



**Sub. H.B. 186**

123rd General Assembly  
(As Passed by the General Assembly)

**Reps. Jolivette, Coughlin, Grendell, Pringle, Terwilleger, Ogg, Vesper, Willamowski, Olman, Barnes, DePiero, Hollister, Tiberi, Mottley, Krupinski, Sullivan, D. Miller, Hartnett, Jones, Ford, Corbin, O'Brien, Logan, Allen, Verich, Distel, Roman, Gardner, Haines, Metzger, Perz, Young**

**Sens. Drake, Mumper, Johnson, Latta, Nein, Oelslager, Spada, Watts**

**Effective date: \***

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**ACT SUMMARY**

- Changes the method of computing a Public Employees Retirement System (PERS) member's payment for military service credit.
- Allows a member who, on the act's effective date, is in the process of purchasing military service credit to elect to have the remaining cost to the member recalculated under the act.
- Permits PERS or the School Employees Retirement System retirants to authorize dues checkoffs on behalf of certain organizations composed of retired public employees.

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*\* The Legislative Service Commission had not received formal notification of the effective date at the time this analysis was prepared.*

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## CONTENT AND OPERATION

### Purchase of PERS military service credit

(sec. 145.301)

#### Cost

A Public Employees Retirement System (PERS) member can purchase PERS service credit for service as a member of the armed forces of the United States. This military service credit may not exceed the lesser of five years or the number of years equal to the member's Ohio service. "Ohio service" means service rendered to the state or any of its political subdivisions or to a public employer.

Under prior law, to purchase military service credit, a PERS member had to pay an amount determined by the member rate of contribution in effect at the time military service began multiplied by the member's salary, earnable salary, or compensation for full-time employment during the first year of service covered by a state retirement system or the Cincinnati Retirement System after military service ended.<sup>1</sup> Compound interest was added to this amount at a rate established by the Public Employees Retirement Board for the period from the date active military service terminated to the date of payment.

Under the act, the cost to purchase the credit is an amount specified by the PERS Board that cannot be less than 50% of the additional liability to the system resulting from the purchase of that year of service, as determined by an actuary employed by the Board.

#### Recalculation

The act permits a member who, on its effective date, is purchasing military service credit by making installment payments to PERS or by a payroll deduction plan to elect, on a form provided by the Board, to have a portion of the cost of the service credit recalculated under the method of computing the cost established by the act. The recalculation applies only to the amount still owed by the member as of the date the election is filed with the Board.

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<sup>1</sup> *Ohio's state retirement systems are PERS, the Police and Firemen's Disability and Pension Fund, School Employees Retirement System, State Highway Patrol Retirement System, and State Teachers Retirement System.*



For each member who makes an election, the Board must do all of the following:

(1) Determine the amount of the total cost of the service credit still owed by the member as of the date the election is filed with the Board and the number of years or portion of a year of service credit attributable to that amount;

(2) Recalculate under the act's provisions the cost of the service credit described in (1);

(3) Notify the member of the recalculated amount.

If the recalculated amount is less than the amount still owed by the member as of the date the election is filed, the recalculated amount is the new amount the member owes.

### **Dues checkoffs**

(secs. 145.564 and 3309.663)

The act permits persons receiving an allowance, annuity, pension, or benefit from PERS or the School Employees Retirement System to authorize the appropriate retirement system to make deductions for the payment of dues and other membership fees to any retirement association or other organizations composed primarily of retired public employees, if certain conditions are met. The system may make the deduction only if the association or organization adopts a resolution approving that method of payment and not fewer than 500 persons initially authorize the deduction for payment to the same association or organization. Authorization must be in writing and signed by the person giving it. It remains in effect until revoked in writing. The system may charge the association or organization an amount not exceeding the actual costs it incurs by the system in making the deductions. The system is to adopt rules establishing a method of collecting the amount charged, if any.

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## HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	02-16-99	pp. 199-200
Reported, H. Health, Retirement & Aging	06-10-99	p. 825
Passed House (94-0)	06-15-99	pp. 833-835
Reported, S. Ways & Means	10-20-99	p. 1094
Passed Senate (33-0)	10-20-99	pp. 1100-1101
House concurred in Senate amendments (91-0)	11-09-99	pp. 1334-1335

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