



Sub. H.B. 71

126th General Assembly
(As Passed by the House)

Reps. J. Stewart, Martin, Hartnett, Seitz, Faber, Seaver, Reidelbach, White, Taylor, D. Evans, Bulp, Barrett, C. Evans, Latta, Perry, Ujvagi, Carano, Coley, G. Smith, Wagoner, T. Patton, Hagan, Gibbs, Widener, Blessing, Brown, Calvert, Cassell, Chandler, Collier, Combs, Core, DeBose, Distel, Domenick, Fende, Flowers, Garrison, Hughes, Key, Luckie, Mason, J. McGregor, Oelslager, Otterman, Sayre, Schaffer, Schlichter, Schneider, D. Stewart, Webster, Widowfield, Williams, Yuko, Driehaus

BILL SUMMARY

- Permits a member of the Public Employees Retirement System, State Teachers Retirement System, School Employees Retirement System, or State Highway Patrol Retirement System to purchase credit for active duty, including training activities, in the Ohio National Guard or a reserve component of the United States armed forces.

CONTENT AND OPERATION

Current law

Under current law, members of Ohio's five public retirement systems¹ who, had active service with the United States armed forces² are eligible to purchase up

¹ The five retirement systems are the Public Employees Retirement System (PERS), Ohio Police and Fire Pension Fund (OP&F), State Teachers Retirement System (STRS), School Employees Retirement System (SERS), and State Highway Patrol Retirement System (SHPRS).

² "Armed forces of the United States" includes the Army, Navy, Air Force, Marine Corps, Coast Guard, auxiliary corps as established by Congress, Red Cross nurse serving with the Army, Navy, Air Force, or Hospital Service of the United States, Army Nurse Corps, Navy Nurse Corps, full-time service with the American Red Cross in a combat zone, and such other service as may be designated by Congress, personnel of the Ohio National Guard and the reserve components of any of the armed forces who are called to active duty pursuant to an executive order issued by the President of the United States or an act

to five years of credit for that service (R.C.145.301, 742.52, 3307.751, 3309.021, and 5505.25).³ In PERS and STRS, to purchase the credit, the member must pay to the retirement system an amount specified by the system's board that is not less than 50% of the additional liability resulting from the purchase.⁴ In OP&F, SERS, and SHPRS, it is an amount determined by statutory formula.

In PERS, STRS, SERS, and SHPRS a member who was called to active duty with a reserve component of the armed forces or with the Ohio National Guard is currently eligible to purchase credit for that military service only if the service is pursuant to an executive order issued by the President of the United States or an act of Congress. (See **COMMENT 1**.)

The bill

(R.C. 145.30, 145.301, 3307.751, 3309.021, and 5505.25)

Under the bill, a member of PERS, STRS, SERS, or SHPRS may purchase up to five years of service credit for each year or portion of a year of active duty as a member of a reserve component of the United States armed forces or the Ohio National Guard on presentation of documentation of the service, subject to each retirement board's rules.⁵ The bill provides that active duty as a member of the Reserves or Ohio National Guard includes "assembly for drill and instruction; training at encampments, maneuvers, outdoor target practice, or other exercises; and any training or duty in this state ordered by the Governor."⁶ For PERS members, to purchase credit for assembly for drill and instruction; training at encampments, maneuvers, outdoor target practice, or other exercises; or other training or duty ordered by the Governor, the member must pay 100% of additional liability to PERS resulting from the purchase as determined by an

of Congress, and persons on whom United States merchant marine veteran status has been conferred for service aboard oceangoing merchant ships in service to the United States during World War II. (R.C. 145.30.)

³ *Members of PERS, STRS, SERS, and SHPRS may be eligible for credit without charge under certain circumstances or may purchase credit under other provisions (see **COMMENT**).*

⁴ *In STRS this applies to service that commenced on or after July 1, 1989. The charge for service that began prior to that date is determined by a statutory formula.*

⁵ *Current law already permits members of the Ohio Police and Fire Pension Fund to purchase service credit for active service in the reserve components of the United States armed forces and in the Ohio National Guard.*

⁶ *This language mirrors that of federal law, 32 U.S.C. 502.*

actuary employed by the PERS Board. To purchase credit for this service an STRS, SERS, or SHPRS member must pay to the appropriate retirement system *an amount specified by that system's board that must not be less than 100%* of the additional liability resulting from the service credit purchase as determined by an actuary employed by that board. The bill does not specify the amount to be charged for service in the reserves or National Guard that is other than service for which credit can be purchased under current law or the service to which the 100% charge applies.

The bill provides that service credit may not be purchased for any period of military duty during which a member of PERS, STRS, SERS, or SHPRS was contributing to the retirement system.

COMMENT

The bill applies to the purchase of service credit for military service that generally occurs prior to public service. Current law provides for certain retirement system members to receive service credit--without charge to the member--for time spent in the military that interrupts the member's public service. A member of PERS, STRS, SERS, or OP&F who had at least a year of contributing service at the time of leaving public employment for active duty with the armed forces may be granted up to ten years of service credit for that duty without charge (R.C. 145.30, 742.521, 3307.75, and 3309.02).

PERS, STRS, and SERS members who leave public service and return to the same employer but are not eligible for free service credit may be eligible to purchase credit by paying the employee contributions for that period (R.C. 145.302, 3307.752, and 3309.022).

SHPRS permits members to purchase service credit for active duty in the uniformed services of the United States that interrupts Highway Patrol service. An SHPRS member may purchase up to seven years of credit for such service by paying the employee contribution for the service (R.C. 5505.16).

HISTORY

ACTION	DATE
Introduced	02-17-05
Reported, H. Financial Institutions, Real Estate & Securities	06-21-05
Passed House (92-1)	12-13-06
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