

As Introduced

**127th General Assembly
Regular Session
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S. B. No. 148

Senator Faber

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A B I L L

To amend sections 3309.33, 3309.34, 3309.36, 3309.38,
and 3309.381 of the Revised Code to revise
retirement eligibility requirements for members of
the School Employees Retirement System.

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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 3309.33, 3309.34, 3309.36, 3309.38,
and 3309.381 of the Revised Code be amended to read as follows:

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Sec. 3309.33. (A) An employer may establish a retirement
incentive plan for its employees who are members of the school
employees 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.

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~~An employee who is a member of the school employees
retirement system shall~~ (B) To be eligible to participate in a
retirement incentive plan ~~if he, an employee must meet the~~
following requirements:

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(1) If the employee became a member of the retirement system

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before the effective date of this amendment, the member has 21
attained age fifty and he years of age; 22

(2) If the employee became a member of the retirement system 23
on or after the effective date of this amendment, the employee has 24
attained fifty-five years of age; 25

(3) The employee agrees to retire and retires under section 26
3309.36 of the Revised Code effective within ninety days after 27
receiving notice from the school employees retirement system that 28
service credit has been purchased for ~~him~~ the employee under this 29
section. 30

(C) Participation in the plan shall be available to all 31
eligible employees except that the employer may limit the number 32
of persons for whom it purchases credit in any calendar year to a 33
specified percentage of its employees who are members of the 34
school employees retirement system on the first day of January of 35
that year. The percentage shall not be less than five per cent of 36
such employees. If participation is limited, employees with a 37
greater length of service with the employer have the right to 38
elect to have credit purchased before employees with a lesser 39
length of service with the employer. 40

(D) The amount of service credit purchased for any 41
participant shall be uniformly determined but shall not exceed the 42
lesser of the following: 43

~~(A)~~(1) Five years of service credit; 44

~~(B)~~(2) An amount of service credit equal to one-fifth of the 45
total service credited to the participant under Chapter 3309. of 46
the Revised Code. 47

For each year of service credit purchased under this section, 48
the employer shall pay an amount specified by the school employees 49
retirement board equal to the additional liability resulting from 50
the purchase of that year of service credit as determined by an 51

actuary employed by the board. Payments shall be made in 52
accordance with rules adopted by the board, and the board shall 53
notify each member when ~~he~~ the member is credited with service 54
purchased under this section. 55

No payment made to the school employees retirement system 56
under this section shall affect any payment required by section 57
3309.49 of the Revised Code. 58

Sec. 3309.34. (A)(1) A member of the school employees 59
retirement system whose membership began before the effective date 60
of this amendment is eligible for service retirement if ~~he~~ the 61
member has at least five years of total service credit and has 62
attained sixty years of age, or if ~~he~~ the member has at least 63
thirty years of total service credit at any age. A member whose 64
membership began before the effective date of this amendment is 65
eligible for commuted service retirement if ~~he~~ the member has at 66
least twenty-five years of total service credit and has attained 67
fifty-five years of age. 68

(2) A member whose membership began on or after the effective 69
date of this amendment is eligible for service retirement if the 70
member meets one of the following requirements: 71

(a) Has earned at least ten years of total service credit and 72
has attained sixty-two years of age; 73

(b) Has earned at least twenty-five years of total service 74
credit and has attained sixty years of age; 75

(c) Has earned at least thirty years of total service credit 76
and has attained fifty-five years of age. 77

(B) A member may retire by filing an application for 78
retirement with the school employees retirement board on a form 79
provided by the board. The board shall not retire the member 80
sooner than the first day of the month next following the later 81

of: 82

~~(A)(1)~~ The last day of employment for which compensation was 83
paid; 84

~~(B)(2)~~ The attainment of minimum age and service credit 85
eligibility for service or commuted service retirement. 86

(C) At least once every ten years, the school employees 87
retirement board shall direct its actuary to evaluate the 88
retirement eligibility requirements of this section. In making the 89
evaluation, the actuary shall use, as the actuarial assumptions, 90
regular interest and such mortality and other tables as are 91
adopted by the board. 92

Sec. 3309.36. (A)(1) A member retiring of the school 93
employees retirement system whose membership began before the 94
effective date of this amendment who retires on service retirement 95
shall be granted a retirement allowance consisting of the lesser 96
of the sum of the following amounts or the limit established by 97
section 415 of the "Internal Revenue Code of 1986," 100 Stat. 98
2085, 26 U.S.C.A. 415, as amended: 99

~~(1)(a)~~ An annuity having a reserve equal to the amount of the 100
employee's accumulated contributions at that time; 101

~~(2)(b)~~ A pension of equivalent amount; 102

~~(3)(c)~~ An additional pension of forty dollars multiplied by 103
the number of years of such prior service credit; 104

~~(4)(d)~~ For members who have ten or more years of service 105
credit accumulated prior to October 1, 1956, a basic annual 106
pension equal to one hundred eighty dollars, except that such 107
basic annual pension shall not exceed the sum of the total annual 108
benefits provided by divisions (A)(1), (2), and (3) of this 109
section. 110

(2) A member whose membership began on or after the effective 111

date of this amendment who retires on service retirement shall be 112
granted a retirement allowance consisting of the lesser of the sum 113
of the following amounts or the limit established by section 415 114
of the "Internal Revenue Code of 1986": 115

(a) An annuity having a reserve equal to the amount of the 116
employee's accumulated contributions at that time; 117

(b) A pension of equivalent amount. 118

(B)(1) When a member retires on service retirement, the 119
member's allowance when computed as an annual single lifetime 120
allowance as provided in divisions (A)(1), ~~(2)~~, ~~(3)~~, and ~~(4)~~ (2) of 121
this section and section 3309.38 of the Revised Code, based upon 122
attained age sixty-five or thirty years of total service credit, 123
shall be not less than the greater of the amounts determined by 124
multiplying the member's total service credit by the following: 125

(a) Eighty-six dollars; 126

(b) Two and two-tenths per cent of the member's final average 127
salary for each of the first thirty years of service credit or 128
fraction thereof plus two and one-half per cent of the member's 129
final average salary for each subsequent year of service credit or 130
fraction thereof. 131

(2) The For a member whose membership began before the 132
effective date of this amendment, the annual single lifetime 133
allowance determined under division (B)(1) of this section shall 134
be adjusted by the greater percentage shown in the following 135
schedule opposite the member's attained age or years of Ohio 136
service credit: 137

	Years of		Per Cent	
	Attained	or	Ohio Service	of
Age			Credit	Base Amount
58			25	75%
59			26	80

60	27	85	143
61		88	144
	28	90	145
62		91	146
63		94	147
	29	95	148
64		97	149
65	30 or more	100	150

~~Members shall vest the~~ For a member whose membership began before 151
~~the effective date of this amendment, the right to a benefit shall~~ 152
~~vest~~ in accordance with the following schedule, based on the 153
member's attained age by September 1, 1976: 154

	Per Cent	155
Attained	of	156
Age	Base Amount	157
66	102	158
67	104	159
68	106	160
69	108	161
70 or more	110	162

(3) For a member whose membership began on or after the 163
effective date of this amendment, the annual single lifetime 164
allowance determined under division (B)(1) of this section shall 165
be adjusted to be the actuarial equivalent of the member's 166
retirement allowance, as determined by the retirement board's 167
actuary, had the member retired at age sixty-five or with thirty 168
years of service credit, except that the retirement allowance 169
shall not be lesser than the following amounts: 170

	<u>Per Cent</u>	171
<u>Years of Service</u>	<u>of</u>	172
<u>Credit</u>	<u>Base Amount</u>	173
<u>25</u>	<u>75%</u>	174

<u>26</u>	<u>80</u>	175
<u>27</u>	<u>85</u>	176
<u>28</u>	<u>90</u>	177
<u>29</u>	<u>95</u>	178

(4) The annual single lifetime allowance which a retirant shall receive under this division shall not exceed the lesser of one hundred per cent of 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.

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

(D) At least once every ten years, the school employees retirement board shall direct its actuary to evaluate the actuarial equivalents in division (B)(3) of this section to determine their appropriateness. The board may adjust the actuarial equivalents in accordance with the actuary's recommendations.

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:

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

(2) A pension of equivalent amount;

(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 205
service annuity rate for the attained annuity age of retirement. 206

(4) For members who have ten or more years of service credit 207
accumulated prior to October 1, 1956, a basic annual pension equal 208
to one hundred eighty dollars, which shall be commuted in the same 209
manner as provided for the prior service pension in division 210
(A)(3) of this section, provided such commuted basic annual 211
pension shall not exceed the sum of the total annual benefits 212
provided by divisions (A)(1), (2), and (3) of this section. 213

(B) When a member retires on commuted service retirement, the 214
member's annual single lifetime allowance including the allowances 215
provided in divisions (A)(1), (2), (3), and (4) of this section 216
shall not be less than the allowances provided under the 217
provisions of division (B) of section 3309.36 of the Revised Code 218
and shall not exceed the limit established by division (B)~~(3)~~(4) 219
of that section. 220

(C) Retirement allowances determined under this section shall 221
be paid as provided in section 3309.46 of the Revised Code. 222

Sec. 3309.381. (A) A recipient of a disability allowance 223
under section 3309.401 of the Revised Code who is subject to 224
division (C)(3) of that section may make application for ~~service~~ 225
retirement under this section. Retirement shall be effective on 226
the first day of the first month following the last day for which 227
the disability allowance is paid. 228

(B) The annual allowance payable under this section shall 229
consist of the sum of the amounts determined under divisions 230
(B)(1) and (2) of this section: 231

(1) The greater of the following: 232

(a) An allowance calculated as provided in section 3309.36 of 233
the Revised Code, excluding any period during which the applicant 234

received a disability benefit under section 3309.401 of the Revised Code;

(b) An allowance calculated by multiplying the applicant's total service credit, including service credit for the last continuous period during which the applicant received a disability benefit under section 3309.401 of the Revised Code, by two and two-tenths per cent of the applicant's final average salary, except that the allowance shall not exceed forty-five per cent of the applicant's final average salary.

(2) An amount equal to the additional allowance the recipient would receive under section 3309.374 of the Revised Code, plus any other additional amount the recipient would receive under this chapter, had the recipient retired under section 3309.36 of the Revised Code effective on the effective date of the recipient's most recent continuous period of receipt of a disability benefit under section 3309.401 of the Revised Code.

(C) The allowance calculated under division (B) of this section, exclusive of any amount added under division (B)(2) of this section based on section 3309.374 of the Revised Code, shall be the base for all future additional allowances under section 3309.374 of the Revised Code.

The anniversary date for future additional allowances under section 3309.374 of the Revised Code shall be the effective date of the recipient's most recent continuous period of receipt of a disability benefit under section 3309.401 of the Revised Code.

(D) The retirement allowance determined under this section shall be paid as provided in section 3309.46 of the Revised Code.

Section 2. That existing sections 3309.33, 3309.34, 3309.36, 3309.38, and 3309.381 of the Revised Code are hereby repealed.