

**As Reported by the House Financial Institutions, Real Estate and
Securities Committee**

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Sub. S. B. No. 148

Senator Faber

**Cosponsors: Senators Mumper, Harris, Miller, R., Morano, Niehaus, Sawyer,
Seitz, Smith, Wilson, Padgett, Amstutz, Spada
Representatives Hite, Zehringer**

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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~~

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~~retirement system shall~~ (B) To be eligible to participate in a 17
retirement incentive plan ~~if he,~~ an employee must meet the 18
following requirements: 19

(1) Either of the following: 20

(a) If the employee became a member of the retirement system 21
before the effective date of this amendment, the member has 22
attained age fifty and he years of age; 23

(b) If the employee became a member of the retirement system 24
on or after the effective date of this amendment, the employee has 25
attained fifty-five years of age; 26

(2) The employee agrees to retire and retires under section 27
3309.36 of the Revised Code effective within ninety days after 28
receiving notice from the school employees retirement system that 29
service credit has been purchased for ~~him~~ the employee under this 30
section. 31

(C) Participation in the plan shall be available to all 32
eligible employees except that the employer may limit the number 33
of persons for whom it purchases credit in any calendar year to a 34
specified percentage of its employees who are members of the 35
school employees retirement system on the first day of January of 36
that year. The percentage shall not be less than five per cent of 37
such employees. If participation is limited, employees with a 38
greater length of service with the employer have the right to 39
elect to have credit purchased before employees with a lesser 40
length of service with the employer. 41

(D) The amount of service credit purchased for any 42
participant shall be uniformly determined but shall not exceed the 43
lesser of the following: 44

~~(A)~~ (1) Five years of service credit; 45

~~(B)~~ (2) An amount of service credit equal to one-fifth of the 46

total service credited to the participant under Chapter 3309. of 47
the Revised Code. 48

For each year of service credit purchased under this section, 49
the employer shall pay an amount specified by the school employees 50
retirement board equal to the additional liability resulting from 51
the purchase of that year of service credit as determined by an 52
actuary employed by the board. Payments shall be made in 53
accordance with rules adopted by the board, and the board shall 54
notify each member when ~~he~~ the member is credited with service 55
purchased under this section. 56

No payment made to the school employees retirement system 57
under this section shall affect any payment required by section 58
3309.49 of the Revised Code. 59

Sec. 3309.34. (A)(1) A member of the school employees 60
retirement system whose membership began before the effective date 61
of this amendment is eligible for service retirement if ~~he~~ the 62
member has at least five years of total service credit and has 63
attained sixty years of age, or if ~~he~~ the member has at least 64
thirty years of total service credit at any age. A member whose 65
membership began before the effective date of this amendment is 66
eligible for commuted service retirement if ~~he~~ the member has at 67
least twenty-five years of total service credit and has attained 68
fifty-five years of age. 69

(2) A member whose membership began on or after the effective 70
date of this amendment is eligible for service retirement if the 71
member meets one of the following requirements: 72

(a) Has earned at least ten years of total service credit and 73
has attained sixty-two years of age; 74

(b) Has earned at least twenty-five years of total service 75
credit and has attained sixty years of age; 76

(c) Has earned at least thirty years of total service credit 77
and has attained fifty-five years of age. 78

(B) A member may retire by filing an application for 79
retirement with the school employees retirement board on a form 80
provided by the board. The board shall not retire the member 81
sooner than the first day of the month next following the later 82
of: 83

~~(A)~~(1) The last day of employment for which compensation was 84
paid; 85

~~(B)~~(2) The attainment of minimum age and service credit 86
eligibility for service or commuted service retirement. 87

(C) At least once every ten years, the board shall direct its 88
actuary to evaluate the retirement eligibility requirements of 89
this section. 90

Sec. 3309.36. (A)(1) A member retiring of the school 91
employees retirement system whose membership began before the 92
effective date of this amendment who retires on service retirement 93
shall be granted a retirement allowance consisting of the lesser 94
of the sum of the following amounts or the limit established by 95
section 415 of the "Internal Revenue Code of 1986," 100 Stat. 96
2085, 26 U.S.C.A. 415, as amended: 97

~~(1)~~(a) An annuity having a reserve equal to the amount of the 98
employee's accumulated contributions at that time; 99

~~(2)~~(b) A pension of equivalent amount; 100

~~(3)~~(c) An additional pension of forty dollars multiplied by 101
the number of years of such prior service credit; 102

~~(4)~~(d) For members who have ten or more years of service 103
credit accumulated prior to October 1, 1956, a basic annual 104
pension equal to one hundred eighty dollars, except that such 105
basic annual pension shall not exceed the sum of the total annual 106

benefits provided by divisions (A)(1), (2), and (3) of this 107
section. 108

(2) A member whose membership began on or after the effective 109
date of this amendment who retires on service retirement shall be 110
granted a retirement allowance consisting of the lesser of the sum 111
of the following amounts or the limit established by section 415 112
of the "Internal Revenue Code of 1986": 113

(a) An annuity having a reserve equal to the amount of the 114
employee's accumulated contributions at that time; 115

(b) A pension of equivalent amount. 116

(B)(1) When a member retires on service retirement, the 117
member's allowance when computed as an annual single lifetime 118
allowance as provided in divisions (A)(1), ~~(2)~~, ~~(3)~~, and ~~(4)~~ (2) of 119
this section and section 3309.38 of the Revised Code, based upon 120
attained age sixty-five or thirty years of total service credit, 121
shall be not less than the greater of the amounts determined by 122
multiplying the member's total service credit by the following: 123

(a) Eighty-six dollars; 124

(b) Two and two-tenths per cent of the member's final average 125
salary for each of the first thirty years of service credit or 126
fraction thereof plus two and one-half per cent of the member's 127
final average salary for each subsequent year of service credit or 128
fraction thereof. 129

(2) The For a member whose membership began before the 130
effective date of this amendment, the annual single lifetime 131
allowance determined under division (B)(1) of this section shall 132
be adjusted by the greater percentage shown in the following 133
schedule opposite the member's attained age or years of Ohio 134
service credit: 135

| Years of | Per Cent | 136 |
|----------|----------|-----|
|----------|----------|-----|

| | | | | |
|----------|----|--------------|-------------|-----|
| Attained | or | Ohio Service | of | 137 |
| Age | | Credit | Base Amount | 138 |
| 58 | | 25 | 75% | 139 |
| 59 | | 26 | 80 | 140 |
| 60 | | 27 | 85 | 141 |
| 61 | | | 88 | 142 |
| | | 28 | 90 | 143 |
| 62 | | | 91 | 144 |
| 63 | | | 94 | 145 |
| | | 29 | 95 | 146 |
| 64 | | | 97 | 147 |
| 65 | | 30 or more | 100 | 148 |

~~Members shall vest the~~ For a member whose membership began before 149
the effective date of this amendment, the right to a benefit shall 150
vest in accordance with the following schedule, based on the 151
member's attained age by September 1, 1976: 152

| | | |
|------------|-------------|-----|
| | Per Cent | 153 |
| Attained | of | 154 |
| Age | Base Amount | 155 |
| 66 | 102 | 156 |
| 67 | 104 | 157 |
| 68 | 106 | 158 |
| 69 | 108 | 159 |
| 70 or more | 110 | 160 |

(3) For a member whose membership began on or after the 161
effective date of this amendment, the annual single lifetime 162
allowance determined under division (B)(1) of this section shall 163
be adjusted to be the actuarial equivalent of the member's 164
retirement allowance, as determined by the retirement board's 165
actuary, had the member retired at age sixty-five or with thirty 166
years of service credit, except that the retirement allowance 167
shall not be less than the following: 168

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|-------------------------|--------------------|-----|
| | <u>Per Cent</u> | 169 |
| <u>Years of Service</u> | <u>of</u> | 170 |
| <u>Credit</u> | <u>Base Amount</u> | 171 |
| <u>25</u> | <u>75%</u> | 172 |
| <u>26</u> | <u>80</u> | 173 |
| <u>27</u> | <u>85</u> | 174 |
| <u>28</u> | <u>90</u> | 175 |
| <u>29</u> | <u>95</u> | 176 |

(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 199
pension provided by section 3309.36 of the Revised Code, after 200
either age sixty or thirty-two years of service credit, whichever 201
can be first attained. The annual prior service pension shall be 202
determined by the amount of such commuted reserve divided by the 203
service annuity rate for the attained annuity age of retirement. 204

(4) For members who have ten or more years of service credit 205
accumulated prior to October 1, 1956, a basic annual pension equal 206
to one hundred eighty dollars, which shall be commuted in the same 207
manner as provided for the prior service pension in division 208
(A)(3) of this section, provided such commuted basic annual 209
pension shall not exceed the sum of the total annual benefits 210
provided by divisions (A)(1), (2), and (3) of this section. 211

(B) When a member retires on commuted service retirement, the 212
member's annual single lifetime allowance including the allowances 213
provided in divisions (A)(1), (2), (3), and (4) of this section 214
shall not be less than the allowances provided under the 215
provisions of division (B) of section 3309.36 of the Revised Code 216
and shall not exceed the limit established by division (B)~~(3)~~(4) 217
of that section. 218

(C) Retirement allowances determined under this section shall 219
be paid as provided in section 3309.46 of the Revised Code. 220

Sec. 3309.381. (A) A recipient of a disability allowance 221
under section 3309.401 of the Revised Code who is subject to 222
division (C)(3) of that section may make application for ~~service~~ 223
retirement under this section. Retirement shall be effective on 224
the first day of the first month following the last day for which 225
the disability allowance is paid. 226

(B) The annual allowance payable under this section shall 227
consist of the sum of the amounts determined under divisions 228
(B)(1) and (2) of this section: 229

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| (1) The greater of the following: | 230 |
| (a) An allowance calculated as provided in section 3309.36 of the Revised Code, excluding any period during which the applicant received a disability benefit under section 3309.401 of the Revised Code; | 231 232 233 234 |
| (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. | 235 236 237 238 239 240 241 |
| (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. | 242 243 244 245 246 247 248 |
| (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. | 249 250 251 252 253 |
| 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. | 254 255 256 257 |
| (D) The retirement allowance determined under this section shall be paid as provided in section 3309.46 of the Revised Code. | 258 259 |
| Section 2. That existing sections 3309.33, 3309.34, 3309.36, | 260 |

3309.38, and 3309.381 of the Revised Code are hereby repealed.

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