Ohio Legislative Service Commission

Bill Analysis

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Sub. S.B. 342*

129th General Assembly
(As Reported by S. Insurance, Commerce & Labor)

Sens. Niehaus and Kearney

This analysis has two parts. The first part consists of brief descriptions of the bill's changes to the law governing the State Teachers Retirement System (STRS). The second part is a table that shows significant changes in STRS plan features, including contribution rates, benefit eligibility and formulas, cost-of-living adjustments, and disability benefits to existing law.

BILL SUMMARY

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Contributions

- Beginning July 1, 2013, increases employee contribution rates by increments to 14% (from 10%) of compensation (R.C. 3307.26).
- For compensation earned on or after July 1, 2017, permits the STRS Board to reduce the employee contribution rate to less than 14% if the Board's actuary determines that a reduction in the rate does not materially impair the fiscal integrity of the retirement system (R.C. 3307.26).

Members of STRS are required to contribute a percentage of their salaries to STRS. The rate specified in the Revised Code is 8%, but the Board has authority to increase the rate to a rate not exceeding 10%, which it has done. The bill increases employee contributions according to the following schedule, but specifies that the rate cannot be greater than 14%:

--Compensation earned not later than June 30, 2013: 10%

* This analysis was prepared before the report of the Senate Insurance, Commerce and Labor Committee appeared in the Senate Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

--Compensation earned between July 1, 2013 and June 30, 2014: 11%

--Compensation earned between July 1, 2014 and June 30, 2015: 12%

--Compensation earned between July 1, 2015 and June 30, 2016: 13%

--Compensation earned on or after July 1, 2016: 14%

For compensation earned on or after July 1, 2017, the bill permits the Board to reduce the employee contribution rate to less than 14% if the Board's actuary determines in its annual actuarial valuation or in other evaluations that a reduction in the rate does not materially impair the fiscal integrity of the retirement system.

Benefit eligibility and formulas

Eligibility

- Beginning August 1, 2015, changes eligibility requirements for unreduced retirement benefits for STRS members but retains the current provision under which a member may retire with an unreduced benefit at age 65 with a minimum of five years of service credit (R.C. 3307.58).

- Beginning August 1, 2015, changes eligibility requirements for retirement benefits for STRS members who elect to retire early and receive a reduced benefit but retains the current provision under which a member may retire with a reduced benefit at age 60 with a minimum of five years of service credit (R.C. 3307.58).

- Permits the STRS Board to adjust retirement eligibility requirements if the Board's actuary determines that an adjustment does not materially impair the fiscal integrity of the retirement system or is necessary to preserve the fiscal integrity of the system (R.C. 3307.58).

Under current law, an STRS member is eligible to retire and receive an unreduced retirement allowance at age 65 with 5 years of service credit or at any age with 30 years of service credit. The bill retains the provision under which a member is eligible to retire at age 65 with 5 years of service credit,[1] but over a number of years, beginning August 1, 2015, it increases to 35, from 30, the years of service credit required to be eligible to retire and receive an unreduced allowance. It requires members retiring on or after August 1, 2026, to be at least age 60 (rather than any age) to receive the unreduced allowance. Under a schedule contained in the bill, a member is eligible

[1] Under the bill, the service credit must be "qualifying service credit" (see "**Service credit**," below).

to retire with an unreduced retirement allowance if the member meets one of the following requirements:

--Before August 1, 2015, has 30 or more years of service credit at any age;

--On or after August 1, 2015, but before August 1, 2017, has 31 or more years of service credit at any age;

--On or after August 1, 2017, but before August 1, 2019, has 32 or more years of service credit at any age;

--On or after August 1, 2019, but before August 1, 2021, has 33 or more years of service credit at any age;

--On or after August 1, 2021, but before August 1, 2023, has 34 or more years of service credit at any age;

--On or after August 1, 2023, but before August 1, 2026, has 35 or more years of service credit at any age;

--On or after August 1, 2026, has 35 or more years of service credit and has attained age 60.

Current law permits an STRS member to retire early and receive a reduced retirement allowance at age 60 with 5 years of service credit or at age 55 with 25 years of service credit. The bill retains the provision under which a member is eligible to retire with a reduced benefit at age 60 with at least 5 years of service credit,[2] but over a number of years, beginning August 1, 2015, it increases to 30 (from 25) the years of service credit required to be eligible to retire with a reduced allowance. Under a schedule contained in the bill, a member is eligible to retire with a reduced retirement allowance if the member meets one of the following requirements:

--Before August 1, 2015, has 25 or more years of service credit and has attained age 55;

--On or after August 1, 2015, but before August 1, 2017, has 26 or more years of service credit and has attained age 55 or has 30 or more years of service credit at any age;

[2] Under the bill, the service credit must be "qualifying service credit" (see "**Service credit**," below).

--On or after August 1, 2017, but before August 1, 2019, has 27 or more years of service credit and has attained age 55 or has 30 or more years of service credit at any age;

--On or after August 1, 2019, but before August 1, 2021, has 28 or more years of service credit and has attained age 55 or has 30 or more years of service credit at any age;

--On or after August 1, 2021, but before August 1, 2023, has 29 or more years of service credit and has attained age 55 or has 30 or more years of service credit at any age;

--On or after August 1, 2023, has 30 or more years of service credit at any age.

However, the bill permits the STRS Board to adjust the retirement eligibility requirements for all members if the Board's actuary, in its annual actuarial valuation or other evaluations, determines that an adjustment does not materially impair the fiscal integrity of the retirement system or is necessary to preserve the fiscal integrity of the system.

- For retirement effective on or after August 1, 2015:

  --Reduces the rate used to calculate benefits to 2.2% of final average salary (FAS) for each year of service credit beyond 30 years, rather than 2.5% plus an amount increasing by .1% of FAS for each year beyond 30 (R.C. 3307.58).

- For benefits beginning on or after August 1, 2015, changes to five (from three) the number of years used to determine final average salary (FAS), which is used to calculate a retirement allowance or disability benefit (R.C. 3307.501).

- Permits an STRS member who under current law would be eligible to retire on July 1, 2015 to retire on or after August 1, 2015 and receive the greater of the benefit determined under the current benefit formula or the new benefit formula established by the bill (R.C. 3307.58).

- Effective July 1, 2013, eliminates the commuted service calculation, which is an alternative to the final average salary method of calculating a retirement allowance (R.C. 3307.58).

- Effective July 1, 2013, eliminates the $86 minimum benefit calculation in the final average salary formula (R.C. 3307.58).

Cost-of-living adjustment (COLA)

- Effective August 1, 2013, reduces the COLA to an annual 2% (from 3%) , except that no COLA's will be granted from July 1, 2013, through June 30, 2014, to persons retiring prior to July 1, 2013, or until July 1, 2015, to persons retiring on or after July 1, 2013 (R.C. 3307.67).

- Authorizes the STRS Board to adjust the COLA if the Board's actuary determines, in its annual actuarial valuation or in other evaluations, that an adjustment does not materially impair the fiscal integrity of the retirement system or is necessary to preserve the fiscal integrity of the system (R.C. 3307.67).

- For those receiving an allowance or benefit beginning on or after August 1, 2013, increases to five years (from one year) the time that must pass before the first COLA is granted unless the allowance or benefit was immediately preceded by a disability benefit that was terminated (R.C. 3307.67).

- Provides that the retirement allowance of an STRS member whose disability benefit terminates and is immediately replaced by an age and service retirement allowance will be increased by any COLAs granted while the member was receiving the disability benefit and specifies that the increase is based on the plan of payment selected by the member (R.C. 3307.58).

- States the General Assembly's intent in enacting modifications to COLAs (Section 3).

Disability

- Provides that only "qualifying service credit" can be used to determine eligibility for a disability benefit (R.C. 3307.62).[3]

- For members who did not earn any service credit before July 1, 2013: (1) increases to ten, from five, the number of years of service credit required to be eligible for STRS disability benefits and (2) reduces to one year, from two, the time period during which a member may apply for a disability benefit after contributing service ends (R.C. 3307.62).

- Replaces current law's provision specifying that the disability benefit of an STRS member terminates if the member is employed as a teacher by a school or institution with a provision specifying that a member receiving an STRS disability benefit is ineligible to perform any teaching service, as defined by the STRS Board, and that a

[3] See "**Service credit**," below.

disability benefit terminates if the recipient performs any teaching service while receiving disability benefits (R.C. 3307.48).

- Permits an STRS disability benefit recipient whose benefit is terminated to submit to the STRS Board information specifying that the recipient did not perform teaching services while receiving disability benefits. Requires the Board to determine whether the benefit was correctly terminated; if not, the benefit is to be reinstated and any missed payments paid to the recipient. (R.C. 3307.48.)

- Requires an STRS disability benefit recipient who received a disability benefit and performed teaching services for the same month to repay the amount of the benefit received from the beginning of employment (R.C. 3307.48).

- Permits an STRS disability benefit recipient whose benefit is terminated because the recipient is no longer considered incapacitated to request a hearing to be conducted in accordance with procedures established by the STRS Board (R.C. 3307.48).

- Specifies that an STRS member whose disability benefit terminates because of the member's age is ineligible to receive a further STRS disability benefit (R.C. 3307.62).

- Effective July 1, 2013, for an STRS disability benefit recipient who returns to contributing service, limits the service credit that may be granted for all periods on disability leave to the lesser of five years or the number of years of contributing service after the disability benefit terminates (R.C. 3307.48).

- Provides that a determination made by a physician that a member does not qualify for a disability benefit is to be evaluated by a board of medical review composed of "at least" three physicians, rather than three physicians (R.C. 3307.62).

- Clarifies that the STRS Board may forgo, rather than waive, medical examination for a disability recipient if the Board's physician "determines," rather than "certifies," that the recipient's disability is ongoing or may require additional examinations if the Board's physician determines that additional information should be obtained (R.C. 3307.48).

- Extends disability coverage to participants in the STRS combined plan (R.C. 3307.48).

Service credit

- Increases the cost of purchasing service credit under STRS for any of the following to an amount equal to 100% of the actuarial liability to STRS resulting from the purchase: private school and out-of-state teaching, military service prior to STRS

membership, certain credit earned in the Public Employees Retirement System (PERS) or School Employees Retirement System (SERS), a period of absence due to pregnancy or adoption of a child, and school board service. Generally applies the increased cost to purchases that are not completed by January 1, 2014. (R.C. 3307.70, 3307.73, 3307.74, 3307.751, 3307.76, 3307.771, and 3307.78.)

- Eliminates the interest-free period for purchasing STRS service credit for a leave of absence and instead requires a member to pay compound interest at a rate determined by the STRS Board, unless the credit is purchased during the leave (R.C. 3307.77).

- Permits members to transfer to STRS military service credit purchased under the Ohio Police and Fire Pension Fund (OP&F), State Highway Patrol Retirement System (SHPRS), or Cincinnati Retirement System, but limits total military service credit to five years (R.C. 3307.751).

- Provides that an STRS member may purchase a total of up to five years of credit for military service that interrupted teaching, rather than five years for "each period" of interrupted service (R.C. 3307.752).

- Specifies that an STRS member may not purchase service credit for prior service or service in PERS or SERS if that service was used to: (1) calculate a retirement benefit that has already been paid to the member by another retirement program other than Social Security or (2) make contributions for five or more years to a defined contribution plan if the member has been paid all contributions or is not entitled to be paid any contributions (R.C. 3307.74).

- Permits an STRS member participating in the combined plan to purchase service credit for a period of time in which the member was prevented from making contributions due to illness or injury (R.C. 3307.77).

- Eliminates the ability of the surviving spouse or dependents of a deceased STRS member to purchase most types of service credit the member could have purchased (R.C. 3307.79).

- Repeals law providing for establishment of retirement incentive plans (R.C. 3307.54).

- Repeals law providing for purchase of "non-Ohio valued" service credit, which is used for determining eligibility but not in calculating a member's benefits (R.C. 3307.741).

- Provides that "qualifying service credit" for purposes of determining eligibility for STRS retirement based on only five years of service credit, for a disability benefit, or

certain survivor benefits includes only credit for which contributions were made to STRS, PERS, or SERS, credit restored under STRS, PERS, or SERS, and credit transferred to STRS from OP&F, SHPRS, or the Cincinnati Retirement System (R.C. 3307.58).

- Includes in STRS membership any licensed teacher who is performing state-funded auxiliary services for nonpublic school students, regardless of whether the services are rendered in a public school or whether the teacher is employed under a contract with a third party (R.C. 3307.01).

Retroactive and vacation pay

- Excludes the following from compensation for the purpose of STRS contributions and benefits: (1) amounts paid to a teacher by an employer as a retroactive payment of earnings, damages, or back pay under a court order or settlement agreement, unless STRS receives teacher and employer contributions, plus interest, for each year or portion of a year paid under the order or agreement and (2) amounts paid for vacation pay covering the same period for which other salary, compensation, or other benefits are paid by PERS or SERS (R.C. 3307.01(L)(2)).

Benefit suspension and termination

- Permits STRS to suspend a retirement, disability or survivor benefit or a benefit to a beneficiary if STRS has good cause to believe that the person receiving the benefit is incapacitated and no other person has authority to act or receive the benefit on the person's behalf or STRS learns that the person receiving the benefit is missing and no person provides evidence satisfactory to STRS that the person is alive and entitled to receive the benefit (R.C. 3307.42).

- In the case of a person who is missing, provides for the benefit to be terminated on presentation to the STRS Board of a decree of presumed death and specifies that the termination is retroactive to the date the benefit was suspended (R.C. 3307.42).

Coordination

- In the case of a PERS, STRS, or SERS member with service credit in more than one of those retirement systems, provides that eligibility for a disability benefit is to be determined by the system in which the member has the most service credit, which is the system that calculates and pays the benefit (R.C. 3307.57).

- Specifies the amounts that must be paid by PERS or SERS if service credit from one or both of those systems is used in the calculation of an STRS disability or retirement benefit (R.C. 3307.57).

Beneficiaries

- Provides that, when a retirant elects to change the plan of payment after a marriage or remarriage, only the new spouse may be added as a beneficiary, except that if there are four beneficiaries that must be retained pursuant to a court order or the payment to any beneficiary under the court order would be reduced, the spouse may not be added (R.C. 3307.60).

- Provides that if an STRS member receiving payments under a plan that includes payments to a former spouse pursuant to a court order elects a new plan of payment, consent of the former spouse is not required if the new plan will not affect payments to the former spouse (R.C. 3307.60).

- Permits a retirant to elect to cancel the portion of a plan of payment providing for benefits to a beneficiary if the beneficiary dies or if the marital relationship ends and the beneficiary consents or the court orders the cancellation (R.C. 3307.60).

- Specifies that an STRS member may designate two or more persons as beneficiaries to be paid the member's accumulated contributions on the member's death. Effective July 1, 2013, requires the member to specify the percentage each is to receive and provides that if the percentages are not specified, the contributions are to be divided equally among the beneficiaries. (R.C. 3307.562(B).)

- Provides that if a designated beneficiary is deceased, the amount allocated to the deceased beneficiary is to be allocated to the remaining beneficiaries based on the percentage of the amount that each beneficiary is to be paid (R.C. 3307.562(B)).

- Requires that, for a beneficiary to receive any unpaid amounts due an annuitant on the annuitant's death, the beneficiary designation must be received by (instead of filed with) the STRS Board prior to the annuitant's death (R.C. 3307.562(D).[4]

- Provides that if an annuitant does not have a beneficiary, an amount not exceeding the cost of the annuitant's burial expenses may be paid to the person responsible for burial expenses (R.C. 3307.562(D)).

Survivor benefits

- For members who had not earned service credit before July 1, 2013, requires five (instead of one and one-half) years of qualifying service credit by a deceased member for survivors to be eligible for STRS survivor benefits and requires the

[4] An annuitant is the last person who received a monthly benefit pursuant to the plan of payment selected by the former member (R.C. 3307.562(D).

deceased member to have died not later than one year after the date contributing service terminated (R.C. 3307.66).

- Regardless of when membership began, provides that only qualifying service credit can be used to determine whether survivors benefits will be granted (R.C. 3307.66).

- Provides that, for a child to be qualified for a survivor's benefit, the child must never have been married and, if qualified based on a physical or mental incompetency, the incompetency must have occurred prior to age 18 or age 22 if a full-time student and be continuing (R.C. 3307.66).

- Provides that, for a surviving spouse to be considered qualified for a survivor's benefit based on a physical or mental incompetency, the incompetence must be established at the time of the member's death and be continuing (R.C. 3307.66).

- Removes a requirement that a survivor benefit be terminated by reason of active military service (R.C. 3307.66).

- Permits a survivor to receive survivor benefits if the deceased member was receiving a disability benefit within 12 months prior to the date of death and was contributing to STRS, PERS, or SERS at the time of death (R.C. 3307.66).

- Provides that if the deceased member was receiving a disability benefit at the time of death, a survivor benefit will be increased by any cost-of-living adjustments granted while the deceased member was receiving the disability benefit, and if eligibility for a survivor benefit is not established until more than one year after the member's death, the benefit will be increased by the cost-of-living adjustments that would have been made had the benefit begun in the year in which the member died. Specifies that the increase is based on the plan of payment selected by the member (R.C. 3307.66).

- Provides that an STRS member who has, at the time of death, more than 29 but less than 30 years of service credit, is presumed to have 30 years of service credit only if the death occurs prior to August 1, 2015 (R.C. 3307.79).

Refunds

- Provides for interest and matching funds on withdrawal of contributions that were restored after having previously been withdrawn (R.C. 3307.563).

- Specifies that an STRS member who returned to active employment after receiving a disability benefit and later elects to withdraw accumulated contributions is ineligible

for interest or matching funds on the contributions being withdrawn (R.C. 3307.563(B)).

Recovery of overpayments

- Provides for the recovery from a retirant or beneficiary of an overpayment made by STRS to a former spouse or child support enforcement agency, from any survivor or beneficiary receiving benefits of an overpayment to a survivor or beneficiary, or to any person, including a third party on the person's behalf, for health care overpayments (including Medicare) or any other payments (R.C. 3307.47).

Health care

- Creates a health care fund, to which amounts allocated by the STRS Board for health care and any earnings are to be credited (R.C. 3307.14(H)).

- Provides that, if STRS discontinues health care coverage, any remaining surplus funds are to be distributed to employers who have contributed to the health care fund (R.C. 3307.143).

- Permits, rather than requires, the STRS Board to reimburse Medicare Part B premiums to benefit recipients and provides that reimbursement may be made only to recipients who are "enrolled in" (rather than "eligible for") Medicare Part B (R.C. 3307.39).

- Limits the monthly Medicare Part B premium reimbursement to an amount determined by the STRS Board that is not to exceed 90% of the basic premium, except that the reimbursement cannot exceed the amount actually paid for coverage (R.C. 3307.39).

- Provides that STRS is permitted, rather than required, to offer long-term care coverage (R.C. 3307.391).

Re-employment of an STRS retirant

- Provides that retirants re-employed in positions subject to STRS who are receiving benefits under either a PERS or SERS defined contribution plan or an alternative retirement plan are subject to the two-month forfeiture of benefits that applies to re-employed STRS defined benefit plan participants (R.C. 3307.35).

- Provides that the amount forfeited each month during the two-month period is equal to the amount of the retirant's monthly single life annuity (R.C. 3307.35).

- Extends to STRS defined contribution plan and combined plan participants provisions currently applicable to STRS defined benefit plan participants that deal with retirement from one position while holding one or more other government positions (R.C. 3307.351).

- Provides that an STRS member who also holds one or more positions covered by STRS or other state retirement systems may retire and continue contributing to STRS or other state retirement systems only if the member continuously held the positions for 12 consecutive months immediately prior to retirement (R.C. 3307.351).

- Permits an STRS contributor who also holds one or more positions covered by other state retirement systems to retire from those positions and continue to contribute to STRS if the compensation for each of the positions from which the contributor is retiring is greater than the compensation for the position covered by STRS (R.C. 3307.351).

Defined contribution plan

- Eliminates a requirement that an STRS member who elected a defined contribution plan and wishes to stay in it make a further election immediately prior to the member's fifth year of participation, and instead permits the member to stay in the plan initially selected without making an election or to elect to change plan participation (R.C. 3307.25).

- Provides that a former STRS member who returns to teaching service is ineligible to participate in an STRS defined contribution plan if the member previously made an election to cease participation in the plan (R.C. 3307.25).

- Permits (rather than requires) STRS to transfer a portion of employer contributions made on behalf of STRS defined contribution plan participants to the account used to fund the STRS defined benefit plan (referred to as the "mitigation rate") (R.C. 3307.84).

STRS Board

- Provides that the office of an STRS Board member, instead of the office of an employee member or a retirant member of the Board, who is convicted of or pleads guilty to specified offenses is deemed vacant. Specifies that a person who is convicted of or pleads guilty to the specified offenses is ineligible for election or appointment, instead of just for election, to the STRS Board. (R.C. 3307.061.)

- Adds to the membership of the committee that selects an internal auditor for the STRS Board any additional Board members appointed to the committee by the Board (R.C. 3307.044).

Records

- Extends confidentiality provisions to personal information concerning members participating in the STRS defined contribution plan (R.C. 3307.20).

- Includes the e-mail address of an STRS member in the member's personal history record, which is excluded from public inspection (R.C. 3307.20).

- Prohibits medical reports or recommendations received by the STRS Board in relation to disability or survivor benefits from being released to the individual concerned or from being considered a medical record generated and maintained by a health care provider in the process of establishing a therapeutic relationship (R.C. 3307.20).

Plan names

- Creates statutory definitions for "STRS defined benefit plan" and "STRS defined contribution plan" and replaces cross-references with the defined terms (R.C. 3307.01(N) and (O) and sections containing cross-references).

Technical corrections and clarifications

- Specifies that in STRS, 29 "or more" years of service (rather than 29 years) provide a 60% final average salary benefit to qualified survivors (R.C. 3307.66).

- Clarifies that neither "member" nor "contributor" in STRS includes a member or retirant's surviving spouse with an account in an STRS defined contribution plan (R.C. 3307.01(C) and (D)).

- Clarifies the period in which an STRS superannuate or retirant receives interest on contributions (R.C. 3307.352).

- Clarifies that an actuary is an actuarial "professional contracted with or employed by" the STRS Board (R.C. 3307.01(J)).

- Corrects cross-references to Revised Code sections.

State Teachers Retirement System (STRS)

	Current law	Sub. S.B. 342
Contributions *(R.C. 3307.26 and 3307.28)*	Member contributes 10% of the member's compensation.	Member contributions increased according to the following schedule: (1) Compensation earned not later than June 30, 2013: 10% (2) Compensation earned between July 1, 2013 and June 30, 2014: 11% (3) Compensation earned between July 1, 2014 and June 30, 2015: 12% (4) Compensation earned between July 1, 2015 and June 30, 2016: 13% (5) Compensation earned on or after July 1, 2016: 14% (6) Compensation earned on or after July 1, 2017: permits the STRS Board to reduce the employee contribution rate to less than 14% if the Board's actuary determines that a reduction in the rate does not materially impair the fiscal integrity of the retirement system.
	Employer contributes an amount equal to 14% of member compensation.	No changes
Retirement eligibility *(R.C. 3307.58)*	<u>Unreduced</u> retirement benefit granted with 5 years of service credit at age 65 or 30 years of service credit at any age.	For an unreduced benefit, has 5 or more years of service credit at age 65 or older or meets one of the following requirements: --Before August 1, 2015, has 30 or more years of service credit at any age; --On or after August 1, 2015, but before August 1, 2017, has 31 or more years of service credit at any age;

	Current law	Sub. S.B. 342
		--On or after August 1, 2017, but before August 1, 2019, has 32 or more years of service credit at any age; --On or after August 1, 2019, but before August 1, 2021, has 33 or more years of service credit at any age; --On or after August 1, 2021, but before August 1, 2023, has 34 or more years of service credit at any age; --On or after August 1, 2023, but before August 1, 2026, has 35 or more years of service credit at any age; --On or after August 1, 2026, has 35 or more years of service credit and has attained age 60.
	Reduced retirement benefit granted with 5 years of service credit at age 60 or 25 years of service credit at age 55.	For a reduced benefit, has 5 or more years of service credit at age 60 or meets one of the following requirements: --Before August 1, 2015, has 25 or more years of service credit and has attained age 55; --On or after August 1, 2015, but before August 1, 2017, has 26 or more years of service credit and has attained age 55 or has 30 or more years of service credit at any age; --On or after August 1, 2017, but before August 1, 2019, has 27 or more years of service credit and has attained age 55 or has 30 or more years of service credit at any age; --On or after August 1, 2019, but before August 1, 2021, has 28 or more years of service credit and has attained age 55 or has 30 or more years of service credit at any age;

	Current law	Sub. S.B. 342
		--On or after August 1, 2021, but before August 1, 2023, has 29 or more years of service credit and has attained age 55 or has 30 or more years of service credit at any age; --On or after August 1, 2023, has 30 or more years of service credit at any age.
Retirement eligibility: Board discretion *(R.C. 3307.58)*	No provision.	Authorizes the STRS Board to adjust the retirement eligibility requirements if the Board's actuary determines that an adjustment does not materially impair the fiscal integrity of the retirement system or is necessary to preserve the fiscal integrity of the system.
Final average salary (FAS) *(R.C. 3301.501)*	Calculated by averaging the highest **three** years of compensation.	For benefits beginning on or after August 1, 2015, calculated by averaging the highest **five** years of compensation.
Benefit calculation *(R.C. 3307.58)*	2.2% of final average salary (FAS) for each of the first 30 years of service, plus 2.5% and an additional .1% for each year above 30 years of service credit (i.e., at 35 years of service credit, 2.9%).	No change for (1) those whose retirement effective date is before August 1, 2015, and (2) those who on July 1, 2015, meet eligibility requirements of current law (30 years of service; age 55 with 25 years of service; or age 60 with 5 years of service); For all others, 2.2% of final average salary for each year of service.
Cost-of-living adjustment (COLA) *(R.C. 3307.67)*	An annual cost-of-living adjustment (COLA) of 3% is granted to each allowance or benefit recipient.[5]	Beginning August 1, 2013, COLA of 2% is granted, except that no COLA will be granted from July 1, 2013, through June 30, 2014, to persons retiring prior to July 1, 2013, or until July 1, 2015, to persons retiring on or after July 1, 2013.
	COLA granted one year after first receiving an allowance or benefit.	For those receiving an allowance or benefit on or after August 1, 2013, increases to five years

[5] Allowance or benefit recipient includes retirees, survivors, and disability recipients.

	Current law	Sub. S.B. 342
		(instead of one year), the time that must pass before the first COLA is applied to an allowance or benefit, unless retirement is immediately preceded by a disability benefit.
	No provision.	Authorizes the STRS Board to adjust the COLA if the Board's actuary determines that an adjustment does not materially impair the fiscal integrity of the retirement system or is necessary to preserve the fiscal integrity of the system.
Disability *(R.C. 3307.62)*	Eligible for disability coverage after five years of service.	For those becoming STRS members on or after July 1, 2013, increase to ten the years of service credit a member must earn to be eligible for disability coverage.
	May apply for disability benefit no later than two years after the end of STRS contributing service.	For those becoming STRS members on or after July 1, 2013, reduces to one year, the period during which an STRS member may apply for disability benefits after the end of STRS contributing service.

HISTORY

ACTION	DATE
Introduced	05-08-12
Reported, S. Insurance, Commerce & Labor	–-

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