

**As Introduced**

**129th General Assembly  
Regular Session  
2011-2012**

**S. B. No. 345**

**Senators Niehaus, Kearney**

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**A B I L L**

To amend sections 5505.01, 5505.03, 5505.15, 1  
5505.174, 5505.28, and 5505.54 of the Revised Code 2  
to revise the law governing the State Highway 3  
Patrol Retirement System. 4

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

**Section 1.** That sections 5505.01, 5505.03, 5505.15, 5505.174, 5  
5505.28, and 5505.54 of the Revised Code be amended to read as 6  
follows: 7

**Sec. 5505.01.** As used in this chapter: 8

(A) "Employee" means any qualified employee in the uniform 9  
division of the state highway patrol, any qualified employee in 10  
the radio division hired prior to November 2, 1989, and any state 11  
highway patrol cadet attending training school pursuant to section 12  
5503.05 of the Revised Code whose attendance at the school begins 13  
on or after June 30, 1991. "Employee" includes the superintendent 14  
of the state highway patrol. In all cases of doubt, the state 15  
highway patrol retirement board shall determine whether any person 16  
is an employee as defined in this division, and the decision of 17  
the board is final. 18

(B) "Prior service" means all service rendered as an employee 19  
of the state highway patrol prior to September 5, 1941, to the 20

extent credited by the board, provided that in no case shall prior 21  
service include service rendered prior to November 15, 1933. 22

(C) "Total service" means all service rendered by an employee 23  
to the extent credited by the board. Total service includes all of 24  
the following: 25

(1) Contributing service rendered by the employee since last 26  
becoming a member of the state highway patrol retirement system; 27

(2) All prior service credit; 28

(3) Restored service credit as provided in this chapter; 29

(4) Military service credit purchased under division (D) of 30  
section 5505.16 or section 5505.25 of the Revised Code; 31

(5) Credit granted under division (C) of section 5505.17 or 32  
section 5505.201, 5505.40, or 5505.402 of the Revised Code; 33

(6) Credit for any period, not to exceed three years, during 34  
which the member was out of service and receiving benefits under 35  
Chapters 4121. and 4123. of the Revised Code. 36

(D) "Beneficiary" means any person, except a retirant, who is 37  
in receipt of a pension or other benefit payable from funds of the 38  
retirement system. 39

(E) "Regular interest" means interest compounded at rates 40  
designated from time to time by the retirement board. 41

(F) "Plan" means the provisions of this chapter. 42

(G) "Retirement system" or "system" means the state highway 43  
patrol retirement system created and established in the plan. 44

(H) "Contributing service" means all service rendered by a 45  
member since September 4, 1941, for which deductions were made 46  
from the member's salary under the plan. 47

(I) "Retirement board" or "board" means the state highway 48  
patrol retirement board provided for in the plan. 49

(J) Except as provided in section 5505.18 of the Revised Code, "member" means any employee included in the membership of the retirement system, whether or not rendering contributing service. 50  
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(K) "Retirant" means any member who retires with a pension payable from the retirement system. 54  
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(L) "Accumulated contributions" means the sum of the following credited to a member's individual account in the employees' savings fund: 56  
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(1) All amounts deducted from the salary of the member; 59

(2) All amounts paid by the member to purchase state highway patrol retirement system service credit pursuant to this chapter or other state law. 60  
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(M)(1) Except as provided in division (M)(2) of this section, "final average salary" means the average of the highest salary paid a member during any ~~three~~ five consecutive or nonconsecutive years. 63  
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If a member has less than ~~three~~ five years of contributing service, the member's final average salary shall be the average of the annual rates of salary paid to the member during the member's total years of contributing service. 67  
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(2) If a member is credited with service under division (C)(6) of this section or division (D) of section 5505.16 of the Revised Code, the member's final average salary shall be the average of the highest salary that was paid to the member or would have been paid to the member, had the member been rendering contributing service, during any ~~three~~ five consecutive or nonconsecutive years. If that member has less than ~~three~~ five years of total service, the member's final average salary shall be the average of the annual rates of salary that were paid to the member or would have been paid to the member during the member's 71  
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years of total service.	81
(N) "Pension" means an annual amount payable by the retirement system throughout the life of a person or as otherwise provided in the plan.	82 83 84
(O) "Pension reserve" means the present value of any pension, or benefit in lieu of any pension, computed upon the basis of mortality and other tables of experience and interest the board shall from time to time adopt.	85 86 87 88
(P) "Deferred pension" means a pension for which an eligible member of the system has made application and which is payable as provided in division (A) or (B) of section 5505.16 of the Revised Code.	89 90 91 92
(Q) "Retirement" means termination as an employee of the state highway patrol, with application having been made to the system for a pension or a deferred pension.	93 94 95
(R) "Fiduciary" means any of the following:	96
(1) A person who 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;	97 98 99
(2) A person who renders investment advice for a fee, direct or indirect, with respect to money or property of the system;	100 101
(3) A person who has any discretionary authority or responsibility in the administration of the system.	102 103
(S)(1) Except as otherwise provided in this division, "salary" means all compensation, wages, and other earnings paid to a member by reason of employment but without regard to whether any of the compensation, wages, or other earnings are treated as deferred income for federal income tax purposes. Salary includes all of the following:	104 105 106 107 108 109
(a) Payments for shift differential, hazard duty,	110

professional achievement, and longevity;	111
(b) Payments for occupational injury leave, personal leave,	112
sick leave, bereavement leave, administrative leave, and vacation	113
leave used by the member;	114
(c) Payments made under a disability leave program sponsored	115
by the state for which the state is required by section 5505.151	116
of the Revised Code to make periodic employer and employee	117
contributions to the retirement system.	118
(2) "Salary" does not include any of the following:	119
(a) Payments resulting from the conversion of accrued but	120
unused sick leave, personal leave, compensatory time, and vacation	121
leave;	122
(b) Payments made by the state to provide life insurance,	123
sickness, accident, endowment, health, medical, hospital, dental,	124
or surgical coverage, or other insurance for the member or the	125
member's family, or amounts paid by the state to the member in	126
lieu of providing that insurance;	127
(c) Payments for overtime work;	128
(d) Incidental benefits, including lodging, food, laundry,	129
parking, or services furnished by the state, use of property or	130
equipment of the state, and reimbursement for job-related expenses	131
authorized by the state including moving and travel expenses and	132
expenses related to professional development;	133
(e) Payments made to or on behalf of a member that are in	134
excess of the annual compensation that may be taken into account	135
by the retirement system under division (a)(17) of section 401 of	136
the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A.	137
401 (a)(17), as amended;	138
(f) Payments made under division (B), (C), or (E) of section	139
5923.05 of the Revised Code, Section 4 of Substitute Senate Bill	140

No. 3 of the 119th general assembly, Section 3 of Amended 141  
Substitute Senate Bill No. 164 of the 124th general assembly, or 142  
Amended Substitute House Bill No. 405 of the 124th general 143  
assembly. 144

(3) The retirement board shall determine by rule whether any 145  
compensation, wages, or earnings not enumerated in this division 146  
are salary, and its decision shall be final. 147

(T) "Actuary" means an individual who satisfies all of the 148  
following requirements: 149

(1) Is a member of the American academy of actuaries; 150

(2) Is an associate or fellow of the society of actuaries; 151

(3) Has a minimum of five years' experience in providing 152  
actuarial services to public retirement plans. 153

**Sec. 5505.03.** (A) The funds created by this section are the 154  
"employees' savings fund," "employer's accumulation fund," 155  
"pension reserve fund," "survivors' benefit fund," "income fund," 156  
and "expense fund." When reference is made to any of such funds, 157  
such reference is made to each as a separate legal entity; 158  
provided that the moneys in the funds may be intermingled for 159  
deposit and investment purposes. 160

(B) The employees' savings fund is the fund in which shall be 161  
accumulated the contributions deducted from the salaries of 162  
members, except as provided in division (B)(1)(b) of section 163  
5505.54 of the Revised Code. Any refunds of accumulated 164  
contributions, as provided in the plan, shall be paid from such 165  
fund. Upon a member's retirement, ~~his~~ the accumulated 166  
contributions standing to ~~his~~ the member's credit in the fund 167  
shall be transferred to the pension reserve fund if ~~his~~ the 168  
member's retirement occurs on or after January 1, 1966, or to the 169  
employer's accumulation fund if ~~his~~ the member's retirement 170

occurred prior to January 1, 1966. If a pension is payable on 171  
account of the death of a member, ~~his~~ the accumulated 172  
contributions standing to ~~his~~ the member's credit in the 173  
employees' savings fund shall be transferred to the survivors' 174  
benefit fund if ~~his~~ the member's death occurs after January 1, 175  
1966, or to the employer's accumulation fund if ~~his~~ the member's 176  
death occurs prior to January 1, 1966. 177

(C)(1) The employer's accumulation fund is the fund in which 178  
shall be accumulated the state's contribution to the state highway 179  
patrol retirement system and the amounts contributed under 180  
division (B)(1)(b) of section 5505.54 of the Revised Code. Upon a 181  
member's retirement after January 1, 1966, the difference between 182  
~~his~~ the member's pension reserve and ~~his~~ the member's accumulated 183  
contributions shall be transferred to the pension reserve fund. If 184  
a pension is payable on account of a member's death occurring 185  
after January 1, 1966, the difference between the pension reserve 186  
for that pension and ~~his~~ the member's accumulated contributions 187  
shall be transferred to the survivors' benefit fund. 188

(2) All pensions allowed and payable prior to January 1, 189  
1966, shall be continued according to the provisions of the plan 190  
in force the day preceding January 1, 1966, unless otherwise 191  
provided for in this chapter and shall be paid from the employer's 192  
accumulation fund. 193

(D) The pension reserve fund is the fund from which shall be 194  
paid all pensions on account of members who retire on or after 195  
January 1, 1966. If a disability retirant returns to the employ of 196  
the state highway patrol, ~~his~~ the disability retirant's pension 197  
reserve at that time shall be transferred to the employees' 198  
savings fund and the employer's accumulation fund in the same 199  
proportion as the pension reserve was originally transferred to 200  
the pension reserve fund. 201

(E) The survivors' benefit fund is the fund from which shall 202

be paid all pensions, payable under section 5505.17 of the Revised Code, on account of members who die on or after January 1, 1966.

(F)(1) The income fund is the fund to which shall be credited all interest, dividends, distributions, and other income derived from deposits and investments of moneys of the retirement system, all gifts and bequests to the system, all transfers from the employees' savings fund because of lack of claimant, and any other moneys the disposition of which is not otherwise provided for in the plan.

(2) If the balance in the income fund exceeds the requirements of the fund, the state highway patrol retirement board may transfer amounts from the income fund to meet special requirements of the various other funds of the retirement system.

(G) The expense fund is the fund from which the expense of the administration of this chapter shall be paid, exclusive of amounts payable as retirement allowances and as other benefits. The state highway patrol retirement board shall estimate annually the amount to be provided in the expense fund and such amount shall be transferred from the income fund. If such amount is insufficient during any year, the board is authorized to transfer the amount of such insufficiency from the income fund.

**Sec. 5505.15.** (A)(1) A member of the state highway patrol retirement system shall contribute ~~ten per cent~~ a certain percentage of the member's annual salary to the state highway patrol retirement fund. The percentage shall be not less than ten per cent of the member's annual salary but not more than fourteen per cent. The state highway patrol retirement board shall establish and may adjust the rate as it considers necessary to meet the amortization period requirement of section 5505.121 of the Revised Code. The board shall base its determination of the necessary rate on the annual actuarial valuation required by



section 5505.12 of the Revised Code. The amount shall be deducted 234  
by the employer from the employee's salary for each payroll 235  
period. 236

(2) The total contributions arising from deductions made 237  
prior to January 1, 1966, from the salaries of members in the 238  
employ of the state highway patrol and standing to the credit of 239  
their individual accounts in the retirement fund shall be 240  
transferred and credited to their respective individual accounts 241  
in the employees' savings fund. 242

(B) The state shall annually pay into the employer 243  
accumulation fund, in monthly or less frequent installments as the 244  
state highway patrol retirement board requires, the employer 245  
contribution. The employer contribution shall be an amount equal 246  
to twenty-six and one-half per cent of the total salaries paid 247  
contributing members. If a member severs connection with the 248  
patrol or is dismissed, the employer contribution shall remain in 249  
the retirement system. 250

The rate percentage of the employer contribution shall be 251  
certified by the board to the director of budget and management 252  
and shall not be lower than nine per cent of the total salaries 253  
paid contributing members and shall not exceed three times the 254  
rate percentage being deducted from the annual salaries of 255  
contributing members. The board shall prepare and submit to the 256  
director, on or before the first day of November of each 257  
even-numbered year, an estimate of the amounts necessary to pay 258  
the state's obligations accruing during the biennium beginning the 259  
first day of July of the following year. Such amounts shall be 260  
included in the budget and allocated as certified by the board. 261

**Sec. 5505.174.** (A) ~~The following persons are eligible to 262  
receive an increase under this section:~~ 263

~~(1) Persons Eligibility for an increase under this section 264~~

shall be determined as follows: 265

(1) For a person whose pension effective date is prior to the 266  
effective date of this amendment, an "eligible person" is one of 267  
the following: 268

(a) A person fifty-three years old or older who ~~have~~ has been 269  
receiving ~~pensions~~ a pension pursuant to division (B) of section 270  
5505.16, division (A)(1) of section 5505.17, or division (B) of 271  
section 5505.18 of the Revised Code for not less than twelve 272  
months; 273

~~(2) Persons who have~~ (b) A person who has been receiving 274  
~~pensions~~ a pension pursuant to division (B) of section 5505.18 of 275  
the Revised Code for not less than sixty months regardless of age; 276

~~(3) Persons who have~~ (c) A person who has been receiving 277  
~~pensions~~ a pension pursuant to section 5505.162 or division 278  
(A)(3), (4), (5), (6), or (7) of section 5505.17 of the Revised 279  
Code for not less than twelve months regardless of age. 280

(2) For a person whose pension effective date is on or after 281  
the effective date of this amendment, an "eligible person" is a 282  
person who is sixty years old or older who has been receiving a 283  
pension pursuant to division (B) of section 5505.16, section 284  
5505.162, division (A)(1), (3), (4), (5), (6), or (7) of section 285  
5505.17, or division (B) of section 5505.18 of the Revised Code 286  
for not less than twelve months. 287

(B) The (1) Except as otherwise provided in this section, the 288  
state highway patrol retirement board shall annually increase ~~each~~ 289  
~~benefit~~ pensions payable to eligible persons under this chapter ~~by~~ 290  
~~three per cent, except that no benefit shall exceed the limit~~ 291  
~~established by section 415 of the "Internal Revenue Code of 1986,"~~ 292  
~~100 Stat. 2085, 26 U.S.C.A. 415, as amended.~~ 293

~~The first increase is payable to all persons becoming~~ 294  
~~eligible on or after November 18, 1981. The increase is payable~~ 295

~~for each ensuing twelve month period or until the next increase is~~ 296  
~~granted under this section, whichever is later in accordance with~~ 297  
~~the following:~~ 298

(a) For each person sixty-five years of age or older who is 299  
receiving a pension not greater than one hundred eighty-five per 300  
cent of the federal poverty level for a family of two persons, as 301  
revised annually by the United States department of health and 302  
human services in accordance with section 673(2) of the "Omnibus 303  
Reconciliation Act of 1981," 95 Stat. 511, 42 U.S.C. 9902, as 304  
amended, the board shall increase the pension by three per cent. 305

(b) For persons other than those described in division 306  
(B)(1)(a) of this section, the board may increase the pension. Any 307  
increase shall be determined by the board based on compliance with 308  
the amortization period requirement of section 5505.121 of the 309  
Revised Code. The board's determination shall be based on the 310  
annual actuarial valuation required by section 5505.12 of the 311  
Revised Code. If the board determines that an increase may be 312  
made, the increase shall not exceed three per cent of the eligible 313  
person's pension. 314

(2) No increase under this section shall exceed the limit 315  
established by section 415 of the "Internal Revenue Code of 1986," 316  
100 Stat. 2085, 26 U.S.C. 415, as amended. 317

(3) The date of the first increase paid under this section 318  
shall be the anniversary date for future increases. The pension 319  
used in the first calculation of an increase under this section 320  
shall remain as the base for all future increases paid under this 321  
section, unless a new base is established. 322

~~Increases paid in years subsequent to the year of the first~~ 323  
~~increase paid under this section shall be paid to all persons who,~~ 324  
~~on the date that the increase is authorized by the board, are~~ 325  
~~eligible as provided in this section.~~ 326

(C) If payment of a portion of a benefit is made to an alternate payee under section 5505.261 of the Revised Code, increases under this section granted while the order is in effect shall be apportioned between the alternate payee and the eligible person in the same proportion that the amount being paid to the alternate payee bears to the amount paid to the eligible person.

If payment of a portion of a benefit is made to one or more beneficiaries under "option 4" under division (A)(4) of section 5505.162 of the Revised Code, each increase under this section granted while the plan of payment is in effect shall be divided among the designated beneficiaries in accordance with the portion each beneficiary has been allocated.

(D) The board shall adopt, and may amend or rescind, any rule necessary to carry out this section.

**Sec. 5505.28.** (A) The state highway patrol 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 persons receiving pensions and subscribing to the plan. Notwithstanding any other provision of this chapter, the policy or contract may also include coverage for any eligible individual's spouse and dependent children and for any of the individual's sponsored dependents as the board considers appropriate.

If all or any portion of the policy or contract premium is to be paid by any individual receiving a service, disability, or survivor pension or benefit, the individual shall, by written authorization, instruct the board to deduct from the individual's pension or benefit the premium agreed to be paid by the individual to the company, corporation, or agency.

The board may contract for coverage on the basis of part or 358  
all of the cost of the coverage to be paid from appropriate funds 359  
of the state highway patrol retirement system. The cost paid from 360  
the funds of the system shall be included in the employer's 361  
contribution rate as provided by section 5505.15 of the Revised 362  
Code. 363

(B) The board shall, beginning the month following receipt of 364  
satisfactory evidence of the payment for coverage, pay monthly to 365  
each recipient of a pension under the state highway patrol 366  
retirement system who is eligible for ~~medical insurance~~ coverage 367  
under part B of the medicare program established under Title XVIII 368  
of "The Social Security Amendments of 1965," 79 Stat. 301 (1965), 369  
42 U.S.C.A. 1395j, as amended, an amount established by board rule 370  
not exceeding the basic premium for such coverage. 371

(C) The board shall establish by rule requirements for the 372  
coordination of any coverage, payment, or benefit provided under 373  
this section with any similar coverage, payment, or benefit made 374  
available to the same individual by the public employees 375  
retirement system, Ohio police and fire pension fund, state 376  
teachers retirement system, or school employees retirement system. 377

(D) The board shall make all other necessary rules pursuant 378  
to the purpose and intent of this section. 379

**Sec. 5505.54.** (A) During the period beginning on the 380  
effective date of an election to participate in the deferred 381  
retirement option plan and ending on the date participation 382  
ceases, a member's monthly pension amount determined under section 383  
5505.53 of the Revised Code shall accrue to the member's benefit. 384  
To this amount shall be added any benefit increases the member 385  
would be eligible for under section 5505.174 of the Revised Code 386  
had the member, on the effective date of the member's election, 387  
retired under section 5505.16 of the Revised Code. 388

(B)(1) The amounts contributed under division (A) of section 389  
5505.15 of the Revised Code by a member participating in the 390  
deferred retirement option plan shall ~~accrue to the member's~~ 391  
benefit be credited as follows: 392

(a) Ten per cent of the member's annual salary shall accrue 393  
to the member's benefit. 394

(b) Any amount of the member's annual salary that is in 395  
excess of ten per cent shall be credited to the employer's 396  
accumulation fund. 397

(2) The state highway patrol retirement system shall credit 398  
to the employer's accumulation fund the amounts contributed by the 399  
state under section 5505.15 of the Revised Code on behalf of a 400  
member participating in the deferred retirement option plan. 401

(C) During the period beginning on the election's effective 402  
date and ending on the date the member ceases participation in the 403  
plan, the amounts described in divisions (A) and (B)(1)(a) of this 404  
section shall earn interest at an annual rate established by the 405  
state highway patrol retirement board and compounded annually 406  
using a method established by rule adopted under section 5505.50 407  
of the Revised Code. 408

**Section 2.** That existing sections 5505.01, 5505.03, 5505.15, 409  
5505.174, 5505.28, and 5505.54 of the Revised Code are hereby 410  
repealed. 411

**Section 3.** The amendments by this act of section 5505.01 of 412  
the Revised Code take effect January 1, 2015. 413