



## ***Bill Analysis***

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Legislative Service Commission

### **Sub. H.B. 71\***

126th General Assembly

(As Reported by H. Financial Institutions, Real Estate & Securities)

**Reps. J. Stewart, Martin, Hartnett, Seitz, Faber, Seaver, Reidelbach, White, Taylor, D. Evans, Bulp, Barrett, C. Evans, Latta, Perry, Ujvagi, Carano**

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### **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 service for active duty in the Ohio National Guard or a reserve component of the United States armed forces.

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### **CONTENT AND OPERATION**

#### **Current law**

Current law permits members of the Public Employees Retirement System (PERS), State Teachers Retirement System (STRS), School Employees Retirement System (SERS), Ohio Police and Fire Pension Fund (OP&F), and State Highway Patrol Retirement System (SHPRS) to purchase service credit for each year, for up to five years, of active duty as a member of the armed forces of the United States.<sup>1</sup> This provision refers, generally, to military service that occurred

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*\* This analysis was prepared before the report of the House Financial Institutions, Real Estate and Securities Committee appeared in the House Journal. Note that the list of co-sponsors and the legislative history may be incomplete.*

<sup>1</sup> "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 of Congress, and persons on whom United States merchant marine veteran status has

prior to public employment covered by a state retirement system. (See COMMENT.)

To purchase credit for military service under PERS, STRS, and SERS, members are required to pay, for each year of service purchased, an amount specified by the appropriate retirement board that must not be less than 50% of the additional liability to that retirement system resulting from the service credit purchase, as determined by an actuary employed by the retirement system's board.<sup>2</sup> To purchase credit for military service under OP&F and SHPRS, members are required to pay, for each year of service purchased, an amount determined by the rate for employee contributions in effect at the time the military service began, multiplied by the annual compensation for full-time employment the member received during the first year of public employment following termination of military service, plus interest compounded from the date the member's military service terminated to the date of payment, at a rate established by the retirement system's board.<sup>3</sup>

### **The bill**

(secs. 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 of the Ohio National Guard on presentation of documentation of the service, subject to each retirement board's rules.<sup>4</sup> For the purposes of the bill, 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."<sup>5</sup> To purchase credit for active duty in the Reserves or National Guard, a PERS, STRS, SERS, or SHPRS member must pay to the appropriate retirement system an amount

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*been conferred for service aboard oceangoing merchant ships in service to the United States during World War II. (R.C. 145.30.)*

<sup>2</sup> R.C. sections 145.30, 3307.751, and 3309.021.

<sup>3</sup> R.C. sections 742.52 and 5505.25.

<sup>4</sup> 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.

<sup>5</sup> This language mirrors that of federal law, 32 U.S.C. 502.

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 specifies 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.

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## 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.

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.<sup>6</sup>

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## HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	02-17-05	p. 222
Reported, H. Financial Institutions, Real Estate & Securities	---	---

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<sup>6</sup> R.C. section 5505.16.