



H.B. 443

123rd General Assembly
(As Introduced)

Rep. Gerberry

BILL SUMMARY

- Allows a Public Employees Retirement System member to participate in a retirement incentive plan without having attained the age of retirement eligibility if the member agrees to terminate employment, retire on attaining eligibility, and not return to public employment prior to attaining eligibility.

CONTENT AND OPERATION

Retirement incentive plans

(sec. 145.297)

Current law governing the Public Employees Retirement System (PERS) allows an employer (referred to as an "employing unit") to establish a retirement incentive plan. Under the plan, the employer purchases service credit for eligible employees who elect to participate in the plan and pays the entire cost of the credit. An employee is eligible to participate if the employee meets certain requirements, one of which is that the employee is or will be eligible, based on the employee's age and years of service, to retire on or before the termination of the plan. An employee participating in the plan must retire within 90 days after receiving notice from PERS that service credit has been purchased under the plan. If the employee does not retire, PERS is required to refund to the employer the amounts paid for the service credit.

Under the bill, an employee who has not attained the age of retirement eligibility may qualify for the employer's retirement incentive plan if the employee agrees to do all of the following:

- (1) Terminate employment within 90 days after receiving notice from PERS that service credit has been purchased;

(2) Retire on attaining the earliest age of retirement eligibility;

(3) Not return to employment covered by one of Ohio's state retirement systems prior to attaining the earliest required minimum age for retirement.¹

PERS is required to rescind the service credit and refund to the employer all amounts paid to purchase it if the employee fails to do what has been agreed to.

COMMENT

In some cases, an employee who participates in a retirement incentive plan pursuant to the bill will not be eligible for a full benefit on retirement. A PERS member must be at least 65 or have at least 30 years of service credit to retire with full benefits. A member who is age 60 or older with at least five years of service credit or at least age 55 with not less than 25 years of service credit is eligible to retire, but will receive a benefit that is reduced for each year that is less than 30 years or that the member's age is less than 65. The maximum reduction is 25%. Since a member who participates in a retirement incentive plan pursuant to the bill must agree to retire on attaining the earliest required minimum age, the member may have to retire on attaining the age that qualifies for a reduced benefit.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	09-16-99	p. 1218

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¹ *Ohio's state retirement systems are PERS, the Ohio Police and Fire Pension Fund, School Employees Retirement System, State Teachers Retirement System, and State Highway Patrol Retirement System.*