*Michael J. O'Neill* *Legislative Service Commission*

# S.B. 225

125th General Assembly
(As Introduced)

**Sens. Hottinger, Carey**

## BILL SUMMARY

- Makes a retirant's election of a new payment plan on marriage or remarriage effective on the Public Employees Retirement Board's receipt of an application, with any change in the amount of the benefit commencing on the first day of the month following the effective date of the new plan.

- Requires that a Public Employees Retirement System (PERS) retirant receiving a single lifetime annuity who marries or remarries on or after the bill's effective date and wishes to elect a new payment plan make that election not later than one year after the date of the marriage or remarriage.

- In circumstances limited to applications filed in 2003, permits the surviving spouse of a deceased retirant to apply to PERS for payment under a payment plan elected by the retirant if the surviving spouse was determined ineligible for the payments because the retirant died before the election took effect.

## CONTENT AND OPERATION

***Marriage or remarriage of retirant receiving single lifetime annuity***

(R.C. 145.384(D) and 145.46(E))

***Existing law***

On application for retirement, a member of the Public Employees Retirement System (PERS) may choose to receive a retirement benefit under one of several plans, which include single lifetime annuity, a joint and survivor

annuity, or an annuity for a guaranteed period.[1] Similar choices are available to a re-employed PERS retirant after ceasing the re-employment.

Following a marriage or remarriage, a retirant receiving a retirement allowance as a single life annuity may elect a joint and survivor annuity based on the actuarial equivalent of that annuity. Existing law does not place a limit on the time within which the retirant must make the election. The plan takes effect *the first day of the month following the PERS Board's receipt of the application*.

If the retirant dies after submitting the application but before the new plan takes effect, the surviving spouse will not receive a benefit under the payment plan the retirant attempted to elect.[2]

***The bill***

The bill revises the effective date of a new plan elected on the retirant's marriage or remarriage. Under the bill, the election is effective on the Board's receipt of the application, but any change in the amount of the benefit commences on the first day of the month following the plan's effective date. The bill also imposes a time limit for elections based on a marriage or remarriage that occurs on or after the bill's effective date: the election must be made not later than one year after the date of the marriage or remarriage.

***New application for certain surviving spouses previously denied benefits***

(Section 3 of the bill)

Not later than 90 days after the bill's effective date, the surviving spouse of a deceased retirant may apply to PERS for payment under a payment plan elected by the retirant under the marriage or remarriage provisions described above if all of the following are the case:

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[1] *Under a single lifetime annuity, the retirant receives a monthly payment for the retirant's life. Under a joint and survivor annuity, the retirant receives payments in a lesser amount for life, and, after the retirant's death, the retirant's surviving spouse or designated beneficiary receives payments for life. Under the guaranteed period annuity, the retirant, or the retirant's surviving designated beneficiary, receives payments for a designated period.*

[2] *But, if the retirant had five or more years of total service credit, the surviving spouse will receive a death benefit, the amount of which depends on the length of the retirant's total service credit (R.C. 145.451).*

(1) The retirant and the surviving spouse married after the retirant began receiving a retirement allowance or an annuity based on service as a re-employed retirant;

(2) In calendar year 2003, the retirant filed with PERS a properly completed application to elect a new plan of payment under which the surviving spouse would receive payments under a joint and survivor plan after the retirant's death;

(3) The surviving spouse was determined ineligible for the payments because the retirant died before the election took effect.

On receipt of a properly completed application, PERS must put into effect the last plan of payment elected by the retirant. Payments to the surviving spouse will commence the first month after PERS puts the plan into effect. (See **COMMENT**.)

## COMMENT

There is precedent for a provision of the type in Section 3 of the bill. One benefit PERS provides is payments to survivors of eligible members who die prior to retirement. Formerly, in most cases, a surviving spouse received these survivor benefits only until remarriage. This limitation was removed in Sub. H.B. 648 of the 122nd General Assembly (effective September 16, 1998), and surviving spouses whose benefits had ceased were permitted to apply to have them resume. Under that bill, benefits to a deceased member's surviving spouse that were terminated under a former version of PERS law that required termination due to remarriage and were not resumed prior to September 16, 1998, were required to resume on the first day of the month immediately following PERS Board's receipt of an application. (R.C. 145.45(B).)

## HISTORY

| ACTION | DATE | JOURNAL ENTRY |
|---|---|---|
| Introduced | 04-08-04 | p. 1713 |

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