



Ohio Legislative Service Commission

Synopsis of House Committee Amendments*

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Sub. S.B. 42

130th General Assembly
(H. Rules and Reference)

Authorizes school districts with a safety and security property tax levy under the Senate-passed version (which was previously enacted in Am. Sub. H.B. 59 of the 130th General Assembly) to report to the Department of Education how the district is using funding from that levy.

Adds all of the following to the bill:

Withdrawal of contributions

- Permits a member of the Public Employees Retirement System (PERS), State Teachers Retirement System (STRS), or School Employees Retirement System (SERS) who has contributions on deposit with more than one of those systems to withdraw contributions from one without also withdrawing contributions from the others.
- Provides that the withdrawal can be made only from a system in which the member is no longer a contributing member and is not permitted if the current employer was the employer when service under the system from which the withdrawal would be made was terminated.
- Specifies that withdrawal of contributions from one of the three systems by a member who has contributions in more than one system does not affect the member's membership in the other retirement systems or any right the member may have to a benefit or return of contributions under those systems.
- Requires a member who seeks to restore service credit cancelled as a result of withdrawal of contributions under the above provisions to have at least 18 months of service credit in one of the systems after withdrawal of the contributions.

* This synopsis does not address amendments that may have been adopted on the House Floor.

Coordination of benefits

- Modifies PERS, SERS, and STRS "coordination of benefits" provisions under which a member who has service credit in more than one of those systems can have the credit and contributions combined and used in determining retirement and disability benefit eligibility and benefit amounts.
- Identifies the system that determines eligibility for benefits under coordination of benefit provisions as the "paying system" and the system that transfers service credit and contributions as the "transferring system."
- Reduces the amount of employer contributions the transferring system must transfer by a "retention percentage" established by the bill.
- Specifies that the retention percentage is 5% of the employee's compensation unless the percentage is changed by agreement of the systems, and requires the systems to review the percentage at least once every five years.
- Requires the transferring system to certify certain information, including the transferring system's determination of the member's eligibility for a retirement or disability benefit and the employee's service credit.
- Permits the paying system to reduce the member's service credit if the credit certified by the transferring system is concurrent with any period of service credit earned from the paying system or the amount certified exceeds one year when added to the member's service credit in the paying system.

Purchase or transfer of credit from OP&F or SHPRS

- Permits a PERS member to purchase or transfer credit from the Ohio Police and Fire Pension Fund (OP&F) or State Highway Patrol Retirement System (SHPRS) only if the member's service credit in PERS is greater than the amount of credit to be transferred.

Actuarial reviews

- Requires all costs associated with required decennial actuarial reviews to be paid by the retirement system for which the review is prepared.

Long-term care insurance

- Provides that the PERS, OP&F, SERS, and SHPRS are permitted, rather than required, to offer coverage for long-term care insurance.

OP&F Board of Trustees

- Staggers the terms of the members of the OP&F Board who are firefighters.

Public Employees Retirement System (PERS)

- Increases to \$600 (from \$500), per year the amount an election worker must receive to become a member of PERS.
- Authorizes PERS to reimburse a benefit recipient who is over 65 and is not eligible for Medicare Part A without paying premiums for payment by the recipient of those premiums.

Service credit

- Includes payments made for certain types of service credit as accumulated contributions of a PERS member.
- Limits eligibility to purchase service credit for periods during which the member was receiving workers' compensation and limits to three years the total workers' compensation credit, combined with STRS or SERS workers' compensation credit, that may be used to determine retirement eligibility or benefits.

Disability

- Modifies the standard for an initial disability determination by requiring a member to be mentally or physically incapable of performing the duties of the member's most recent public position (rather than the member's duties at the time the disabling condition began or a position with similar duties).

Disability determination

- Requires the medical consultant, as defined in the bill, to concur with the examining physician's determination that a member qualifies for a disability benefit and also requires the Board to concur with the determination.
- Permits a disability benefit to commence prior to the Board's concurrence if the medical consultant concurs with the examining physician and the member agrees to obtain any recommended medical treatment.

Social Security disability insurance offset

- Revises the date by which a disability benefit recipient must apply for Social Security Disability Insurance (SSDI) payments.

- Requires a disability benefit to be terminated if a disability benefit recipient fails to file within one year a copy or other evidence of application for SSDI with PERS.

Qualified excess benefit arrangements

- Requires that if the PERS Board establishes a qualified excess benefit arrangement (QEBA), the amounts required to fund the QEBA are included in the employer contribution rate.

Reduced retirement allowance

- Modifies the calculation of the reduction in a retirement allowance for early retirement for certain PERS members.

PERS additional annuity program

- Permits a PERS member receiving a disability retirement allowance to withdraw payments made under the PERS additional annuity program on the effective date of disability retirement if the member is not eligible for an age and service retirement allowance on that date.

Plan selection

- For a retirant receiving a retirement allowance under a single-life plan and marries or remarries, limits the retirant to electing only the joint-life plan as a new plan of payment.

Penalties

- Authorizes the PERS Board to adopt rules to include a penalty or interest on the amount of an erroneous benefit or payment that is to be repaid to PERS.

Defined contribution plans

- Authorizes the PERS Board to withhold a fixed dollar amount for withholding employee and employer contributions under a PERS defined contribution plan.

Technical changes

- Makes other changes, including technical and conforming changes.

State Teachers Retirement System (STRS)

- Under certain circumstances, allows a superannuate or other system retirant to be re-employed as a volunteer teacher without penalty.

- Provides that STRS "qualifying service credit," the credit used to determine benefit eligibility, includes credit purchased or granted for military service that interrupted public service.
- Requires that an STRS member who applies for service retirement after termination of disability retirement or benefits have at least five years of total service credit, which does not include credit for a period while on disability.
- Includes credit for a period on disability and credit transferred from OP&F or SHPRS in credit used to determine whether certain members have 30 or more years of specified types of service credit and qualify for an enhanced retirement benefit.
- Includes certain service credit purchased for leaves of absence in determining the amount of additional payments to certain members who withdraw their STRS contributions.
- Under provisions for coordination of benefits with PERS and SERS, provides that credit in one of those systems can be used only to determine the amount of an STRS benefit, not eligibility for the benefit.
- Provides that the determination of whether an STRS member qualifies for disability coverage with one and a half years of service credit depends on whether the credit was "on account" on June 30, 2013.
- Bases the effective date of a disability benefit on the date the application was received by the STRS Board instead of attainment of eligibility for the benefit, except in cases in which compensation continues beyond those dates.
- Eliminates a provision specifying that actions taken pursuant to STRS Board policies by administrators and committees of the Board are subject to subsequent approval by the Board.

School Employees Retirement System (SERS)

- Requires employers of SERS members to transmit employer contributions at times specified by the SERS Board, rather than monthly or at less frequent intervals.
- Eliminates requirements that employers notify SERS of new employees and changes in employee compensation and annually send SERS a list of employees not contributing to SERS.
- Requires employers to give notices and transmit employer and employee contributions to SERS directly rather than through the employer's treasurer.

- Clarifies the calculation of a retirement benefit for an SERS member who qualifies for service retirement after termination of a disability benefit.
- Eliminates a provision permitting the SERS executive director to be a member of the SERS Board.
- Makes other changes to the law governing SERS, including technical changes.

State Highway Patrol Retirement System (SHPRS)

Service credit

- Clarifies the types of service credit that can be used to determine eligibility for an SHPRS retirement pension.

Recovery of overpayments

- Expands the authority of SHPRS to collect overpayments made to certain individuals.

SHPRS Board

- Provides that an appointed SHPRS Board member holds office until the later of the end of the term for which the member is appointed or if later, the date the member's successor takes office.

Records

- Includes the email address of an SHPRS member in the member's personal history record, which is excluded from public inspection.
- Authorizes the SHPRS Board to maintain records of the retirement system in printed or electronic format and to make the records available for public inspection in either format.
- Permits the Board to share data with the state's other public retirement systems and with the Ohio Public Employees Deferred Compensation Program, U.S. Social Security Administration, and U.S. Centers for Medicare and Medicaid Services, and the Cincinnati Retirement System.

Legal action

- Requires that any legal action commenced against SHPRS be filed in Franklin County.

Actuarial report

- Changes to September 1 (from July 1) the date by which SHPRS's annual actuarial valuation must be submitted to ORSC, the OBM Director, and the House and Senate committees hearing retirement legislation.

Technical changes

- Makes nonsubstantive technical, corrective, and conforming changes.

Miscellaneous changes

- Allows a private sector employer to automatically deduct amounts from an employee's compensation as contributions to an employee retirement plan.
- Modifies the qualifications for county sheriff candidates.