



**H.B. 469**

125th General Assembly  
(As Introduced)

Reps. J. Stewart, Aslanides, Seitz, Fessler

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**BILL SUMMARY**

- Allows a Public Employees Retirement System (PERS) member who serves or has served without compensation as an elected member of a board, commission, or other public body while employed in one or more PERS-covered positions to purchase additional service credit.

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**CONTENT AND OPERATION**

**Background**

**Purchases of additional service credit under Ohio law**

Current law permits a member of the Public Employees Retirement System (PERS) who is an elected official or is appointed by the Governor with the advice and consent of the Senate to serve full-time as a member of a public body to purchase additional service credit. The amount purchased may not exceed the lesser of 35% of the member's service credit as an elected or appointed official or the amount permitted by federal law (see **COMMENT**). The member may purchase the credit at any time prior to retirement. (Revised Code §145.201.)

**The bill**

(R.C. 145.202)

The bill allows a PERS member who serves or has served without compensation as an elected member of a board, commission, or other public body while employed in one or more PERS-covered positions to purchase additional service credit, unless the member has purchased, or is eligible to purchase, additional credit for service as a compensated elected or appointed public official.<sup>1</sup>

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<sup>1</sup> Under the bill, to be eligible to purchase additional service credit, an individual must be a PERS member who served without compensation as an elected member of a board,

The amount of credit purchased may not exceed the lesser of (1) the amount equal to 35% of the member's total service credit earned as a result of holding a PERS position during the period when the member also served as an uncompensated board, commission, or other public body member or (2) the amount permitted by federal law (see **COMMENT**).

The member may purchase the credit at any time prior to retirement. To receive the credit, the member must (1) pay into the PERS Employees' Savings Fund an amount determined by multiplying the employee contribution rate in effect at the time of purchase by the member's salary for all PERS-covered positions for the period of service on which the purchased credit is based and then multiplying that amount by the number of years of service credit being purchased and (2) pay into the PERS Employers' Accumulation Fund an amount equal to the amount described in (1). The member may purchase the credit at any time prior to retirement. If a member purchases at one time less than the full amount of additional service credit the member is eligible to purchase, the amounts the member must pay to purchase the credit must be computed using the member's total salary for the PERS position or positions held during the member's chronologically earliest years of uncompensated service.

The bill requires the PERS Board to use any additional credit a member purchases under the bill in computing a PERS allowance or benefit for the member. Payments for additional service credit must, in the event of the member's death or withdrawal from service, be considered part of the member's accumulated contributions.

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## **COMMENT**

### **Federal limits on the purchase of additional service credit**

Federal law limits the amount of additional service credit an Ohio elected or appointed official may purchase from PERS. The Taxpayer Relief Act of 1997 established limits on the purchase of credit for "non-qualified" service.<sup>2</sup> Under the

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*commission, or other public body while employed in at least one PERS-covered position. Other than this description, the bill does not specify the individuals who may be eligible. The only PERS members LSC research found that meet this description are PERS board members, who are both elected and uncompensated. It is possible, however, that additional positions that meet the description exist under municipal charters.*

<sup>2</sup> *Non-qualified service is any service other than service (1) as a federal, state, or local government employee, (2) as an employee of an association representing federal, state, or local government employees, (3) as an employee of a public, private, or sectarian school which provides elementary or secondary education, and (4) in the military. (26*

Act, no more than five years of service credit may be purchased for non-qualified service, which includes additional service credit as an elected or appointed official. Furthermore, to be eligible to purchase the additional credit, a member must have earned at least five years of service credit in PERS. These limits apply to purchases undertaken after December 31, 1997; however, the limits do not apply to individuals who became PERS members before January 1, 2001. Ohio law provides that the limits prescribed in federal law apply to purchases of additional service credit for service as an elected or appointed official.

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## HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	04-21-04	p. 1769

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*U.S.C.A. 415(n)(3)(C.) According to PERS representatives, additional service that may be purchased by elected or appointed officials is non-qualified service under the federal law. (PERS Newsletter, March 1998.)*

