



Am. Sub. H.B. 15*
123rd General Assembly
(As Reported by S. Ways & Means)

Reps. Mottley, Tiberi, Schuler, Allen, James, Grendell, D. Miller, Opfer, Willamowski, Lucas, Gardner, Terwilleger, Britton, Thomas, Sulzer, Bender, Olman, Evans, Jolivette, Vesper, Ogg, Hollister, Perry, Corbin, Distel, Peterson, Smith, Roberts, Patton, Barnes, Austria, Jones, Verich, Salerno

BILL SUMMARY

- Permits a member of the Public Employees Retirement System, School Employees Retirement System, or State Teachers Retirement System to restore service credit for prior service covered by one of the other systems by a payroll deduction plan offered by the member's current retirement system.

CONTENT AND OPERATION

Background

Under current law, a Public Employees Retirement System (PERS), School Employees Retirement System (SERS), or State Teachers Retirement System (STRS) member who withdrew member contributions on leaving public employment and later becomes a member of one of the other systems may restore all or part of the member's prior service credit by redepositing with the former retirement system the amount withdrawn plus interest determined by the former retirement system's board.¹ PERS, SERS, and STRS have "coordination of

* *This analysis was prepared before the report of the Senate Ways and Means Committee appeared in the Senate Journal. Note that the list of co-sponsors and the legislative history may be incomplete.*

¹ *To be eligible to have credit restored, the member must have at least 18 months of service credit in any of the state retirement systems. Ohio's state retirement systems are PERS, SERS, STRS, the Police and Firemen's Disability and Pension Fund, and State Highway Patrol Retirement System.*

benefits" so credit earned or purchased in one system is equivalent to credit earned or purchased in one of the other systems.

At the time of death, retirement, or application for a disability benefit, all contributions and service credit in PERS, SERS, and STRS are used in determining benefit eligibility and the total retirement or disability benefit payable.

Restoration of service credit for prior service in PERS, SERS, or STRS

(secs. 145.311, 145.312, 145.37, 3307.282, 3307.283, 3307.41, 3309.261, 3309.262, and 3309.35)

The bill permits a PERS, SERS, or STRS member who is a former member of or no longer contributing to one of the other retirement systems to restore service credit in the former retirement system by making payments to the member's current retirement system through a payroll deduction plan. Under the bill, a member seeking to restore the service credit notifies the member's current retirement system, on a form provided by the board of the current retirement system. After receiving a request from the member's current retirement system, the former retirement system (1) calculates and certifies to the current retirement system the cost to the member to restore the credit for each year or portion of a year for which the member seeks to restore credit and (2) informs the current system of the rate of interest currently charged by the former retirement system on a payroll deduction plan.

The current retirement system notifies the member of the cost after receiving the certification from the former retirement system. For each year or portion of a year of service credit restored, the member is required to pay to the current retirement system the amount certified by the former retirement system, plus interest at the rate specified by the former retirement system at the time of the certification. The current retirement system is required to annually notify the former retirement system that a payment to restore service credit in the former retirement system has been made.

On application by a member for a payment of member contributions or an age and service retirement, disability, or survivor benefit, the member's current retirement system is required by the bill to transfer to the member's former retirement system an amount equal to the amount paid by the member to restore service credit under the bill. The former retirement system must restore the service credit to the member at the time the current retirement system transfers the amount paid by the member.

As under current law, at the time of death, retirement, or application for a disability benefit, all contributions and service credit in PERS, SERS, and STRS are used in determining benefit eligibility and the total benefit payable. The bill specifies that service credit restored under the bill's provisions must be used in this determination.

Each system's board is required to adopt rules to implement the bill's provisions.

Payroll deduction

(secs. 145.294, 3307.281, and 3309.27)

Current law permits PERS, SERS, and STRS to establish by rule a payroll deduction plan for members to restore or purchase service credit. Each retirement system currently offers a payroll deduction plan to its members.

The bill provides that a payroll deduction plan must be used to restore service credit under the bill's provisions.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	01-20-99	p. 101
Reported, H. Health, Retirement & Aging	06-10-99	p. 825
Passed House (95-0)	06-15-99	pp. 831-832
Reported, S. Ways & Means	---	---

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