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Sub. S. B. No. 345

Senators Niehaus, Kearney

**Cosponsors: Senators Bacon, Coley, Hite, Jones, Lehner, Schiavoni, Seitz,
Tavares**

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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 patrol retirement board provided for in the plan.

(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.

(K) "Retirant" means any member who retires with a pension payable from the retirement system.

(L) "Accumulated contributions" means the sum of the following credited to a member's individual account in the employees' savings fund:

(1) All amounts deducted from the salary of the member;

(2) All amounts paid by the member to purchase state highway patrol retirement system service credit pursuant to this chapter or other state law.

(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.

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.

(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 78
the average of the annual rates of salary that were paid to the 79
member or would have been paid to the member during the member's 80
years of total service. 81

(N) "Pension" means an annual amount payable by the 82
retirement system throughout the life of a person or as otherwise 83
provided in the plan. 84

(O) "Pension reserve" means the present value of any pension, 85
or benefit in lieu of any pension, computed upon the basis of 86
mortality and other tables of experience and interest the board 87
shall from time to time adopt. 88

(P) "Deferred pension" means a pension for which an eligible 89
member of the system has made application and which is payable as 90
provided in division (A) or (B) of section 5505.16 of the Revised 91
Code. 92

(Q) "Retirement" means termination as an employee of the 93
state highway patrol, with application having been made to the 94
system for a pension or a deferred pension. 95

(R) "Fiduciary" means any of the following: 96

(1) A person who exercises any discretionary authority or 97
control with respect to the management of the system, or with 98
respect to the management or disposition of its assets; 99

(2) A person who renders investment advice for a fee, direct 100
or indirect, with respect to money or property of the system; 101

(3) A person who has any discretionary authority or 102
responsibility in the administration of the system. 103

(S)(1) Except as otherwise provided in this division, 104
"salary" means all compensation, wages, and other earnings paid to 105
a member by reason of employment but without regard to whether any 106
of the compensation, wages, or other earnings are treated as 107

deferred income for federal income tax purposes. Salary includes	108
all of the following:	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 203
Code, on account of members who die on or after January 1, 1966. 204

(F)(1) The income fund is the fund to which shall be credited 205
all interest, dividends, distributions, and other income derived 206
from deposits and investments of moneys of the retirement system, 207
all gifts and bequests to the system, all transfers from the 208
employees' savings fund because of lack of claimant, and any other 209
moneys the disposition of which is not otherwise provided for in 210
the plan. 211

(2) If the balance in the income fund exceeds the 212
requirements of the fund, the state highway patrol retirement 213
board may transfer amounts from the income fund to meet special 214
requirements of the various other funds of the retirement system. 215

(G) The expense fund is the fund from which the expense of 216
the administration of this chapter shall be paid, exclusive of 217
amounts payable as retirement allowances and as other benefits. 218
The state highway patrol retirement board shall estimate annually 219
the amount to be provided in the expense fund and such amount 220
shall be transferred from the income fund. If such amount is 221
insufficient during any year, the board is authorized to transfer 222
the amount of such insufficiency from the income fund. 223

Sec. 5505.15. (A)(1) A member of the state highway patrol 224
retirement system shall contribute ~~ten per cent~~ a certain 225
percentage of the member's annual salary to the state highway 226
patrol retirement fund. The percentage shall be not less than ten 227
per cent of the member's annual salary but not more than fourteen 228
per cent. The state highway patrol retirement board shall 229
establish and may adjust the rate as it considers necessary to 230

meet the amortization period requirement of section 5505.121 of 231
the Revised Code. The board shall base its determination of the 232
necessary rate on the annual actuarial valuation required by 233
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 327
alternate payee under section 5505.261 of the Revised Code, 328
increases under this section granted while the order is in effect 329
shall be apportioned between the alternate payee and the eligible 330
person in the same proportion that the amount being paid to the 331
alternate payee bears to the amount paid to the eligible person. 332

If payment of a portion of a benefit is made to one or more 333
beneficiaries under "option 4" under division (A)(4) of section 334
5505.162 of the Revised Code, each increase under this section 335
granted while the plan of payment is in effect shall be divided 336
among the designated beneficiaries in accordance with the portion 337
each beneficiary has been allocated. 338

(D) The board shall adopt, and may amend or rescind, any rule 339
necessary to carry out this section. 340

Sec. 5505.28. (A) The state highway patrol retirement board 341
may enter into an agreement with insurance companies, health 342
insuring corporations, or government agencies authorized to do 343
business in the state for issuance of a policy or contract of 344
health, medical, hospital, or surgical benefits, or any 345
combination thereof, for those persons receiving pensions and 346
subscribing to the plan. Notwithstanding any other provision of 347
this chapter, the policy or contract may also include coverage for 348
any eligible individual's spouse and dependent children and for 349
any of the individual's sponsored dependents as the board 350
considers appropriate. 351

If all or any portion of the policy or contract premium is to 352
be paid by any individual receiving a service, disability, or 353

survivor pension or benefit, the individual shall, by written 354
authorization, instruct the board to deduct from the individual's 355
pension or benefit the premium agreed to be paid by the individual 356
to the company, corporation, or agency. 357

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. Sections 1 and 2 of this act take effect January 412
7, 2013, except that section 5505.15 of the Revised Code, as 413

amended by this act, takes effect one hundred and eighty days 414
after the effective date of this section and section 5505.01, as 415
amended by this act, takes effect January 1, 2015. 416

Section 4. (A) The Ohio Retirement Study Council shall study 417
and make recommendations regarding the authority of the State 418
Highway Patrol Retirement Board to adjust employee contributions 419
rates as provided in section 5505.15 of the Revised Code, as 420
amended by this act. 421

(B) Not later than ninety days after the effective date of 422
this section, the council shall prepare and submit to the 423
President of the Senate and Speaker of the House of 424
Representatives a report of its findings and recommendations. 425