



H.B. 455

125th General Assembly

(As Reported by H. Banking, Pensions, and Securities)

Reps. Schneider, Seitz, G. Smith, Gibbs, J. Stewart, Allen, Hughes, Schmidt, Koziura, T. Patton

BILL SUMMARY

- Requires a retirant receiving a retirement benefit from the Public Employees Retirement System, State Teachers Retirement System, School Employees Retirement System, or State Highway Patrol Retirement System who marries or remarries and wishes to change the plan of payment of the benefit to do so within one year of the marriage or remarriage.
- Provides that a change in a state retirement system retirement benefit plan of payment that is based on marriage or remarriage takes effect on the date the retirement board receives the application to change the plan.

CONTENT AND OPERATION

Background

On application for retirement, a member of a state retirement system¹ may choose to receive a retirement benefit as a single lifetime annuity or as a joint and survivor benefit. The joint and survivor benefit payable to a retirant is the actuarial equivalent of the single lifetime annuity in a lesser amount, payable for the member's life and continuing after the member's death to a surviving beneficiary under one of several benefit payment plans.² The benefit payment

¹The state retirement systems are the Public Employees Retirement System (PERS), State Teachers Retirement System (STRS), School Employees Retirement System (SERS), Ohio Police and Fire Pension Fund (OP&F), and the State Highway Patrol Retirement System (SHPRS).

² A member who is married at the time of retirement may choose a plan of payment other than a joint and survivor benefit only if the spouse consents to the other plan of payment.

plans vary by retirement system, but generally provide for the continuation of benefits as follows:

- (1) The member's lesser benefit to the member's sole beneficiary;
- (2) A portion of the member's lesser benefit to the member's sole beneficiary;
- (3) On death before the expiration of a certain period from the member's retirement date, the member's lesser benefit continued for the remainder of that period to the member's beneficiaries;
- (4) A payment plan combining any of the features of options 1, 2, or 3;
- (5) A lump sum payment, in an amount designated by the member, and the remainder of the benefit payable as a monthly allowance for the member's life or payable to the member for life and continuing after death to a surviving beneficiary.³

A retirant receiving a single life annuity who marries or remarries may elect to change the benefit payment plan to a joint and survivor plan.

The bill

PERS, STRS, SERS, and SHPRS

(secs. 145.384, 145.46, 3307.60, 3309.46, and 5505.162)

Currently, a retirant receiving a retirement benefit from PERS, STRS, SERS, or SHPRS who marries or remarries may elect to change the plan of payment for the benefit. The new plan takes effect on the first day of the first month following receipt by the retirement board of an application. Current law does not limit the amount of time after the marriage or remarriage that is allowed to change the plan of payment. Under the bill, a retirant may apply to change the plan of payment after marriage or remarriage, but must do so within one year of the date of the marriage or remarriage. (This limitation applies only to retirants who marry or remarry on or after the bill's effective date.) The bill also provides that the member's new plan of payment takes effect on the date of receipt of the application to change the plan. Any change in the amount of the benefit

³ Available only to PERS, STRS, and SERS members.

commences on the first day of the first month following the new plan's effective date.⁴

OP&F

(sec. 742.3711)

Current law permits an Ohio Police and Fire Pension Fund (OP&F) retirant to elect to change the plan of payment for a retirement allowance following marriage or remarriage, but requires the election to be made within a year of the marriage or remarriage. The new plan takes effect on the date the election is made. The bill amends the effective date so that the new plan takes effect on the date that the OP&F Board of Trustees receives the member's application to change the plan.

HISTORY

| ACTION | DATE | JOURNAL ENTRY |
|---|----------|---------------|
| Introduced | 04-06-04 | p. 1755 |
| Reported, H. Banking, Pensions, & Securities | 05-18-04 | pp. 1937-1938 |

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⁴ *In the case of PERS, the changes regarding retirement benefits also apply to annuities payable to PERS retirants based on service following retirement.*