



H.B. 187

125th General Assembly
(As Introduced)

Rep. T. Patton

BILL SUMMARY

- Increases the cost-of-living allowance for certain members of the Ohio Police and Fire Pension Fund receiving a service pension or disability benefit based on an award made before July 24, 1986, and for certain beneficiaries of those members.

CONTENT AND OPERATION

Background

OP&F COLA eligibility

In most cases, an Ohio Police and Pension Fund (OP&F) member receiving a service pension or disability benefit also receives an annual cost-of-living allowance (COLA). If the member chose a reduced pension or benefit under an optional benefit plan providing for payments after the member's death to a beneficiary, the beneficiary also receives a COLA. The exception is that neither a member nor a beneficiary under an optional benefit plan receives a COLA if the pension or benefit is based on an award made on or after July 24, 1986 that was calculated using terminal pay. Terminal pay is any amount received at the time of retirement for accrued but unpaid overtime, holidays, and vacation and other leave.

COLA history--July 24, 1986

COLAs were initially granted under OP&F to members receiving a pension or benefit that was based on an award made on or after July 24, 1986. At the time the COLA was established, OP&F law was amended to discontinue the practice of including terminal pay in the calculation of OP&F pensions and benefits. However, members with 15 or more years of active service on January 1, 1989, were permitted to elect to have terminal pay used in the calculation of the pension or benefit in lieu of receiving a COLA.

Under current law, for those who are eligible for it, the COLA is calculated by multiplying a pension or benefit based on an award made on or after July 24, 1986 by 3%.

Pre-July 24, 1986 awards

In 1988, legislation was enacted authorizing a COLA for recipients of a pension or benefit for which the award was made before July 24, 1986. However, instead of a percentage of the recipient's initial benefit or allowance, the COLA was a percentage of \$12,000. Under current law, the COLA is \$360, which is 3% of \$12,000. Members and beneficiaries receiving a pension or benefit under an optional benefit plan receive the "actuarial equivalent" of \$360. That is, they receive an amount that is adjusted because the pension or benefit continues beyond the member's life.

The bill

(sec. 742.3717)

The bill increases the COLA for OP&F members receiving a pension or benefit based on an award made before July 24, 1986. For OP&F members receiving a pension or benefit that does not include survivor benefits, the bill increases the COLA to \$540 (from the current \$360). For OP&F members receiving a pension or benefit under an optional benefit plan (which does include survivor benefits), the bill increases the COLA to the actuarial equivalent of \$540 (from the current actuarial equivalent of \$360).

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	05-14-03	p. 476

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