



Timothy J. Rankin

Bill Analysis
Legislative Service Commission

H.B. 32

125th General Assembly
(As Introduced)

**Reps. Williams, Calvert, Allen, Willamowski, Widowfield, Carano, Otterman,
Schaffer, Schmidt**

BILL SUMMARY

- Causes nonteaching employees of the University of Akron to be members of the Public Employees Retirement System rather than the School Employees Retirement System.

CONTENT AND OPERATION

University of Akron nonteaching employees

(sec. 145.011)

Under current law, nonteaching employees of the University of Akron are members of the School Employees Retirement System (SERS). The bill transfers current nonteaching employees of the University to the Public Employees Retirement System (PERS) and provides that nonteaching employees of the University hired on or after the bill's effective date will be PERS members.

Coordination of benefits

Under current law, SERS, PERS, and the State Teachers Retirement System coordinate benefits. For a person with service credit in more than one of these systems, credit in both or all three systems is used in determining retirement and disability eligibility and benefits. The person's total benefit is paid by the system under which the greatest amount of service credit was earned. For a nonteaching employee of the University of Akron transferred to PERS, the bill applies the coordination of benefits provision to determine whether SERS or PERS will pay retirement or disability benefits.

COMMENT

Healthcare benefits

The state retirement systems are authorized but not required to provide health insurance coverage to retirants. Both PERS and SERS do so, although the costs and coverage vary. The transfer of current nonteaching employees of the University of Akron from SERS to PERS may create an issue with funding the healthcare benefits of SERS retirants who worked for the University. Contributions made by current employees of the University (who are members of SERS) are used to fund these benefits. When the employees are transferred, the source of funding for the healthcare benefits of SERS retirants will be gone.

Comparison of PERS and SERS

The following chart shows how PERS and SERS compare with regard to eligibility requirements, contribution rates, and benefits under current law.

ELIGIBILITY REQUIREMENTS

PERS

SERS

Regular retirement:

Any age with 30 years or more of service (R.C. 145.33)	Same (R.C. 3309.34)
Age 65 with 5 or more years of service (R.C. 145.33)	Same (R.C. 3309.34)

Early retirement:

Age 60 with 5 or more years of service (R.C. 145.33)	Same (R.C. 3309.34)
Age 55 with 25 or more years of service (R.C. 145.33)	Same (R.C. 3309.34)

CONTRIBUTION RATES

PERS

SERS

Employee rate:

8.5% of earnable salary (R.C. 145.47)	9.0% of compensation ¹ (R.C. 3309.47)
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Employer rate:

State employers: 13.31% of earnable salary (R.C. 145.48)	All employers 14.0% of compensation (R.C. 3309.49)
Local employers: 13.55% of earnable salary (R.C. 145.48)	

BENEFIT FORMULAS

PERS

SERS

Regular retirement:

The greater of: (a) \$86 x years of service; (b) 2.2% final average salary (FAS) x years of service through 30 years, plus 2.5% FAS x years over 30, not to exceed 100% of FAS (R.C. 145.33) ²	Same (R.C. 3309.36)
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Early retirement:

Less than 30 years of service, or under age 65, benefit is reduced by 3% to 25% depending on age and years of service (R.C. 145.33)	Same (R.C. 3309.36)
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¹ "Earnable salary" for PERS and "compensation" for SERS have similar definitions.

² Final average salary is the average of the three highest years of compensation.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	02-03-03	p. 85

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