teachers retirement system who prior to July 1, 1982, was granted a leave of absence for pregnancy or resigned due to pregnancy may purchase service credit for a period for which she did not make contributions under section 3307.51 Of the Revised Code. Service credit purchased under this section shall not exceed the lesser of two years or the period from the day the leave commenced or the effective date of resignation to the date of the member's return to regular employment as a contributor to the retirement system. A member may purchase credit for more than one period of absence due to pregnancy, but the total service credit purchased under this section, section 3307.513, and section 3307.514 Of the Revised Code shall not exceed two years. The member shall submit

evidence satisfactory to the retirement board documenting that the leave or resignation was due to pregnancy.

For each year of service credit purchased under this section, the member shall pay to the system for credit to her accumulated account an amount determined by multiplying the employee rate of contribution in effect at the time the leave or absence commenced by her annual compensation for full-time employment during the first year of service in Ohio following termination of the absence or leave and adding to that amount interest compounded annually, at a rate established by the board, from the date the absence or leave terminated to the date of payment.

A member may purchase all or part of the credit for which she is eligible in one or more payments. A member who purchases service credit for an absence or leave under this section may not purchase credit for that absence or leave under section 3307.512 Of the Revised Code. A member who has purchased service credit for an absence or leave under section 3307.512, 3307.513, or 3307.514 Of the Revised Code may not purchase credit under this section for the same period of absence or leave.

The state teachers retirement board may adopt rules to implement this section.

Sec. 3309.36. (A) A member retiring on service retirement shall be granted a retirement allowance consisting of the lesser of the sum of the following amounts or the limit established by section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 415, as amended:

~~(A)~~(1) An annuity having a reserve equal to the amount of the employee's accumulated contributions at that time;

~~(B)~~(2) A pension of equivalent amount;

~~(C)~~(3) An additional pension of forty dollars multiplied by the number of years of such prior service credit;

~~(D)~~(4) For members who have ten or more years of service credit accumulated prior to October 1, 1956, a basic annual pension equal to one hundred eighty dollars, except that such basic annual pension shall not exceed the sum of the total annual benefits provided by divisions (A)(1), ~~(B)~~(2), and ~~(C)~~(3) of this section.

~~(E)~~(B)(1) When a member retires on service retirement ~~and his, the member's~~ allowance when computed as an annual single lifetime allowance as provided in divisions (A)(1), ~~(B)~~(2), ~~(C)~~(3), and ~~(D)~~(4) of this section and section 3309.38 of the Revised Code, based upon attained age sixty-five or thirty years of total service credit, is shall be not less than the greater of the amounts determined by multiplying his the member's total service credit by ~~eighty-six~~ the following:

(a) ~~Eighty-six~~ dollars, ~~or by two~~;

(b) Two and one-tenth per cent of ~~his~~ the member's final average salary; ~~then the allowance shall be increased to such greater amount. If such member's attained age is other than sixty-five, or his total service credit is other than thirty years, then he shall receive an adjusted~~ for each of the first thirty years of service credit or fraction thereof plus two and one-half per cent of the member's final average salary for each subsequent year of service credit or fraction thereof.

(2) The annual single lifetime allowance which determined under division (B)(1) of this section shall be adjusted by the higher percentage of a base amount determined by greater percentage shown in the following schedule OPPOSITE THE MEMBER'S ATTAINED AGE OR YEARS OF OHIO SERVICE CREDIT:

Attained or Age	Years of Ohio Service Credit	Per Cent of Base Amount
58	25	75%
59	26	80
60	27	85
61		88
	28	90
62		91
63		94
	29	95
64		97
65	30 or more	100-

Members shall vest the right to a benefit in accordance with the following schedule, based on the member's attained age by September 1, 1976:

Attained Age	Per Cent of Base Amount
66	102
67	104
68	106
69	108
70 or more	110-

~~(2)~~(3) The annual single lifetime allowance which a retirant shall receive under this division shall not exceed the lesser of ninety per cent of ~~his~~ the member's final average salary or the limit established by section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A., 415, as

amended.

~~(F)~~(C) Retirement allowances determined under this section shall be paid as provided in section 3309.46 of the Revised Code.

Sec. 3309.38. (A) A member retiring on commuted service retirement on or after September 30, 1963, shall be granted a retirement allowance consisting of:

~~(A)~~(1) An annuity having a reserve equal to the amount of the employee's accumulated contributions at the time;

~~(B)~~(2) A pension of equivalent amount;

~~(C)~~(3) An additional pension, if such employee has prior service credit, the reserve for which, based upon regular interest and the service tables approved by the board, shall be the present worth of the reserve required for the payment of the prior service pension provided by section 3309.36 of the Revised Code, after either age sixty or thirty-two years of service credit, whichever can be first attained. The annual prior service pension shall be determined by the amount of such commuted reserve divided by the service annuity rate for the attained annuity age of retirement;

~~(D)~~(4) For members who have ten or more years of service credit accumulated prior to October 1, 1956, a basic annual pension equal to one hundred eighty dollars, which shall be commuted in the same manner as provided for the prior service pension in division ~~(C)~~(A)(3) of this section, provided such commuted basic annual pension shall not exceed the sum of the total annual benefits provided by divisions (A)(1), ~~(B)~~(2), and ~~(C)~~(3) of this section.

~~(E)~~(B) When a member retires on commuted service retirement, ~~his~~ the member's annual single lifetime allowance including the allowances provided in divisions (A)(1), ~~(B)~~(2), ~~(C)~~(3), and ~~(D)~~(4) of this section shall not be less than the allowances provided under the provisions of division ~~(E)~~(B) of section 3309.36 of the Revised Code and shall not exceed the limit established by division ~~(E)~~(2)(B)(3) of that section.

~~(F)~~(C) Retirement allowances determined under this section shall be paid as provided in section 3309.46 of the Revised Code.

Sec. 3309.50. Upon the death of a retirant or disability benefit recipient, who at the time of death is receiving a service retirement allowance or disability benefit from the school employees retirement system, a lump-sum payment of ~~five hundred~~ one thousand dollars shall be paid to any designated or qualified beneficiary under division (D) of section 3309.44 of the Revised Code, or, if ~~none~~ no such designation has been filed or if the designated beneficiary is deceased or is not located within ninety days, the school employees retirement board may approve payment to either the

n responsible for the burial expenses or to the decedent's estate following the completion of an application on a form approved by the board.

Sec. 3309.69. (A) As used in this section, "ineligible individual" means all of the following:

(1) A former member receiving benefits pursuant to section 3309.34, 3309.35, 3309.36, 3309.38, or 3309.381 of the Revised Code for whom eligibility is established more than five years after June 13, 1981, and who, at the time of establishing eligibility, has accrued less than ten years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code;

(2) The spouse of the former member;

(3) The beneficiary of the former member receiving benefits pursuant to section 3309.46 of the Revised Code.

(B) The school employees retirement board may enter into an agreement with insurance companies, health insuring corporations, or government agencies authorized to do business in the state for issuance of a policy or contract of health, medical, hospital, or surgical benefits, or any combination thereof, for those individuals receiving service retirement or a disability or survivor benefit subscribing to the plan and their eligible dependents.

If all or any portion of the policy or contract premium is to be paid by any individual receiving service retirement or a disability or survivor benefit, the person shall, by written authorization, instruct the board to deduct the premiums agreed to be paid by the individual to the companies, corporations, or agencies.

The board may contract for coverage on the basis of part or all of the cost of the coverage to be paid from appropriate funds of the school employees retirement system. The cost paid from the funds of the system shall be included in the employer's contribution rate provided by sections 3309.49 and 3309.491 of the Revised Code. The board shall not pay or reimburse the cost for health care under this section or section 3309.375 of the Revised Code for any ineligible individual.

The board may provide for self-insurance of risk or level of risk as set forth in the contract with the companies, corporations, or agencies, and may provide through the self-insurance method specific benefits as authorized by the rules of the board.

(C) If the board provides health, medical, hospital, or surgical benefits through any means other than a health insuring corporation, it shall offer to each individual eligible for the benefits the alternative of receiving benefits through enrollment in a health insuring corporation, if all of the following

apply:

(1) The health insuring corporation provides health care services in the geographical area in which the individual lives;

(2) The eligible individual was receiving health care benefits through a health maintenance organization or a health insuring corporation before retirement;

(3) The rate and coverage provided by the health insuring corporation to eligible individuals is comparable to that currently provided by the board under division (B) of this section. If the rate or coverage provided by the health insuring corporation is not comparable to that currently provided by the board under division (B) of this section, the board may deduct the additional cost from the eligible individual's monthly benefit.

The health insuring corporation shall accept as an enrollee any eligible individual who requests enrollment.

The board shall permit each eligible individual to change from one plan to another at least once a year at a time determined by the board.

(D) The board shall, beginning the month following receipt of satisfactory evidence of the payment for coverage, make a monthly payment to each recipient of service retirement, or a disability or survivor benefit under the school employees retirement system who is eligible for insurance coverage under part B of "The Social Security Amendments of 1965," 79 Stat. 301, 42 U.S.C.A. 1395j, as amended, except that the board shall make no such payment to any ineligible individual. The Effective on the first day of the month after the effective date of this amendment, the amount of the payment shall be the lesser of an amount equal to the basic premium for such coverage, or an amount equal to the basic premium in effect on January 1, 1988 1992.

(E) The board shall establish by rule requirements for the coordination of any coverage, payment, or benefit provided under this section or section 3309.375 of the Revised Code with any similar coverage, payment, or benefit made available to the same individual by the public employees retirement system, police and firemen's disability and pension fund, state teachers retirement system, or state highway patrol retirement system.

(F) The board shall make all other necessary rules pursuant to the purpose and intent of this section.

SECTION 2. That existing sections 145.291, 145.30, 3305.05, 3305.06, 3307.01, 3307.35, 3309.36, 3309.38, 3309.50, and 3309.69 and section 3309.37 of the Revised Code are hereby repealed.

SECTION 3. The School Employees Retirement System shall make a one-time payment to each person who is a current recipient of service retirement or a disability or survivor benefit from the System and was eligible to receive a monthly payment pursuant to division (D) of section 3309.69 of the Revised Code for insurance coverage under Part B of "The Social Security Amendments of 1965," 79 Stat. 301, 42 U.S.C.A. 1935j, as amended, at any time during the period commencing January 1, 1992, and ending on the effective date of this section. The amount of the payment to each recipient shall be equal to the sum of the differences between:

(A) Each monthly payment the recipient was eligible to receive under division (D) of section 3309.69 of the Revised Code during the period commencing January 1, 1992, and ending on the effective date of this section; and

(B) The amount of the monthly payment that is authorized by division (D) of section 3309.69 of the Revised Code as enacted by this act.

SECTION 4. Not later than sixty days after the effective date of this act, the School Employees Retirement Board shall recalculate each allowance calculated under section 3309.36 or 3309.38 of the Revised Code that is based on more than thirty years of service credit and is effective on or after July 1, 1998, but before the effective date of this act.

If the recalculated allowance is greater than the recipient's allowance prior to the recalculation, the Board shall do both of the following:

(A) Begin payment of the recalculated allowance on the first day of the month immediately following the date the recalculation is made;

(B) Make one additional payment to the recipient equal to the difference between the amount of allowance the recipient received between July 1, 1998, and the date of the payment described in division (A) of this section and the increased allowance the recipient would have received had the act gone into effect on July 1, 1998.

SECTION 5. This act is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety. The reason for such necessity is that the act establishes dates for determining who is eligible to participate in the alternative retirement programs for academic and administrative employees of public institutions of higher education and, without such dates, the programs cannot be implemented. Therefore, this act shall go into immediate effect.

---

*Speaker* \_\_\_\_\_ *of the House of Representatives.*

---

*President* \_\_\_\_\_ *of the Senate.*

Passed \_\_\_\_\_, 20\_\_\_\_

Approved \_\_\_\_\_, 20\_\_\_\_

---

*Governor.*

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

---

*Director, Legislative Service Commission.*

Filed in the office of the Secretary of State at Columbus, Ohio, on the \_\_\_\_ day of \_\_\_\_\_, A. D. 20\_\_\_\_.

---

*Secretary of State.*

File No. \_\_\_\_\_ Effective Date \_\_\_\_\_