



## **H.B. 404**

124th General Assembly  
(As Introduced)

**Reps. Faber, Carey, Metzger, Willamowski, Schmidt, Latta, Seaver, Distel,  
Rhine, Carano**

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### **BILL SUMMARY**

- Allows full-time county and independent agricultural society employees to be members of the Public Employees Retirement System.

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### **CONTENT AND OPERATION**

#### **Background**

##### **PERS membership**

Membership in the Public Employees Retirement System (PERS) is mandatory for employees of the state of Ohio or of a county, municipality, or other political subdivision of the state, except for employees covered by another of the state's retirement systems or by the Cincinnati Retirement System. Membership for elected officials is optional, but those who do not choose to become PERS members must contribute to Social Security.

PERS members are required to make contributions to the system through payroll deductions. Currently, PERS members contribute 8.5% of earnable salary.<sup>1</sup> Employer contribution rates are currently 13.31% for state employers and 13.55% for local government employers.

A member becomes eligible to receive a full PERS retirement benefit at age 65 with five or more years of Ohio service or at any age after 30 years of service.

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<sup>1</sup> *Earnable salary includes amounts such as salary, wages, pay for sick or vacation leave used or converted in the year earned (except for state employees), pay for overtime worked or converted in the year earned, or longevity supplements. Earnable salary does not include amounts paid by the employer for insurance, reimbursement for job-related expenses, leave or overtime hours earned previously but converted in the current year, early retirement incentives, or incidental benefits like use of an automobile.*

A member may retire with a reduced benefit at age 60 and five years of service or age 55 with 25 years of service. At the time of retirement, a member's retirement allowance is calculated using a formula of the member's age, final average salary, and years of service.<sup>2</sup>

The contribution rates, retirement eligibility requirements, and benefits above are for members other than those contributing as law enforcement officers. PERS members in the law enforcement division have higher contribution rates but may retire earlier than other members.

### **County and independent agricultural society**

A county or independent agricultural society is a group of people in a county or not more than three contiguous counties who organize themselves in order to hold annual exhibitions and award premiums for agricultural improvements.<sup>3</sup> Agricultural societies are funded through the county or counties where they are located.

### **Membership in PERS for agricultural society employees**

(secs. 145.01 and 145.016)

The bill allows current full-time employees of county or independent agricultural societies to choose to become PERS members. Those who elect to become PERS members must make the election not later than 90 days after the bill's effective date.

The bill makes membership in PERS mandatory for any full-time employee hired by a county or independent agricultural society after the bill's effective date.

The contributions and benefits for those who become PERS members under the bill are the same as those for other regular PERS members (see "**Background**" and **COMMENT**).

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<sup>2</sup> *With some exceptions, final average salary (FAS) is an average of the member's three highest years of compensation.*

<sup>3</sup> *Revised Code §§ 1711.01 to 1711.04.*

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## COMMENT

### PUBLIC EMPLOYEES RETIREMENT SYSTEM--REGULAR MEMBERS

#### Contribution Rates

<b>Employee rate:</b>	8.5% of earnable salary
<b>Employer rate:</b>	13.31% of earnable salary for state employers 13.55% of earnable salary for local employers

#### Eligibility Requirements

<b>Regular retirement:</b>	Any age with 30 or more years of service Age 65 with 5 or more years of service
<b>Early retirement:</b>	Age 60 with 5 or more years of service Age 55 with 25 or more years of service

#### Benefit Formulas

<b>Regular retirement:</b>	The greater of: (a) \$86 x years of service; (b) 2.2% FAS x years of service through 30 years, plus 2.5% FAS x years over 30, not to exceed 100% of FAS
<b>Early retirement:</b>	Less than 30 years of service, or under age 65, benefit is reduced by 3% to 25% depending on age and years of service

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## HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	10-16-01	p. 926

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