



Sub. H.B. 275

123rd General Assembly

(As Reported by H. Health, Retirement & Aging)

Reps. Vesper, Sulzer, Winkler, Boyd, Maier, Jerse, Hartnett, Metelsky, Willamowski, Barrett, O'Brien, Clancy, D. Miller, Patton, Padgett, Beatty, Schuler, DePiero, Young, Krupinski, Householder, Callender, Bender, Pringle, Terwilleger, Ogg, Schuring, Flannery, Jolivette, Roman, Allen, Ferderber, Sullivan, Evans, Opfer, Verich, Ford, Taylor, Patton, Brading, Barnes, Smith, Van Vyven, Grendell, Aslanides, Olman

BILL SUMMARY

- Increases the monthly pension of certain surviving spouses of members of the Ohio Police and Fire Pension Fund (OPFPF).
- Requires the OPFPF Board of Trustees to make a one-time lump sum payment to certain surviving spouses who became surviving spouses after December 21, 1998, and to surviving spouses receiving increases under the bill.
- Eliminates cost-of-living allowance eligibility limits that apply to certain OPFPF retirants.

CONTENT AND OPERATION

Surviving spouses--monthly pension

Background

(secs. 742.37 and 742.3718)

The surviving spouse of a member of the Ohio Police and Fire Pension Fund is entitled to a monthly pension. Prior to the enactment of Am. Sub. H.B. 194 of the 122nd General Assembly, the pension was \$410 per month. In addition to the pension, a surviving spouse may be eligible for one of the following benefits if at the time of death the member was retired or eligible to retire, or the member died in the line of duty:

(1) If the deceased member was retired and, at the time of retirement, had elected a joint and survivor annuity, under which the member receives a retirement allowance in a lesser amount payable for the member's life and continuing after death to the spouse, the surviving spouse receives the amount payable under the joint and survivor annuity.

(2) If the deceased member was not retired but was eligible to retire, the surviving spouse receives an annual retirement allowance equal to the amount the spouse would have been entitled to had the member retired and selected a joint and survivor annuity providing for one-half of the member's lesser retirement allowance to be paid the spouse.

(3) If the deceased member died in the line of duty, the surviving spouse is eligible for a benefit from the Ohio Public Safety Officers Death Benefit Fund. If at the time of death the member was not eligible to retire, the surviving spouse receives a monthly benefit equal to the member's full monthly salary.

H.B. 194 survivor benefit increase. Effective July 1, 1999, H.B. 194 increased the monthly pension of surviving spouses who on that date were eligible for a pension. The only exception is that a surviving spouse who is receiving a full monthly benefit from the Death Benefit Fund is not eligible for the pension increase as long as that benefit continues. H.B. 194 also increased the monthly pension of surviving spouses of OPFPF members who die after July 1, 1999, **unless** one of the following applies:

(1) At the time of death, the deceased member had retired and been awarded an age and service retirement allowance or had not yet retired but was eligible for an age and service retirement allowance. (The exception is that the increase does apply if the member retired prior to September 16, 1998, and the member's date of death is not later than one year after H.B. 194's effective date.¹)

(2) The surviving spouse is eligible for a full monthly salary benefit from the Death Benefit Fund; however, when the full monthly salary benefit ceases, the spouse's monthly pension from OPFPF will be increased to the amount it would be had the spouse never been eligible for a full monthly salary benefit from the Death Benefit Fund.

For those eligible for the pension increase, H.B. 194 increased the surviving spouse's pension to \$550 a month for the period beginning July 1, 1999, and

¹ *Sub. H.B. 648 (effective September 16, 1998) requires an OPFPF member, at the time of retirement, to obtain the written consent of the member's spouse in order to select a retirement allowance that is based solely on the member's life (a single life annuity) rather than a joint and survivor annuity.*

ending June 30, 2000. For each 12-month period thereafter, the monthly pension is increased to an amount equal to the monthly amount paid during the prior 12 months plus an amount determined by multiplying \$550 by the average percentage change in the Consumer Price Index, not exceeding 3%, as determined each year by the OPFPF Board of Trustees.

The bill. The bill removes all exceptions to eligibility for the increased pension for surviving spouses of deceased OPFPF members, except that a surviving spouse who is eligible for a full monthly salary benefit from the Death Benefit Fund will continue to receive a monthly pension of \$410 until the death benefit ceases. Under the bill, all surviving spouses other than those receiving the full monthly salary benefit are to receive a monthly pension of \$550 for the period beginning on July 1, 1999, and ending on June 30, 2000. Thereafter the pension is to be increased each year as described above on the basis of increases in the Consumer Price Index.

Surviving spouses--lump sum payment

(Section 3)

The bill requires the OPFPF Board to make, not later than the first day of the second month after the bill's effective date, a one-time lump sum payment as follows:

(1) To a person who became a surviving spouse after December 21, 1998, and was eligible for the pension increase under H.B. 194, a \$140 payment for each month the person was eligible to receive a pension during the period beginning December 22, 1998, and ending June 30, 1999;

(2) To a person who is eligible to receive a pension increase under the bill but was not eligible for an increase under H.B. 194, a \$140 payment for each month the person is eligible to receive a pension during the period beginning July 1, 1999, and ending on the last day of the month in which the bill takes effect.

Cost-of-living allowance eligibility

(secs. 742.3711 and 742.3717)

Under current law, a person who has been receiving an OPFPF retirement or disability benefit based on an award made on or after July 24, 1986, is eligible for a cost-of-living allowance (COLA) unless the person elected an enhanced retirement benefit. The COLA is an annual increase, based on the Consumer Price Index, in the pension or benefit of a member receiving disability benefits or an age and service retirement pension or, in the case of a member or beneficiary receiving a pension or benefit under an optional benefit plan, the actuarial equivalent of the

increase. A person receiving an OPFPF benefit based on an award made before July 24, 1986, is eligible for a COLA only if the amount on which the annual benefit is based was less than \$18,000 in 1988 and \$18,000 plus \$500 each year thereafter, or the actuarial equivalent in the case of a person receiving a pension or benefit under an optional benefit plan.²

Under the bill, an OPFPF member receiving a benefit or pension that was awarded prior to July 24, 1986, is eligible for the COLA without regard to the amount on which the benefit or pension was based. That is, the bill eliminates the cap in current law.

Other changes

(sec. 742.3715)

Joint and survivor annuity

Under current law, a married OPFPF member may elect a retirement allowance based on the member's life (a single life annuity) or the actuarial equivalent of the member's retirement allowance in a lesser amount payable for the member's life and continuing after death to the member's spouse (a joint and survivor annuity). H.B. 194 permits a married OPFPF member to change the election of a single life annuity to a joint and survivor annuity. The bill provides that the election can be made only if the member is still married to the person who was the spouse at the time the original election was made.

The bill specifies that a request or form mailed to OPFPF for the purpose of electing the joint and survivor annuity must be mailed to OPFPF's principal place of business.³ It also provides that actions necessary to change the member's election must be made by OPFPF, rather than by its Board.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced Reported, H. Health, Retirement	03-24-99	p. 368

² *Current law permits an OPFPF member to elect to receive retirement benefits under an optional plan as an alternative to the single service pension for the member's life. Under an optional plan, a member receives a reduced pension for life, and benefits continue after death to a designated beneficiary.*

³ *The only address for OPFPF is 140 E. Town Street, Columbus, Ohio 43215.*

& Aging

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