

AN ACT

To amend sections 145.294, 145.37, 3307.281, 3307.41, 3309.27, and 3309.35 and to enact sections 145.311, 145.312, 3307.282, 3307.283, 3309.261, and 3309.262 of the Revised Code to allow a member of the Public Employees Retirement System, School Employees Retirement System, or State Teachers Retirement System to restore by payroll deduction service credit for certain prior service covered by one of the other systems.

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

SECTION 1. That sections 145.294, 145.37, 3307.281, 3307.41, 3309.27, and 3309.35 be amended and sections 145.311, 145.312, 3307.282, 3307.283, 3309.261, and 3309.262 of the Revised Code be enacted to read as follows:

Sec. 145.294. (A) The public employees retirement board may establish by rule a payroll deduction plan for payment of the cost of restoring service credit under section 145.31 or 145.311 of the Revised Code or purchasing any service credit members of the public employees retirement system are eligible to purchase under this chapter. In addition to any other matter considered relevant by the board, the rules shall specify all of the following:

(1) The types of service credit that may be paid for through payroll deduction, including the section of the Revised Code that authorizes the purchase of each type of service credit for which payment may be made by payroll deduction;

(2) The procedure ~~to be followed by a member to inform his~~ for informing the member's employer and the system that ~~he~~ the member wishes to purchase service credit under this chapter through payroll deduction;

(3) The procedure to be followed by the system and employers to determine for each request the amount to be deducted, the number of deductions to be made, and the interval at which deductions will be made. The rules may provide for a minimum amount for each deduction or a maximum number of deductions for the purchase of any type of credit.

(4) The procedure to be followed by employers in transmitting amounts deducted from the salaries of their employees to the system;

(5) The procedure to be followed by the system in crediting service credit to members who choose to purchase it through payroll deduction.

(B) If the board establishes a payroll deduction plan under this section, it shall certify to the member's employer for each member for whom deductions are to be made, the amount of each deduction and the payrolls from which deductions are to be made. The employer shall make the deductions as certified and transmit the amounts deducted in accordance with the rules established by the board under this section.

(C) Rules adopted under this section shall not affect any right to purchase service credit conferred by any other section of the Revised Code, including the right of a member under any such section to purchase only part of the service credit ~~he~~ the member is eligible to purchase.

(D) No payroll deduction made pursuant to this section may exceed the amount of a member's net compensation after all other deductions and withholdings required by law.

Sec. 145.311. (A) A member of the public employees retirement system who has at least eighteen months of contributing service credit in the system, the police and firemen's disability and pension fund, school employees retirement system, state teachers retirement system, or state highway patrol retirement system, and is a former member of or no longer contributing to the school employees retirement system or state teachers retirement system may restore service credit under section 3307.28 or 3309.26 of the Revised Code by making payments pursuant to this section through a payroll deduction plan established under section 145.294 of the Revised Code. A member seeking to restore this service credit shall notify the public employees retirement system on a form approved by the public employees retirement board. After receiving the notice, the public employees retirement system shall request that the former retirement system calculate under section 3307.283 or 3309.262 of the Revised Code the cost to the member to restore service credit for each year or portion of a year of service for which the member seeks to restore the service credit. The amount the former retirement system certifies as the cost of restoring the service credit, plus interest described in division (B) of this section, is the cost to the member of restoring the service credit. On receiving the certification from the former retirement system, the public employees retirement system shall notify the member of the cost.

(B) For each year or portion of a year of service credit restored under section 3307.28 or 3309.26 of the Revised Code, a member shall pay to the

public employees retirement system the amount certified by the former retirement system plus interest at a rate specified by the former retirement system under section 3307.283 or 3309.262 of the Revised Code for the period during which deductions are made under section 145.294 of the Revised Code.

(C) The public employees retirement board shall annually notify the former retirement system that a payment to restore service credit under section 3307.28 or 3309.26 of the Revised Code has been made. At the time the payment is transferred under division (D) of this section, the former retirement system shall restore the service credit for the year or portion of a year for which the payment was made.

(D) On application for a payment of accumulated contributions or an age and service retirement, disability, or survivor benefit under Chapter 145., 3307., or 3309. of the Revised Code by a member who made payments under this section to restore service credit in a former retirement system, the public employees retirement system shall pay to the former retirement system an amount equal to the total amount paid by the member under this section.

(E) The board shall adopt rules to implement this section.

Sec. 145.312. After receiving a request from the state teachers retirement system under division (A) of section 3307.282 or the school employees retirement system under division (A) of section 3309.261 of the Revised Code, the public employees retirement system shall do both of the following:

(A) Calculate and certify to the requesting retirement system the cost to a former member to restore service credit under section 145.31 of the Revised Code for each year or portion of a year for which the former member seeks to restore service credit under that section.

(B) Inform the requesting retirement system of the rate of interest charged to a member under a payroll deduction plan authorized under section 145.294 of the Revised Code.

Sec. 145.37. (A) As used in this section:

(1) "State retirement system" means the public employees retirement system, school employees retirement system, or state teachers retirement system.

(2) "Total service credit" means all service credit earned in the state retirement systems, except credit for service subject to section 145.38 of the Revised Code. Total service credit shall not exceed one year of credit for any twelve-month period.

(3) In addition to the meaning given in division (N) of section 145.01 of

the Revised Code, "disability benefit" means "disability benefit" as defined in sections 3307.01 and 3309.01 of the Revised Code.

(B) To coordinate and integrate membership in the state retirement systems, the following provisions apply:

(1) At the option of a member, total contributions and service credit in all state retirement systems, including amounts paid to restore service credit under sections 145.311, 3307.282, and 3309.261 of the Revised Code, shall be used in determining the eligibility and total retirement or disability benefit payable. When total contributions and service credit are so combined, the following provisions apply:

(a) Age and service retirement or disability benefits are effective on the first day of the month immediately following the later of:

(i) The last day for which compensation was paid;

(ii) The attainment of minimum age or service credit eligibility for benefits provided under this section.

(b) In determining eligibility for a disability benefit, the medical examiner's report to the retirement board of any state retirement system, showing that the member's disability incapacitates ~~him~~ the member for the performance of duty, may be accepted by the state retirement boards as sufficient for granting a disability benefit.

(c) The state retirement system in which the member had the greatest service credit, without adjustment, shall determine and pay the total retirement or disability benefit. Where ~~his~~ the member's credit is equal in two or more state retirement systems, the system having the largest total contributions of the member shall determine and pay the total benefit.

(d) In determining the total credit to be used in calculating a retirement or disability benefit, credit shall not be reduced below that certified by the system or systems transferring credit, except that such total combined service credit shall not exceed one year of credit for any one "year" as defined in the law of the system making the calculation.

(e) The state retirement system determining and paying a retirement or disability benefit shall receive from the other system or systems the member's refundable account at retirement or the effective date of a disability benefit plus an equal amount from the employer's accumulation fund.

(i) The annuity rates and mortality tables of the state retirement system making the calculation and paying the benefit shall be exclusively applicable.

(ii) Deposits made for the purpose of an additional annuity, and including guaranteed interest, upon the request of the member, shall be

transferred to the state retirement system paying the benefit. The return upon such deposits shall be that offered by the state retirement system making the calculation and paying the benefit.

(2) A former member receiving a retirement or disability benefit under this section, who accepts employment amenable to coverage in any state retirement system that participated in ~~his~~ the former member's combined benefit, shall be subject to the applicable provisions of law governing such re-employment. If the former member is subject to section 3307.381 of the Revised Code and exceeds the limits on re-employment established by that section, the state retirement system paying a combined benefit shall terminate the entire pension portion of the benefit for the period of re-employment that exceeds the limit in that section. If a former member should be paid any amount in a retirement benefit, to which ~~he~~ the former member is not entitled under the applicable provisions of law governing such re-employment, such amount shall be recovered by the state retirement system paying such benefit by utilizing any recovery procedure available under the code provisions of the state retirement system covering such re-employment.

(C) A PERS retirant or other system retirant, as defined in section 145.38 of the Revised Code, is not eligible to receive any benefit under this section for service subject to section 145.38 of the Revised Code.

Sec. 3307.281. (A) The state teachers retirement board may establish by rule payroll deduction plans for payment of the following:

(1) The cost of restoring service credit under section 3307.28 or 3307.282 of the Revised Code or purchasing any service credit members of the state teachers retirement system are eligible to purchase under this chapter;

(2) Charges for participation in programs established under section 3307.741 of the Revised Code.

(B) In addition to any other matter considered relevant by the board, the rules adopted under this section shall specify all of the following:

(1) The types of service credit that may be paid for through payroll deduction, including the section of the Revised Code that authorizes the purchase of each type of service credit for which payment may be made by payroll deduction;

(2) The procedure ~~to be followed by a member to inform his~~ for informing the member's employer and the system that ~~he~~ the member wishes to use payroll deduction to purchase service credit or pay for participation in programs established under section 3307.741 of the Revised Code;

(3) The procedure to be followed by the system and employers to

determine for each request the amount to be deducted, the number of deductions to be made, and the interval at which deductions will be made. The rules may provide for a minimum amount for each deduction. They may also provide for a maximum number of deductions for the purchase of any type of service credit.

(4) The procedure to be followed by employers in transmitting amounts deducted from the compensation of their employees to the system;

(5) The procedure to be followed by the system in crediting service credit to members who choose to purchase it through payroll deduction;

(6) The time period within which employers are required to transmit amounts deducted from payrolls to the system.

(C)(1) If the board establishes a payroll deduction plan under this section, it shall certify to the member's employer, for each member for whom deductions are to be made, the amount of each deduction and the payrolls from which deductions are to be made. The employer shall make the deductions as certified and transmit the amounts deducted in accordance with the rules established by the board under this section.

(2) If an employer does not transmit amounts deducted from the compensation of an employee to the system within the time period specified in rules adopted under division (B)(6) of this section, the employer shall pay interest on the deducted amount compounded annually at a rate to be determined by the board from the date the amount is deducted to the date it is transmitted to the system.

(D) Rules adopted under this section shall not affect any right to purchase service credit conferred by any other section of the Revised Code, including the right of a member under any such section to purchase only part of the service credit ~~he~~ the member is eligible to purchase.

(E) No payroll deduction made pursuant to this section may exceed the amount of a member's net compensation after all other deductions and withholdings required by law.

(F) No payments made to the system under this section shall affect any contribution required by section 3307.51 or 3307.53 of the Revised Code.

Sec. 3307.282. (A) A member of the state teachers retirement system who has at least eighteen months of contributing service credit in the system, the police and firemen's disability and pension fund, public employees retirement system, school employees retirement system, or state highway patrol retirement system, and is a former member of or no longer contributing to the public employees retirement system or school employees retirement system may restore service credit under section 145.31 or 3309.26 of the Revised Code by making payments pursuant to this section

through a payroll deduction plan established under section 3307.281 of the Revised Code. A member seeking to restore this service credit shall notify the state teachers retirement system on a form approved by the state teachers retirement board. After receiving the notice, the state teachers retirement system shall request that the former retirement system calculate under section 145.312 or 3309.262 of the Revised Code the cost to the member to restore service credit for each year or portion of a year of service for which the member seeks to restore the service credit. The amount the former retirement system certifies as the cost of restoring the service credit, plus interest described in division (B) of this section, is the cost to the member of restoring the service credit. On receiving the certification from the former retirement system, the state teachers retirement system shall notify the member of the cost.

(B) For each year or portion of a year of service credit restored under section 145.31 or 3309.26 of the Revised Code, a member shall pay to the state teachers retirement system the amount certified by the former retirement system plus interest at a rate specified by the former retirement system under section 145.312 or 3309.262 of the Revised Code for the period during which deductions are made under section 3307.281 of the Revised Code.

(C) The state teachers retirement board shall annually notify the former retirement system that a payment to restore service credit under section 145.31 or 3309.26 of the Revised Code has been made. At the time the payment is transferred under division (D) of this section, the former retirement system shall restore the service credit for the year or portion of a year for which the payment was made.

(D) On application for a payment of accumulated contributions or an age and service retirement, disability, or survivor benefit under Chapter 145., 3307., or 3309. of the Revised Code by a member who made payments under this section to restore service credit in a former retirement system, the state teachers retirement system shall pay to the former retirement system an amount equal to the total amount paid by the member under this section.

(E) The board shall adopt rules to implement this section.

Sec. 3307.283. After receiving a request from the public employees retirement system under division (A) of section 145.311 or the school employees retirement system under division (A) of section 3309.261 of the Revised Code, the state teachers retirement system shall do both of the following:

(A) Calculate and certify to the requesting retirement system the cost to a former member to restore service credit under section 3307.28 of the

Revised Code for each year or portion of a year for which the former member seeks to restore service credit under that section.

(B) Inform the requesting retirement system of the rate of interest charged to a member under a payroll deduction plan authorized under section 3307.281 of the Revised Code.

Sec. 3307.41. To coordinate and integrate membership in the state retirement systems, the following provisions apply:

(A) As used in this section:

(1) "Retirement systems" means the public employees retirement system, the state teachers retirement system, and the school employees retirement system.

(2) In addition to the meaning given in division (L) of section 3307.01 of the Revised Code, "disability benefit" means "disability benefit" as defined in sections 145.01 and 3309.01 of the Revised Code.

(B) At the member's option, total contributions and service credit in all retirement systems, including amounts paid to restore service credit under sections 145.311, 3307.282, and 3309.261 of the Revised Code, shall be used in determining the eligibility for benefits. If total contributions and service credit are combined, the following provisions apply:

(1) Service retirement or a disability benefit is effective on the first day of the month next following the later of:

(a) The last day for which compensation was paid;

(b) The attainment of minimum age or service credit for benefits provided under this section.

(2) "Total service credit" includes the total credit in all retirement systems except that such credit shall not exceed one year for any period of twelve months.

(3) In determining eligibility for a disability benefit, the medical examiner's report to the board of any retirement system, showing that the member's disability incapacitates ~~him~~ the member for the performance of duty, may be accepted as sufficient for granting a disability benefit.

(4) The retirement system in which the member had the greatest service credit, without adjustment, shall determine and pay the total benefit. If ~~his~~ the member's credit is equal in two or more retirement systems, the system having the member's largest total contributions shall determine and pay the total benefit.

(5) In determining the total credit to be used in calculating a benefit, credit shall not be reduced below that certified by the system or systems transferring credit, except that such total combined service credit shall not exceed one year of credit for any one "year" as defined in the statute

governing the system making the calculation.

(6) The retirement system determining and paying the benefit shall receive from the other system or systems the member's refundable account at retirement or the effective date of a disability benefit plus an equal amount from the employers' trust fund.

(a) The annuity rates and mortality tables of the retirement system making the calculation and paying the benefit shall be applicable.

(b) Deposits made for the purchase of additional income, with guaranteed interest, upon the member's request, shall be transferred to the retirement system paying the regular benefit. The return upon such deposits shall be that offered by the retirement system making the calculation and paying the regular benefit.

(C) A person receiving a benefit under this section, who accepts employment amenable to coverage in any retirement system that participated in ~~his~~ the person's combined benefit, shall be subject to the applicable provisions of law governing such re-employment. If the person is subject to section 3307.381 of the Revised Code and exceeds the limits on re-employment established by that section, the retirement system paying a combined benefit shall terminate the entire pension portion of the benefit for the period of re-employment that exceeds the limit in that section.

If a retirant should be paid any amount to which ~~he~~ the retirant is not entitled under the applicable provisions of law governing such re-employment, such amount shall be recouped by the retirement system paying such benefit by utilizing any recovery procedure available under the law of the retirement system covering such re-employment.

Sec. 3309.261. (A) A member of the school employees retirement system who has at least eighteen months of contributing service credit in the system, the police and firemen's disability and pension fund, public employees retirement system, state teachers retirement system, or state highway patrol retirement system, and is a former member of or no longer contributing to the public employees retirement system or state teachers retirement system may restore service credit under section 145.31 or 3307.28 of the Revised Code by making payments pursuant to this section through a payroll deduction plan established under section 3309.27 of the Revised Code. A member seeking to restore service credit shall notify the school employees retirement system on a form approved by the school employees retirement board. After receiving the notice, the school employees retirement system shall request that the former retirement system calculate under section 145.312 or 3307.283 of the Revised Code the cost to the member to restore service credit for each year or portion of a year of

service for which the member seeks to restore the service credit. The amount the former retirement system certifies as the cost of restoring the service credit, plus interest described in division (B) of this section, is the cost to the member of restoring the service credit. On receiving the certification from the former retirement system, the school employees retirement system shall notify the member of the cost.

(B) For each year or portion of a year of service credit restored under section 145.31 or 3307.28 of the Revised Code, a member shall pay to the school employees retirement system the amount certified by the former retirement system plus interest at a rate specified by the former retirement system under section 145.312 or 3307.283 of the Revised Code for the period during which deductions are made under section 3309.27 of the Revised Code.

(C) The school employees retirement board shall annually notify the former retirement system that a payment to restore service credit under section 145.31 or 3307.28 of the Revised Code has been made. At the time the payment is transferred under division (D) of this section, the former retirement system shall restore the service credit for the year or portion of a year for which the payment was made.

(D) On application for a payment of accumulated contributions or an age and service retirement, disability, or survivor benefit under Chapter 145., 3307., or 3309. of the Revised Code by a member who made payments under this section to restore service credit in a former retirement system, the school employees retirement system shall pay to the former retirement system an amount equal to the total amount paid by the member under this section.

(E) The board shall adopt rules to implement this section.

Sec. 3309.262. After receiving a request from the public employees retirement system under division (A) of section 145.311 or the state teachers retirement system under division (A) of section 3307.282 of the Revised Code, the school employees retirement system shall do both of the following:

(A) Calculate and certify to the requesting retirement system the cost to a former member to restore service credit under section 3309.26 of the Revised Code for each year or portion of a year for which the former member seeks to purchase service credit under that section.

(B) Inform the requesting retirement system of the rate of interest charged to a member under a payroll deduction plan authorized under section 3309.27 of the Revised Code.

Sec. 3309.27. (A) The school employees retirement board may establish

by rule payroll deduction plans for payment of the following:

(1) The cost of restoring service credit under section 3309.26 or 3309.261 of the Revised Code or purchasing any service credit members of the school employees retirement system are eligible to purchase under this chapter;

(2) Charges for participation in programs established under section 3309.691 of the Revised Code.

(B) In addition to any other matter considered relevant by the board, the rules adopted under this section shall specify all of the following:

(1) The types of service credit that may be paid for through payroll deduction, including the section of the Revised Code that authorizes the purchase of each type of service credit for which payment may be made by payroll deduction;

(2) The procedure ~~to be followed by a member to inform his~~ for informing the member's employer and the system that ~~he~~ the member wishes to use payroll deduction to purchase service credit or pay for participation in programs established under section 3309.691 of the Revised Code;

(3) The procedure to be followed by the system and employers to determine for each request the amount to be deducted, the number of deductions to be made, and the interval at which deductions will be made. The rules may provide for a minimum amount for each deduction or a maximum number of deductions for the purchase of any type of service credit.

(4) The procedure to be followed by employers in transmitting amounts deducted from the compensation of their employees to the system;

(5) The procedure to be followed by the system in crediting service credit to members who choose to purchase it through payroll deduction.

(C) If the board establishes a payroll deduction plan under this section, it shall certify to the member's employer, for each member for whom deductions are to be made, the amount of each deduction and the payrolls from which deductions are to be made. The employer shall make the deductions as certified and transmit the amounts deducted in accordance with the rules established by the board under this section.

(D) Rules adopted under this section shall not affect any right to purchase service credit conferred by any other section of the Revised Code, including the right of a member under any such section to purchase only part of the service credit ~~he~~ the member is eligible to purchase.

(E) No payroll deduction made pursuant to this section may exceed the amount of a member's net compensation after all other deductions and withholdings required by law.

Sec. 3309.35. (A) As used in this section:

(1) "State retirement system" means the public employees retirement system, state teachers retirement system, or school employees retirement system.

(2) "Total service credit" means all service credit earned in all state retirement systems, except credit for service subject to section 3309.341 of the Revised Code. Total service credit shall not exceed one year of credit for any twelve-month period.

(3) In addition to the meaning given in division (O) of section 3309.01 of the Revised Code, "disability benefit" means "disability benefit" as defined in sections 145.01 and 3307.01 of the Revised Code.

(B) To coordinate and integrate membership in the state retirement systems, ~~the following provisions apply:~~

~~(1) At~~ at the option of a member, total contributions and service credit in all state retirement systems, including amounts paid to restore service credit under sections 145.311, 3307.282, and 3309.261 of the Revised Code, shall be used in determining the eligibility and total retirement or disability benefit payable. When total contributions and service credit are so combined, the following provisions apply:

~~(a)(1)~~ (1) Service and commuted service retirement or a disability benefit is effective no sooner than the first day of the month next following the last day of employment for which compensation was paid. If the application is filed after that date, the board may retire the member on the first day of the month next following the last day of employment for which compensation was paid.

~~(b)(2)~~ (2) In determining eligibility for a disability benefit, the medical examiner's report to the retirement board of any state retirement system, showing that the member's disability incapacitates ~~him~~ the member for the performance of duty, may be accepted by the state retirement boards as sufficient for granting a disability benefit.

~~(c)(3)~~ (3) The state retirement system in which the member had the greatest service credit, without adjustment, shall determine and pay the total retirement or disability benefit. Where ~~his~~ the member's credit is equal in two or more state retirement systems, the system having the largest total contributions of the member shall determine and pay the total benefit.

~~(d)(4)~~ (4) In determining the total credit to be used in calculating a retirement allowance or disability benefit, credit shall not be reduced below that certified by the system or systems transferring credit, except that such total combined service credit shall not exceed one year of credit for any one "year" as defined in the law of the system making the calculation.

~~(e)~~(5) The state retirement system determining and paying a retirement or disability benefit shall receive from the other system or systems the member's refundable account at retirement or the effective date of a disability benefit plus an equal amount from the employers' trust fund.

~~(i)~~(a) The annuity rates and mortality tables of the state retirement system making the calculation and paying the benefit shall be exclusively applicable.

~~(ii)~~(b) Deposits made for the purchase of an additional annuity, and including guaranteed interest, upon the request of the member, shall be transferred to the state retirement system paying the retirement or disability benefit. The return upon such deposits shall be that offered by the state retirement system making the calculation and paying the retirement or disability benefit.

(C) A former member receiving a retirement or disability benefit under this section, who accepts employment amenable to coverage in any state retirement system that participated in ~~his~~ the member's combined benefit, shall be subject to the applicable provisions of law governing such re-employment. If the former member is subject to section 3307.381 of the Revised Code and exceeds the limits on re-employment established by that section, the state retirement system paying a combined benefit shall terminate the entire pension portion of the benefit for the period of re-employment that exceeds the limit in that section. If a former member should be paid any amount in a retirement allowance, to which ~~he~~ the former member is not entitled under the applicable provisions of law governing such re-employment, such amount shall be recovered by the state retirement system paying such allowance by utilizing any recovery procedure available under the code provisions of the state retirement system covering such re-employment.

(D) An SERS retirant or other system retirant, as defined in section 3309.341 of the Revised Code, is not eligible to receive any benefit under this section for service subject to section 3309.341 of the Revised Code.

SECTION 2. That existing sections 145.294, 145.37, 3307.281, 3307.41, 3309.27, and 3309.35 of the Revised Code are hereby repealed.

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 _____