

Rules for April 10, 2014

STRS

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3307:1-12-02 **Maximum permissible benefits.**

Applicability of the final 415 regulations effective beginning on the limitation year commencing on January 1, 2008.

- (A) In general. The final regulations for section 415 of the Internal Revenue Code are accelerated and applicable to distributions to members and beneficiaries as of January 1, 2008. Effective January 1, 2008 and pursuant to section 3307.58 of the Revised Code and section 415 of the Internal Revenue Code, the maximum annual benefit distributed to a member or beneficiary shall be determined as of the date the benefit commences and shall be limited to the maximum amounts permitted under section 415(b)(1)(A) of the Internal Revenue Code. In general, section 415 limits a member's maximum annual benefit to one hundred eighty-five thousand dollars (one hundred ninety-five thousand dollars for 2009, which amount shall be increased to reflect cost of living increases pursuant to Internal Revenue Code section 415) payable in a straight life annuity but if the member has not completed ten years of participation, such maximum annual dollar limitation is reduced by the ratio which the number of his years of participation bears to ten. The maximum dollar limitation applies to a benefit payable at age sixty-two and shall be adjusted in accordance with cost of living increases in the amount determined by the commissioner of Internal Revenue. The limits of this paragraph do not apply to benefits attributable to rollover contributions made pursuant to paragraph (N) of rule 3307:1-3-11 of the Administrative Code and the annual benefit attributable to any such rollover contributions shall be determined in accordance with section 1.415(b)-1(b)(2)(v) of the Treasury Regulation.
- (B) No adjustment shall be made for any benefit payment which is to commence after age sixty-two.
- (C) For any benefits paid prior to age sixty-two, the maximum dollar limit shall be reduced as follows:
- (1) For annuity starting dates on or before December 31, 2007. The maximum annual benefit shall be reduced to an annual straight-life annuity beginning at the annuity starting date that is the actuarial equivalent of the maximum annual benefit (adjusted for members with fewer than ten years of participation, if necessary), using whichever of the following produces a smaller annual amount: (a) an interest rate and mortality table determined and adjusted periodically by the state teachers retirement board, or (b) a five per cent interest rate assumption and the applicable mortality table described in section 417(e)(3)(A) of the Internal Revenue Code.
 - (2) For annuity starting dates after December 31, 2007. The maximum annual benefit shall be reduced to the lesser of:

- (a) An annual straight-life annuity beginning at the annuity starting date that is the actuarial equivalent of the maximum annual benefit (adjusted for members with fewer than ten years of participation, if necessary), using for this purpose a five per cent interest rate assumption and the applicable mortality table described in section 417(e)(3)(A) of the Internal Revenue Code; or
 - (b) The maximum annual benefit (adjusted for members with fewer than ten years of participation, if necessary), multiplied by the ratio of the annual amount of the immediately commencing straight life annuity at the annuity starting date to the annual amount of the immediately commencing straight life annuity at age 62.
- (3) The member's age for the purposes of calculating the benefits to be paid prior to age sixty-two shall be expressed as the age of the member, in completed calendar year months, as of the annuity starting date.
- (D) No actuarial adjustment to the maximum annual benefit shall be made for the following:
- (1) Survivor benefits payable to a spouse under a qualified joint and survivor annuity pursuant to section 3307.60 of the Revised Code, to the extent such benefits would not be payable if the member's benefit were paid in another form;
 - (2) Any benefits provided to members that are not directly related to retirement benefits, including qualified disability benefits or allowances set forth in sections 3307.63 and 3307.631 of the Revised Code and health benefits set forth in section 3307.39 of the Revised Code; or
 - (3) The inclusion of automatic periodic increases to benefits calculated in the manner set forth in section 3307.67 of the Revised Code, provided that the form of benefit is not subject to section 417(e)(3) of the Internal Revenue Code (which applies based on the form of benefit and not the status of the plan described in sections 3307.50 to 3307.79 of the Revised Code), would otherwise satisfy this rule, and complies with the determination of benefit increases as calculated in paragraph (B) of rule 3307:1-10-01 of the Administrative Code.
- (E) If an adjustment is required because the member selects a form of payment under section 3307.60 of the Revised Code to which section 415(b)(2)(E) of the Internal Revenue Code applies based on the form of benefit and not the status of the plan

described in sections 3307.50 to 3307.79 of the Revised Code and that is not subject to section 417(e)(3) of the Internal Revenue Code, the value of the equivalent straight-life annuity for testing purposes of section 415(b) is the greater of (i) the annual amount of the straight-life annuity (if any) payable to the member commencing at the same annuity starting date as the form of benefit payable to the member and (ii) the annual amount of the straight-life annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the member, computed using a five per cent interest assumption and the applicable mortality table described in section 417(e)(3)(A) of the Internal Revenue Code for the annuity starting date.

- (F) If an adjustment is required because the member selects a form of payment under section 3307.60 of the Revised Code to which sections 415(b)(2)(E) and 417(e)(3) of the Internal Revenue Code apply based on the form of benefit and not the status of the plan described in sections 3307.50 to 3307.79 of the Revised Code, the actuarial straight-life annuity for testing under 415(b) for annuity starting dates on and after January 1, 2008 is determined by calculating the greatest annual straight-life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using (i) an interest rate and mortality table determined and adjusted periodically by the state teachers retirement board, (ii) a 5.5 per cent interest rate assumption and the applicable mortality table described in section 417(e)(3)(A) of the Internal Revenue Code for the distribution, and (iii) the applicable interest rate and the applicable mortality table described in section 417(e)(3)(A) of the Internal Revenue Code for the distribution, with the result divided by 1.05.
- (G) For a member who has or will have distributions commencing at more than one annuity starting date, the maximum annual benefit shall be determined as of each such annuity starting date (and shall satisfy the limits in section 415 of the Internal Revenue Code as of each starting date), actuarially adjusting for past and future distributions of benefits commencing at the other annuity starting dates as required under the application authority.
- (H) The application of the provisions of this rule shall not cause the maximum annual benefit provided to a member to be less than the member's accrued benefit as of the end of December 31, 2007 under provisions of Chapter 3307. of the Revised Code and division 3307:1 of the Administrative Code that were both adopted and in effect prior to April 5, 2007.
- (I) Effective January 1, 2009, the term "compensation" as defined in section 3307.01 of the Revised Code includes differential wage payments as defined in section 3401(h)(2) of the Internal Revenue Code.

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03/24/2014

Date

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3307:2-2-01

Establishment of defined contribution program.

Pursuant to section 3307.81 of the Revised Code, the state teachers retirement board hereby establishes a defined contribution program effective July 1, 2001, consisting of such plans as the board may from time to time establish.

The terms and conditions of each such plan shall be as specified by a plan document adopted by the board. The plan document may be amended from time to time without prior notice as the retirement board deems necessary or appropriate. The plans established by the board may include plans in which the performance of investment choices specified by the board and selected by the member are used to determine the cash accumulation in each account and available to the participant upon retirement or withdrawal. The investment choices specified by the board may include a guaranteed return option. Such plans may provide definitely determinable benefits, or any combination of the foregoing.

Contributions made by participants and employers pursuant to sections 3307.26 and 3307.28 of the Revised Code shall be allocated in accordance with the applicable plan documents and as the board may from time to time specify. An account in the defined contribution fund created by section 3307.14(G) of the Revised Code shall be maintained for each member who elects to participate in any such plan.

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3307:2-2-02

Establishment of defined contribution plan.

Pursuant to section 3307.81 of the Revised Code, effective July 1, 2001 there is hereby established the defined contribution plan. The terms and conditions of the defined contribution plan shall be as specified in a plan document adopted by the retirement board. The plan document may be amended from time to time as the retirement board deems necessary or appropriate without the necessity of prior notice.

Contributions made by a participant pursuant to section 3307.26 of the Revised Code and a portion of employer contributions pursuant to section 3307.28 of the Revised Code specified by the retirement board shall be credited to the participant's account in the defined contribution fund. Contributions so credited shall be allocated by the participant among investment choices specified by the retirement board. The investment choices specified by the board may include a guaranteed return option and may also include choices the performance of which shall determine the cash accumulation available to the participant upon retirement or withdrawal.

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3307:2-4-02 **Military service.**

- (A) Participants in the defined contribution plan and the combined plan may make contributions for periods when Ohio teaching service was interrupted by military service under the same terms and conditions as specified for participants in the defined benefit plan by section 3307.752 of the Revised Code. The interest rate used to calculate the cost of any such purchase shall be at the same rate established pursuant to rule 3307:1-3-01 of the Administrative Code for purchases of military service under section 3307.752 of the Revised Code.
- (B) The retirement board shall specify the portion of contributions that would have been paid by the participant pursuant to section 3307.26 of the Revised Code, and interest thereon as directed by section 3307.752 of the Revised Code, to be credited to the participant's account in the defined contribution fund created by division (G) of section 3307.14 of the Revised Code. The remaining contributions that would have been paid by the participant for Ohio teaching service interrupted by military service and all employer contributions that would have been paid by the employer pursuant to section 3307.28 of the Revised Code for the participant's period of interrupted military service shall be applied to provide retirement, disability, and survivor benefits under the terms, conditions, and schedules specified by the plan document. A portion of the employer contributions may be allocated to the health care fund under the terms, conditions and schedules specified by the state teachers retirement board.

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3/24/13, 7/1/13 (Emer.), 9/9/13

3307:2-5-01 Distributions.

Application for a distribution from the defined contribution program shall be in accordance with the terms and conditions specified by the plan document. In no case shall a distribution be made prior to the termination of covered employment. Calculation and payment of a distribution shall be as specified by Chapter 3307:2-5 of the Administrative Code, the plan document, and the rates, factors and conditions established by the retirement board. Application shall be on a form provided by the retirement system and shall be deemed made as of the date a complete application is received by the retirement system. A distribution made from the defined contribution plan and the combined plan's account in the defined contribution fund shall be deemed irrevocably made as of the date paid by the retirement system. Distributions from the defined benefit portion of the combined plan shall be deemed irrevocably made as outlined in paragraphs (G) and (H) of rule 3307-8-01 of the Administrative Code.

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3/24/13

3307:2-5-02 Distributions from the defined contribution plan.

Upon termination of teaching service, a participant in the defined contribution plan may apply for a distribution, as follows:

(A) Application may be made for withdrawal of the amount determined under the plan document and this rule.

- (1) The amount payable upon withdrawal shall be paid in a lump sum, except to the extent as otherwise provided by section 3307.87 of the Revised Code and rule 3307:2-5-08 of the Administrative Code.
- (2) Membership and participation in the retirement system shall terminate upon withdrawal. Any credit for periods of service paid out upon withdrawal shall be cancelled.
- (3) Participation in the defined contribution plan shall resume in the event the participant thereafter returns to teaching service, except to the extent that upon the return to teaching service the participant meets the requirements specified by rule 3307:2-3-01 of the Administrative Code to qualify as a new member.
- (4) Payment from an account in the defined contribution plan shall be based upon the closing net asset value as of the day an application for distribution is processed by using the investment choices made by the participant to determine the amount accumulated by reason of contributions.

(B) Application may be made for a retirement benefit by a participant who has attained at least fifty years of age, as follows:

- (1) Retirement shall be effective on the first of the month following the later of termination of covered teaching service or the first application for a distribution received by the retirement system.
- (2) Membership in the retirement system shall terminate as of the effective date of retirement. On and after that effective date, the participant shall be a superannuate as defined by section 3307.01 of the Revised Code as of that date.
- (3) Subject to the requirements of section 3307.87 of the Revised Code and Chapter 3307:2-5 of the Administrative Code, the participant shall elect on the application to take all of the balance of the defined contribution account in a lump sum payment, or to elect a plan of payment pursuant to rule 3307:2-5-09 of the Administrative Code.

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3307:2-5-10 **Rollovers distributed.**

Direct rollover distributions may be paid by the retirement system as specified by section 6.7 of the plan document and subject to the same procedures as specified by paragraph (A) of rule 3307:1-12-01 of the Administrative Code.

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6/18/09 (rescind and replace)

3307:2-3-02 **Election by certain current members.**

- (A) For the purposes of this rule and section 3307.251 of the Revised Code:
- (1) "Accumulated contributions" shall have the same meaning as that set forth in section 3307.50 of the Revised Code.
 - (2) "Total service credit" shall have the same meaning as that set forth in section 3307.50 of the Revised Code.
- (B) An individual who is a member on June 30, 2001, may elect participation in a plan established under section 3307.81 of the Revised Code in lieu of continued participation in the defined benefit plan established by sections 3307.50 to 3307.79 of the Revised Code retirement system, if:
- (1) On June 30, 2001 the member has accrued less than five years of total service credit; and
 - (2) Before December 28, 2001 the member files with the retirement system a written election, on a form provided by the retirement system.
- (C) An election of a plan established under section 3307.81 of the Revised Code pursuant to section 3307.251 of the Revised Code and paragraph (B) of this rule shall be effective July 1, 2001 and shall become irrevocable on December 28, 2001.
- (D) If a member eligible to make an election under the terms of section 3307.251 of the Revised Code and this rule does not do so by December 28, 2001, the member shall be deemed to have elected continued participation in the defined benefit plan established by sections 3307.50 to 3307.79 of the Revised Code.
- (E) Except as otherwise specified by the Revised Code, the Administrative Code or the plan document, elections under section 3307.251 of the Revised Code and this rule, whether deemed or actual, shall be irrevocable and shall govern future participation in the retirement system, notwithstanding any subsequent terminations of employment as a teacher, changes of employer, withdrawal from membership or new employment as a teacher.
- (F) The retirement system shall establish an account in the defined contribution fund created by division (G) of section 3307.14 of the Revised Code for a member who elects participation in a plan established under section 3307.81 of the Revised Code within fourteen days of receipt of a complete election form.
- (G) The amount standing in the teachers' savings fund created by division (A) of section

3307.14 of the Revised Code to the credit of a member who makes an election under section 3307.251 of the Revised Code and this rule to participate in a plan established under section 3307.81 of the Revised Code shall be transferred to an account in the defined contribution fund created by division (G) of section 3307.14 of the Revised Code, plus interest compounded annually at the following rates:

- (1) If the member had total service credit as of June 30, 2001 of two and ninety-nine hundredth or less, four per cent.
- (2) If the member had total service credit as of June 30, 2001 of three years or more, six per cent for periods prior to January 1, 1999 and five per cent thereafter

Amounts so transferred shall be subject to the same investment allocation as the member directs for new contributions.

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3307:2-7-02

Allocation of funds.

- (A) All funds credited to the account of a participant in the defined contribution program shall be allocated to the "STRS Target Choice Option" with the earliest target date until an allocation directing otherwise is received from the participant.
- (B) After the expiration of the one hundred-eighty-day election period provided by section 3307.25 of the Revised Code, the allocation of any contributions made retroactively to a defined contribution program account shall be credited as outlined in paragraphs (B)(1) and (B)(2) of this rule:
- (1) Contributions received in the first one hundred-eighty days of membership shall be credited as of the last day of the one hundred-eighty-day election period and all other contributions for past service shall be credited as of the first business day following the day the contributions were received by the state teachers retirement system.
 - (2) The sum accumulated on the retroactive contributions shall be calculated by the greater of the following two alternatives:
 - (a) All contributions allocated to the "STRS Money Market" choice at the net asset value of the money market choice at the close of business on the day outlined in paragraph (B)(1) of this rule; or
 - (b) All contributions allocated to the "STRS Target Choice Option" with the earliest target date, at the net asset value of the "STRS Target Choice Option" at the close of business on the day outlined in paragraph (B)(1) of this rule.

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3307:2-7-03

Rollovers received.

Direct rollover distributions of pretax amounts may be received by the retirement system as specified by the plan document, provided:

- (A) Application shall be on a form provided by the retirement system; and
- (B) Application shall be subject to determination by the retirement system that the transferring plan or account is eligible to rollover funds to the plan in which the member participates.
- (C) Rollover distributions are initially invested in the "STRS Target Choice Option" with the earliest target date at the time of deposit. ~~Members~~Participants may reallocate the funds any time after the deposit is made.

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3307:1-11-06

Health care services - open enrollment and plan changes.

- (A) The state teachers retirement system may annually offer an open-enrollment period during which eligible benefit recipients may enroll or change medical plans for themselves and ~~qualified~~ eligible dependents.
- (B) The health plan selected by the eligible benefit recipient during open enrollment cannot be changed for the next calendar year, with the following exceptions:
- (1) A change in plan administrators, plan levels or both may occur if any of the following conditions are met:
- (a) The plan enrollee requests the change within three months before or after the effective date of medicare benefits.
 - (b) The plan enrollee requests the changes within thirty-one days of receiving a first full monthly benefit.
 - (c) The plan enrollee is enrolled in a medicare health maintenance organization (HMO) and requests the change at any time.
 - (d) The plan enrollee requests the change within thirty-one days of one of the following events:
 - (i) Marriage
 - (ii) Birth, adoption, placement for adoption or legal guardianship of a child
 - (iii) Death
 - (iv) Divorce or dissolution
 - (v) Legal separation, or
 - (vi) Full loss of premium subsidy
 - (e) The plan enrollee who enrolls as the beneficiary of a service retirement benefit recipient and who was enrolled as a dependent at the time of the service retirement benefit recipient's death requests a change of plans or plan administrators by the end of the third month following the month of the service retirement benefit recipient's death.

(2) ~~An~~ plan enrollee may change plan administrators only if the following occur:

- (a) The plan enrollee is enrolled in a commercial health maintenance organization (HMO) or preferred provider organization (PPO) and experiences a loss of a key provider from the network.
- (b) The plan enrollee moves to another service area, which results in different state teachers retirement system sponsored health care plans being available.
- (c) The plan enrollee wants to add a sponsored dependent to his or her coverage and the health plan he or she is enrolled in does not allow sponsored dependents.

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2/13/93, 9/1/96, 7/3/97, 9/16/98 (Emer.), 11/27/98,
5/25/00, 7/1/01 (Emer.), 1/1/04 (Emer.), 3/22/04,
5/14/09

3307:1-11-11 **Health care assistance.**

(A) As used in this rule:

- (1) "Earnings" shall mean the total of all job-related income, pension, disability and survivor benefits received, including any portion of a benefit or increase for which a written notice of waiver has been filed with the retirement board pursuant to section 3307.44 of the Revised Code, with the public employees retirement board pursuant to section 145.562 of the Revised Code or with the school employees retirement board pursuant to section ~~3307.662~~ 3309.662 of the Revised Code, social security payments, welfare benefits, workers' compensation benefits, child or spousal support, unemployment benefits, investment income and all reportable income according to the Internal Revenue Code of 1986.
- (2) "Low-income earnings threshold" as used in this rule shall be equal to the minimum salary for a teacher with a bachelor's degree and five years experience as defined in section 3317.13 of the Revised Code, provided that in the event an individual experiences a life event once a calendar year has begun, such amounts shall be determined on a prorated basis as of the date the life event took place.
- (3) "Liquid assets" shall include cash and all monies readily available to a family unit in savings accounts, checking accounts, money market accounts, trust funds, any publicly traded security or other investment vehicles as the board may from time to time specify.
- (4) "Family unit" shall include the qualifying enrollee, spouse and children as defined in paragraph ~~(B)(1)~~ (C)(2) of rule 3307:1-11-01 of the Administrative Code.
- (5) A "Qualifying enrollee" shall include ~~persons~~ a person who:
 - (a) ~~Were~~ Was:
 - (i) ~~Granted service retirement under sections 3307.50 to 3307.79 of the Revised Code~~ the STRS defined benefit plan with at least twenty-five years of total service credit at retirement that is not ~~service credit excluded from premium waiver under the terms of paragraph (A)(3)(e) of rule 3307:1-11-03 of the Administrative Code~~ or service credit purchased under former section 3307.741 of the Revised Code; or

- (ii) Granted disability benefits under the STRS defined benefit plan sections 3307.50 to 3307.79 of the Revised Code, or
 - (iii) ~~Beneficiaries~~ Eligible beneficiaries, as defined in paragraph (F) of rule 3307:1-11-02 of the Administrative Code, of retired teachers with at least twenty-five years of total service credit at retirement and none of the service credit is excluded from premium waiver under the terms of paragraph (A)(3)(e) of rule 3307:1-11-03 of the Administrative Code or that is not service credit purchased under former section 3307.741 of the Revised Code; or
 - (iv) ~~Survivors~~ Eligible survivors, as defined in paragraph (H) of rule 3307:1-11-02 of the Administrative Code, of either active teachers or disabled teachers eligible to retire with at least twenty-five years of total service credit at retirement and none of the service credit is excluded from premium waiver under the terms of paragraph (A)(3)(e) of rule 3307:1-11-03 of the Administrative Code or that is not service credit purchased under former section 3307.741 of the Revised Code; or
 - (v) ~~Survivors~~ Eligible survivors, as defined in paragraph (G) of rule 3307:1-11-02 of the Administrative Code, of either active teachers or disabled teachers not eligible for service retirement; and
- (b) Had annual earnings not greater than the low-income earnings threshold for the family unit of the person described in paragraph (A)(5)(a) of this rule and
 - (c) Had total liquid assets that did not exceed twenty-three thousand eight hundred dollars for the family unit of the person described in paragraph (A)(4)(5)(a) of this rule.
- (6) "Life event" includes the death of a spouse, divorce, loss of job or other events as the board may from time to time specify.
 - (7) "Minimum monthly health care premium" shall mean the lowest monthly premium charged any ~~member~~ benefit recipient for any ~~group medical~~ health care plan offered by the ~~state teachers~~ retirement system.
- (B) A ~~qualified~~ qualifying enrollee may make application for health care assistance on a form provided by the retirement system. The effective date of the participation in

the health care assistance program shall be the first of the month following the approval of the application. All applications for assistance must be received no later than the fifteenth of the month to be considered for approval for an effective date starting the next month.

- (1) Each applicant shall demonstrate eligibility by providing the information specified on the form, which shall include copies of any federal tax return for the applicant, the spouse and any dependent children necessary to validate the earnings reported on an application and shall also include verification of medicare enrollment if applicable.
 - (2) An ~~application of an individual~~ applicant who fails to supply all requested information within three months of filing shall be canceled.
- (C) A ~~qualified~~ qualifying enrollee receiving health care assistance must annually verify continuing eligibility on a form provided by the retirement system to continue participation in the program. Failure to file the form or supply all requested information shall result in the ~~individual~~ enrollee no longer qualifying for the program and all health care assistance ~~benefits~~ shall be terminated.
- (D) On and after July 1, 2004 and provided that the retirement board has not acted to terminate the health care assistance program hereby created, enrollees whose applications are ~~granted~~ approved under this rule shall qualify for:
- (1) A minimum monthly health care premium in a health plan offered by the retirement system, and
 - (2) Health care assistance ~~plan benefits~~ as determined by the board through certain health plans offered by the ~~state teachers~~ retirement system.
 - (3) A "qualifying enrollee" may elect to accept only the minimum health care premium and forego the health assistance plan benefits.
 - (4)(3) The minimum monthly health care premium will not be in effect for any period the qualifying enrollee fails to provide verification of ~~the individual's~~ his or her medicare enrollment.
- (E) For qualifying enrollees making application for health care assistance at the same time application for service retirement or disability benefits are made, ~~the benefits~~ health care assistance as described in paragraph (D) of this rule shall take effect the first of the month following the approval of the health care assistance application or the first of the month after the monthly benefit amount is finalized, whichever is later. All applications for health care assistance must be received no later than the

fifteenth of the month to be considered for approval for an effective date starting the next month.

- (F) ~~Assistance~~ Health care assistance under this rule ~~granted~~ provided as the result of false information submitted on an application shall be terminated immediately. Any person who submits false or misleading information in connection with an application for health care assistance shall immediately repay the amounts of any health care assistance provided to date. If such amounts remain unpaid, they shall be deducted from any future amounts payable under Chapter 3307. of the Revised Code.

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5/14/09

3307:1-11-12 **"Health care fund".**

~~(A)~~ Within the ~~"Employers' Trust Fund"~~ described in ~~division (B)~~ of ~~section 3307.14~~ of the Revised Code, there shall be a separate account established pursuant to ~~section 401(h)~~ of the Internal Revenue Code for the purpose of funding the coverage authorized under ~~sections 3307.39 and 3307.61~~ of the Revised Code. This account shall be known as the ~~"Health Care Fund."~~ The assets in the ~~"Health Care Fund"~~ shall be accounted for separately from the other assets of the state teachers retirement system, but may be commingled with the other assets of the system for investment purposes. Investment earnings and expenses shall be allocated on a reasonable basis. All assets in the ~~"Health Care Fund"~~ shall be held in trust for the exclusive benefit of retirants, benefit recipients, and dependents.

~~(B)~~~~(A)~~ The state teachers retirement board shall designate the amount of contributions, if any, that are to be allocated to the ~~"Health Care Fund"~~ health care fund described in ~~division (H)~~ of ~~section 3307.14~~ of the Revised Code for any year. Any contributions shall be funded by employer contributions to the ~~"Employers' Trust Fund"~~ employer's trust fund and shall include any employer contributions previously allocated by the state teachers retirement board for health care benefits described in ~~sections section 3307.39 and 3307.61~~ of the Revised Code, together with any earnings credited thereon, with respect to individuals participating in the plan described in either ~~the STRS defined benefit plan sections 3307.50 to 3307.79~~ of the Revised Code or ~~section 3307.81~~ of the Revised Code in which an individual may receive definitely determinable benefits. Contributions to the ~~"Health Care Fund"~~ health care fund are subordinate to the contributions to the ~~"Employers' Trust Fund"~~ employer's trust fund for retirement benefits under the plans described in ~~sections 3307.50 to 3307.79~~ of the Revised Code ~~the STRS defined benefit plan~~ and ~~section 3307.81~~ of the Revised Code in which an individual may receive definitely determinable benefits. At no time shall contributions to the ~~"Health Care Fund,"~~ health care fund, when added to contributions for any life insurance benefits provided on behalf of eligible benefit recipients, be in excess of twenty-five per cent of the total aggregate actual contributions made to state teachers retirement system since the inception of the health care fund, ~~"Health Care Fund,"~~ excluding contributions to fund past service credit. In any event, all contributions to the ~~"Health Care Fund"~~ health care fund shall be reasonable and ascertainable.

~~(C)~~~~(B)~~ If any rights of an individual who is eligible to receive coverage authorized under ~~sections section 3307.39 and 3307.61~~ of the Revised Code and paid from the ~~"Health Care Fund"~~ health care fund are forfeited as provided in the applicable provisions of the medical and ancillary plans offered by the retirement system, an amount equal to the amount of such forfeiture shall be applied as soon as administratively possible to reduce employer contributions allocated to the ~~"Health Care Fund."~~ health care fund.

~~(D)~~~~(C)~~ The assets of the ~~"Health Care Fund"~~ health care fund shall only be used for the

payment of health care benefits, qualified medical expenses, dental and vision coverage, if applicable, and to reimburse the medicare part B premiums paid by eligible benefit recipients.

~~(E)~~(D) At no time prior to the satisfaction of all liabilities under this rule and ~~sections section 3307.39 and 3307.61~~ of the Revised Code shall any assets in the "~~Health Care Fund~~" health care fund be used for, or diverted to, any purpose other than as provided in paragraph ~~(D)~~ (C) of this rule and for the payment of administrative expenses relating to the "~~Health Care Fund~~." health care fund. Assets in the "~~Health Care Fund~~" health care fund may not be used for retirement, disability, or survivor benefits, or for any other purpose for which the other funds of the system are used.

~~(F)~~(E) Upon satisfaction of all liabilities under this rule, any assets in the "~~Health Care Fund~~," health care fund, if any, that are not used as provided in paragraph ~~(E)~~ (D) of this rule shall be returned to the employers, as required by section 401(h)(5) of the Internal Revenue Code.

~~(G)~~(F) It is the intent of the state teachers retirement board in adopting this rule to codify its compliance in all respects with sections 401(a) and 401(h) of the Internal Revenue Code and regulations interpreting those sections. In applying this rule, the board will apply the interpretation that achieves compliance with those sections and preserves the qualified status of the system as a governmental plan under sections 401(a) and 414(d) of the Internal Revenue Code.

~~(H)~~(G) This rule is intended to codify past and current practices and procedures of the system with respect to the funding and payment of health care coverage and does not confer any new rights to or create any vested interest in receiving health care coverage for members, retirees, survivors, beneficiaries, or their dependents.

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3307:1-13-01 Re-employment restrictions applicable to retirants.

This rule implements section 3307.35 of the Revised Code and applies to Ohio public service after retirement in circumstances other than those subject to section 3307.351 of the Revised Code and rule 3307:1-13-02 of the Administrative Code.

(A) For the purpose of this rule and section 3307.35 of the Revised Code:

- (1) "Effective retirement benefit date" means the effective date upon which a retirement allowance or distribution begins.
- (2) "Non-uniformed retirement system" means the public employees retirement system, the state teachers retirement system and the school employees retirement system.
- (3) "Ohio retirement system" means the public employees retirement system, the state teachers retirement system, the school employees retirement system, the Ohio police and fire pension fund, the highway patrol retirement system, and the Cincinnati retirement system.
- (4) "Uniformed retirement system" means the Ohio police and fire pension fund and the highway patrol retirement system.
- (5) "Alternative retirement plan" means a plan established under Chapter 3305. of the Revised Code.

(B)

- (1) Forfeiture of a retirement allowance under section 3307.35 of the Revised Code for employment in a position covered by another Ohio retirement system or an alternative retirement plan shall apply only to a state teachers retirement system retirant granted service retirement under section 3307.57, 3307.58, 3307.59 or 3307.60 of the Revised Code and to a member granted disability benefits under section 3307.62 of the Revised Code whose effective service retirement or disability benefit date is on or after September 1, 1991.
- (2) A state teachers retirement system retirant who has received a service retirement allowance for less than two months and who becomes employed in a position covered by an Ohio retirement system or an alternative retirement plan shall forfeit such allowance for any month in which the retirant is so employed during the two-month period after the effective retirement benefit date. The amount of the allowance to be forfeited if such a retirant selected a plan of payment under division (A) or (B) of section 3307.60 of the Revised Code shall be the monthly allowance or benefit equal to the single lifetime benefit

described in section 3307.58 of the Revised Code. -

- (3) Notwithstanding paragraphs (B)(1) and (B)(2) of this rule, forfeiture of a retirement allowance shall not apply to a state teachers retirement system retirant who continues employment in a position covered by a uniformed Ohio retirement system if the retirant was continuously employed in the position for at least two months prior to the effective retirement benefit date in this system.

(C)

(1)

- (a) Where a member of this system who has also established membership in another non-uniformed retirement system or systems or an alternative retirement plan is terminating all employment covered by all the systems and the alternative retirement plan, and is electing to take a service retirement benefit from one or more of the other systems or the alternative retirement plan as of the effective retirement benefit date, the member shall elect to:

(i) Apply for a benefit if eligible pursuant to section 3307.57, 3307.58 or 3307.60 of the Revised Code with an identical effective date;
or

(ii) Apply for a refund of contributions pursuant to section 3307.56 of the Revised Code.

- (b) If the member applies for a benefit as described in paragraph (C)(1)(a)(i) of this rule, the system shall calculate the benefit with any necessary reduction for concurrent service among the systems.

- (2) Where a member of this system who has also established membership in a uniformed retirement system or systems is terminating all employment covered by all the systems and is electing to take a service retirement benefit from one or more of the other systems as of the effective retirement benefit date, the member shall elect to:

(a) Apply for a benefit if eligible pursuant to section 3307.57, 3307.58 or 3307.60 of the Revised Code with an identical effective date;

(b) Apply for a refund of contributions pursuant to section 3307.56 of the

Revised Code.

- (c) If, as of the effective retirement benefit date from a uniformed retirement system, the member has sufficient service credit to qualify for a service retirement benefit in this system, the effective retirement benefit date shall be the first of the month following the later of the benefit date in the uniformed retirement system or attainment of eligibility for a service retirement benefit in this system.
- (3) A member of this system who also is a member of a uniformed retirement system and who has applied for a retirement benefit in the uniformed retirement system may continue employment without forfeiture under section 3307.35 of the Revised Code in the position covered by this system, provided that contributions made to this system after the member's effective retirement benefit date in the uniformed retirement system shall accrue only a benefit as described in section 3307.352 of the Revised Code.
- (4) If the member has been continuously employed in a position covered by this system for at least two months prior to the effective retirement benefit date in an alternative retirement plan, a uniformed or non-uniformed retirement system, other than this system, an irrevocable election may be made on a form provided by this system to have contributions to this system made prior to the effective retirement benefit date in the other system or an alternative retirement plan also accrue the same benefit described in section 3307.352 of the Revised Code. In the event this election is made, allowable interest shall not begin until the first of the month after the effective retirement benefit date in the other system or an alternative retirement plan.

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3307:2-1-01 **Definitions.**

Except where another definition is specified, for the purposes of sections 3307.80 to 3307.89 of the Revised Code and Chapters 3307:2-1 to 3307:2-7 of the Administrative Code:

- (A) "Covered employment" and "teaching service" shall mean employment as a teacher in Ohio as specified by section 3307.01 of the Revised Code and for which contributions are made pursuant to sections 3307.26 and 3307.28 of the Revised Code.
- (B) "Combined plan" shall mean the plan of that title established by the retirement board pursuant to section 3307.81 of the Revised Code that includes both accumulations in an account in the defined contribution fund created by section 3307.14 of the Revised Code and determinable retirement, disability, and survivor benefits, the terms and conditions of which shall be as specified in the plan document. The combined plan shall also permit participation in the health care program created by the retirement board pursuant to ~~sections~~section 3307.39 ~~and 3307.391~~ of the Revised Code, upon the terms and conditions specified in the plan document.
- (C) "Defined benefit plan" shall mean the plan ~~of retirement, disability and survivor benefits established by~~described in sections ~~3307.48 and~~ 3307.50 to 3307.79 of the Revised Code.
- (D) "Defined contribution fund" shall be the fund created by division (G) of section 3307.14 of the Revised Code.
- (E) "Defined contribution plan" shall mean the plan ~~of that title established by the retirement board pursuant to~~under section 3307.81 of the Revised Code, the terms and conditions of which shall be as specified in the plan document.
- (F) "Defined contribution program" or "program" shall refer collectively to the plans established by the retirement board pursuant to section 3307.81 of the Revised Code.
- (G) "Defined contribution program participant" shall mean a member who made a timely election under section 3307.25 or 3307.251 of the Revised Code to participate in a plan established pursuant to section 3307.81 of the Revised Code
- (H) "Member" shall be as defined by section 3307.01 of the Revised Code.
- (I) "Ohio service" shall mean employment in an Ohio public position covered under Chapter 145., 742., 3307., 3309. or 5505. of the Revised Code.

- (J) "Participant" shall mean a member of the state teachers retirement system who has elected pursuant to section 3307.25 or 3307.251 of the Revised Code to participate in a plan established pursuant to section 3307.81 of the Revised Code or who elected to continue participating in a plan established under section 3307.81 of the Revised Code prior to January 7, 2013.
- (K) "Participant in the defined benefit plan" shall mean a member who is participating in the ~~plan of retirement, disability and survivor benefits established by sections 3307.48 and 3307.50 to 3307.79 of the Revised Code~~defined benefit plan.
- (L) "Permanent election" shall mean an election made under section 3307.251 or former section 3307.88, of the Revised Code or an election to continue participating in a plan established under section 3307.81 of the Revised Code prior to January 7, 2013.
- (M) "Plan" shall mean a plan established by the retirement board pursuant to section 3307.81 of the Revised Code.
- (N) "Plan document" or "document" shall be the document or documents adopted by retirement board to establish the defined contribution program or any of its constituent plans.
- (O) "Retirement board" or "board" shall mean the state teachers retirement board.
- (P) "Service credit" shall mean credit posted by the retirement system ~~for periods of teaching service.~~
- (Q) "Teacher" shall be a contributing member of the retirement system employed in a position that meets the requirements set forth in division (B) of section 3307.01 of the Revised Code.
- (R) "Withdrawal" shall mean distribution as specified by the plan document, paragraph (A) of rule 3307:2-5-02 or paragraph (A) of rule 3307:2-5-03 of the Administrative Code.
- (S) "Year" shall be the year beginning July first and ending the next following June thirtieth.
- (T) "Years of qualifying service credit" shall have the same meaning as the term is defined by the plan document.

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3307:2-2-03

Establishment of combined plan.

- (A) Pursuant to section 3307.81 of the Revised Code, effective July 1, 2001 there is hereby established the combined plan. The terms and conditions of the combined plan shall be as specified in the plan document adopted by the retirement board. The plan document may be amended from time to time as the retirement board deems necessary or appropriate without the necessity of prior notice.
- (B) A portion of the participant contributions made pursuant to section 3307.26 of the Revised Code as specified by the retirement board shall be credited to a participant's account in the defined contribution fund ~~created by division (G) of section 3307.14 of the Revised Code~~. Such contributions shall be allocated by the participant among investment choices specified by the retirement board. The investment choices specified by the board may include a guaranteed return option and may also include choices the performance of which shall determine the cash accumulation available to the participant upon retirement or withdrawal.
- (C) A portion of the participant contributions made pursuant to section 3307.26 of the Revised Code and a portion of the employer contributions made pursuant to section 3307.28 of the Revised Code as specified by the retirement board shall be applied as specified by the retirement board to provide retirement, disability and survivor benefits under the terms, conditions and schedules specified by the plan document. A portion of the employer contributions may be allocated to the health care fund under the terms, conditions and schedules specified by the state teachers retirement board.

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3307:2-3-01 **Election by new members.**

(A) For purposes of section 3307.25 of the Revised Code and Chapter 3307:2-3 of the Administrative Code:

(1) "Employer" shall be an employer as defined by division (A) of section 3307.01 of the Revised Code.

(2) "Employment begins" shall mean the first date teaching services are rendered by a teacher for which a teacher is paid by an employer.

(3) "New member" shall mean:

(a) An individual who is employed for the first time as a teacher and who has never previously been a member of the retirement system; or

(b) An individual who is not a member of the retirement system upon employment as a teacher, notwithstanding prior membership in the retirement system if:

(i) The individual terminated covered employment and withdrew contributions pursuant to section 3307.56 of the Revised Code before July 1, 2001; and

(ii) On June 30, 2001 the individual was not a member of the retirement system; and

(iii) The individual thereafter returned to teaching service; or

(c) An individual who is not a member of the retirement system upon employment as a teacher, notwithstanding prior membership in the retirement system, if:

(i) On June 30, 2001, the individual was a member of the retirement system with ~~more than~~ five or more years of service credit; and

(ii) The individual terminated covered employment and withdrew contributions pursuant to section 3307.56 of the Revised Code after July 1, 2001; and

(iii) The individual thereafter returns to teaching service; or

- (d) An individual who is not a member of the retirement system upon employment as a teacher, notwithstanding prior membership in the retirement system if:
 - (i) The prior membership in the system was established on or after July 1, 2001; and
 - (ii) Upon such prior membership, the individual made an election pursuant to section 3307.25 of the Revised Code to participate in the defined contribution plan or the combined plan; and
 - (iii) The individual thereafter terminated covered employment and withdrew all contributions or had the account exhausted through fees under the terms of the plan in which he or she was participating prior to the first day of June immediately preceding the fourth anniversary of the June thirtieth of the entry year; and
 - (iv) The individual thereafter returns to teaching service.
- (B) Pursuant to section 3307.25 of the Revised Code, a new member shall within one hundred eighty days after employment begins elect on a form provided and received by the retirement system to participate in the defined benefit plan or one of the plans established pursuant to section 3307.81 of the Revised Code.
- (C) Except as otherwise specified by the Revised Code, the Administrative Code or the plan document, an election of the defined contribution or combined plans made pursuant to section 3307.25 of the Revised Code and paragraph (B) of this rule shall be effective on the date employment began, shall be irrevocable at the end of the one hundred eighty day election period and shall govern future participation in the retirement system, notwithstanding subsequent terminations of employment as a teacher, changes of employer, or new employment as a teacher.
- (D) An individual eligible to make an election under section 3307.25 of the Revised Code and this rule who fails to file an election form with the retirement system within the one hundred eighty day period shall be deemed to have elected participation in the defined benefit plan. Such an election or an active election of the defined benefit plan made pursuant to section 3307.25 of the Revised Code shall be effective on the date employment began, shall be irrevocable at the end of the one hundred eighty day election period and shall govern future participation in the retirement system, notwithstanding subsequent terminations of employment as a teacher, changes of employer, withdrawal from membership or new employment as a teacher except as otherwise specifically provided by the Revised Code, the Administrative Code or

the plan document.

- (E) The retirement system shall establish an account in the defined contribution fund created by division (G) of section 3307.14 of the Revised Code for an individual who elects participation in a plan established under section 3307.81 of the Revised Code within fourteen days of receipt of a form with a valid plan election.

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3307:2-3-03 **Permanent elections.**

- (A) For the purposes of section 3307.25 of the Revised Code and this rule, the entry year shall be based upon the first ~~annual~~payroll report of an employer certifying teaching service, compensation and contributions for a member.
- (B) No later than the first day of June immediately preceding the fourth anniversary of the June thirtieth of the entry year, a participant in the defined contribution program may elect to cease participation in the original plan elected and participate in the defined benefit plan or another plan in the defined contribution program. The participant will remain in the original plan elected unless prior to that first day of June the retirement system receives a permanent election to change participation to the defined benefit plan or another plan in the defined contribution program on a form supplied by the retirement system.
- (C) Except as otherwise specified by the Revised Code, the Administrative Code or the plan document, participation in a plan as specified by paragraph (B) of this rule shall be irrevocable, shall be effective on that first day of July following the election and shall govern future participation in the retirement system, notwithstanding subsequent terminations of employment as a teacher, changes of employer, withdrawal from membership or new employment as a teacher.
- (D) The retirement system will notify a participant eligible to make the foregoing permanent election. The retirement system will provide an explanation of this rule and section 3307.25 of the Revised Code, information summarizing the defined benefit plan, information summarizing the plans that comprise the defined contributions program and instructions for making such an election.
- (E) If a defined contribution program participant elects participation in the defined benefit plan , funds shall be transferred in accordance with division (F) of section 3307.25 of the Revised Code from the defined contribution fund to the teachers' savings fund and employer's trust fund created by section 3307.14 of the Revised Code. The account in the defined contribution fund shall be closed. If a participant in the defined contribution program who becomes a participant in the defined benefit plan had purchased credit for military service while still participating in the defined contribution program, credit shall be posted to the account in the defined benefit plan and deemed to have been purchased pursuant to section 3307.752 of the Revised Code.
- (F) If a participant in the defined contribution plan elects participation in the combined plan, an amount calculated by using the performance of the investment choices made by the member to determine the sum accumulated by reason of member contributions shall be applied to the defined contribution portion of the combined plan. The investment choices made by the member shall be applied to employer contributions to determine the accumulation resulting from employer contributions

that shall be used to provide retirement, disability, and survivor benefits and health care program coverage, if eligible, in accordance with the terms of the combined plan. Service credit shall thereupon be established in the combined plan as if the member had begun participation therein when membership was first established.

- (G) If a participant in the combined plan elects participation in the defined contribution plan, the account withdrawal value for the defined benefit portion of the combined plan specified by the plan document as of the first day of July following the fourth anniversary of the June thirtieth of the year of entry shall be applied to an account in the defined contribution plan. A sum calculated by using performance of the investment choices made by a member to determine the accumulation by reason of member contributions to the combined plan shall also be applied to the account in the defined contribution plan. The account in the defined benefit portion of the combined plan fund shall be closed.

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3307:2-4-01

Participants generally ineligible to purchase credit.

Except as otherwise specifically provided by the plan document, Chapters 3307:2-1 to 3307:2-7 of the Administrative Code, or the Revised Code, defined contribution program participants are not eligible to make contributions or purchase credit for periods of time when they were not actually employed in covered teaching service and contributing to this retirement system. To the extent there is a specific provision permitting such contribution or purchase:

- (A) The retirement system will issue a cost statement specifying the cost if payment is received before a date specified setting forth both the current cost of such purchase and the time period the cost statement remains valid.
- (B) The participant may purchase all or part of eligible credit, provided that the minimum payment shall be the greater of the amount needed to establish one per cent of a year of service credit or two hundred dollars but in all cases the memberparticipant shall pay the full cost if the amount of the full cost is less than either two hundred dollars or the amount needed to establish one per cent of a year of service credit.
- (C) ~~Members~~Participants applying for service retirement must establish all service credit and contributions before the effective date of service retirement if credit or contributions for such service is to be included in the benefit calculation, except that:
- (1) Payment to replace lost contributions from teaching service interrupted by military service or qualifying leaves of absences under rule 3307:2-4-03 of the Administrative Code will be accepted for three months after the effective date of retirement, and credit will be deemed to have been established and contributions posted prior to the effective date, provided:
 - (a) That prior to the effective date of retirement this retirement system approved an application to replace contributions from teaching service interrupted by military service or qualifying leaves of absence on forms provided by this system determining that the service qualifies for replacement of lost contributions; and
 - (b) That prior to the effective date of retirement this retirement system issued cost statements for the replacement of lost contributions, with costs calculated for the month in which payment is actually made; and
 - (c) That payment in full is received by the retirement system no later than the last day of the third month after the effective date of service retirement.
 - (2) An estimated or partial benefit may be paid prior to the final benefit

determination only if a ~~member~~participant qualifies for retirement without regard to such service for which payment in full has not been received.

- (3) That if payment in full is not received by the last day of the third month after the effective date of service retirement;
 - (a) The application to replace lost contributions shall be cancelled;
 - (b) The final benefit shall be calculated for a ~~member~~participant eligible for retirement without the service that could have been obtained had timely payment been received;
 - (c) The application for retirement shall be cancelled for any ~~member~~participant not eligible to retire without the service that could have been obtained had timely payment been received.

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3307:2-4-03

Combined plan participant leaves of absence.

Section 3307.77 of the Revised Code permits a teacher in the combined plan to complete contributions for a period during which the teacher was prevented by illness, injury, a leave granted pursuant to section 3319.13 or 3319.131 of the Revised Code, or other reasons approved by the state teachers retirement board, from making regular retirement contributions.

To facilitate crediting of such contributions, employer contributions and associated service credit, the following rule shall apply:

- (A) A participant in the combined plan may purchase credit for a period of leave or absence that would qualify for purchases by a defined benefit plan participant under the requirements set forth in section 3307.77 of the Revised Code and rule 3307:1-3-06 of the Administrative Code, provided:
- (1) The participant shall pay an amount equal to the sum of teacher contributions on the amount certified by the employer as compensation that would have been payable but for the leave of absence, compounded by interest at the rate established pursuant to rule 3307:1-3-01 of the Administrative Code on both the teacher and employer contributions from July first following the last day of the year in which the leave ends through the month of payment.
 - (2) Leave of absence purchases made pursuant to section 3307.77 of the Revised Code ~~may~~shall be made by a lump-sum payment.
- (B) Contributions may be submitted for purchases of credit for absences that result in limitation of compensation included in final average salary pursuant to section 3307.501 of the Revised Code, subject to approval by the executive director or the director's designee.
- (C) Contributions may be submitted after the effective date of retirement for purchases of credit for absences under section 3307.77 of the Revised Code, if the additional contributions will reduce or eliminate limitation of the compensation included in final average salary under section 3307.501 of the Revised Code.
- (D) A participant in the combined plan may complete retirement contributions and secure retirement credit for non-paid professional leaves by complying with the following requirements:
- (1) Eligibility requirements:
 - (a) An annual contract for service covered by this system during the year within which the absence occurred.

- (b) A leave granted by the employer for the purpose of accepting an assignment during such absence. Leaves will not be recognized for a period greater than an accumulated total of two school years.
- (c) Assignments which will be considered for retirement credit under this rule are those related to professional duties and responsibilities of participants or activities which may be expected to improve the service rendered by a participant upon return to employment.
- (d) Not later than twelve months following termination of the leave the participant must resume contributing service covered by this system, the public employees retirement system or the school employees retirement system.
- (e) Approval of the employer for the payment of the employer cost without reimbursement from the participant.

(2) Procedural requirements:

- (a) Subsequent to the termination of the leave the participant must file with the retirement board:
 - (i) A statement showing the nature and purpose of the assignment during such absence.
 - (ii) Certifications of participant's employer as follows:
 - (a) Participant's annual contract salary in effect for each year or part of a year (July first through June thirtieth) in which there was such absence.
 - (b) Official action of the employer granting the leave stating the beginning date and the termination date.
 - (c) Official action of the employer approving the payment of the employer cost without reimbursement from the participant.

(3) Cost calculation:

- (a) The participant shall pay to the system for each year of credit purchased

under this rule an amount calculated as specified by paragraph (A)(1) of this rule.

- (b) The employer shall pay to the system for each year of credit purchased under this rule an amount determined by multiplying the employer contribution rate in effect at the time the leave commenced by the compensation the participant would have received for the leave less salary payments made during the leave period, if any.
- (E) Upon payment by the participant, service will be posted to the defined benefit portion of the participant's account. The retirement board shall specify the portion of the amount paid by the participant equal to the teacher contributions under section 3307.26 of the Revised Code and interest thereon to be posted to the participant's account in the defined contribution fund. The remaining amount paid by the participant for a leave of absence and all employer contributions paid by the employer for the participant's leave of absence shall be applied to provide retirement, disability, and survivor benefits under the terms, conditions and schedules specified by the plan document. A portion of the employer contributions ~~may be~~ may be allocated to the health care fund under the terms, conditions and schedules specified by the state teachers retirement board.
- (F) No refund will be made of amounts paid by a participant to purchase credit as herein provided, except as a part of a total withdrawal of funds.

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3307:2-5-03

Distributions from the combined plan.

Upon termination of teaching service, a participant in the combined plan may apply for a distribution, as follows:

(A) Application may be made for withdrawal of the amounts determined under the plan document and this rule.

(1) An application to withdraw the defined benefit portion of an account will not be accepted unless application is also made to withdraw the defined contribution portion.

(2) Prior to attainment of age fifty:

(a) A participant who has terminated covered employment may leave contributions on deposit in the plan or may apply for withdrawal, but is not eligible for retirement or retirement distributions.

(b) An application to withdraw the defined contribution portion of an account will not be accepted unless application is also made to withdraw the defined benefit portion;

(c) The amounts payable upon withdrawal shall be paid in a lump sum except as otherwise provided by section 3307.87 of the Revised Code and rule 3307:2-5-08 of the Administrative Code.

(3) After attainment of age fifty:

(a) A participant in the combined plan who has established at least five years of qualifying service credit may apply to withdraw the defined contribution portion but leave the defined benefit portion on deposit to provide benefits at a future date.

(b) If a participant has established less than five years of qualifying service credit, an application to withdraw the defined contribution portion of an account will not be accepted unless an application is also made to withdraw the defined benefit portion.

(4) Regardless of age or when the withdrawal payment was made, in the event a participant who has received a payment under paragraph (A) of this rule subsequently returns to teaching service:

(a) The member shall participate in the combined plan if the withdrawal

payment was made under paragraph (A)(1), (A)(2) or (A)(3)(b) of this rule, unless the participant meets the requirements specified by rule 3307:2-3-01 of the Administrative Code to qualify as a new member.

- (b) The participant shall be a superannuate as defined by section 3307.01 of the Revised Code if the withdrawal payment was made under paragraph (A)(3)(a) of this rule.
- (5) Payment from the defined contribution portion of an account in the combined plan shall be based upon the closing net asset value as of the day an application for distribution is processed by using the investment choices made by the participant to determine the amount accumulated by reason of contributions.
- (B) A participant who has terminated covered employment and attained at least fifty years of age may apply for a retirement payment of the defined contribution portion of the account, whether or not the participant is eligible and applying for a benefit under the defined benefit portion of the account. If the participant has established less than five years of qualifying service credit, an application to receive a retirement payment of the defined contribution portion of an account will not be accepted unless application is also made to withdraw the defined benefit portion.
- (1) Benefits shall commence the later of the first of the month following the termination of covered employment, the first of the month following receipt of an application for payment under paragraph (B) of this rule, or the retirement date, which shall be a first of a month, specified on the application received for payment under paragraph (B) of this rule. Active membership in the retirement system shall terminate as of that date and the participant shall on and after that date be a superannuate as defined by section 3307.01 of the Revised Code.
 - (2) Benefits are subject to the requirements of section 3307.87 of the Revised Code and Chapter 3307:2-5 of the Administrative Code. The participant shall elect on the application form to annuitize such balance.
 - (3) The minimum monthly benefit amount shall be one hundred dollars.
- (C) Application for retirement under the defined benefit portion of an account may be made by a participant who has terminated covered employment and who meets the defined benefit age and service eligibility requirements specified by the plan document, whether or not the participant is applying for a distribution of the defined contribution portion of the account, provided:

- (1) Benefits shall commence as of the effective date specified by the application, which shall in no case be earlier than the first of the month following the last day of covered employment.
 - (2) Membership shall terminate as of the effective date of retirement and the participant shall thereafter be a superannuate as defined by section 3307.01 of the Revised Code.
 - (3) The minimum monthly benefit amount shall be one hundred dollars.
- (D) A participant who has attained age fifty, has at least five years of qualifying service credit and who has elected either to take a withdrawal of the defined contribution portion of the account pursuant to paragraph (A)(3)(a) of this rule or to receive a monthly retirement benefit from the defined contribution portion of the account pursuant to paragraph (B) of this rule may apply to withdraw the defined benefit portion of the account any time prior to receiving a monthly retirement benefit under the defined benefit portion of the account.
- (E) Retirement shall be effective on the earlier of the dates benefits or payments commence under paragraph (A)(3)(a), (B)(1) or (C)(1) of this rule.

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3307:2-5-06

Annuitization of defined contribution amounts.**A**

(A) A defined contribution program participant who has terminated covered employment and applies for distribution after attainment of age fifty may choose to annuitize an account in the defined contribution plan or the defined contribution portion of the combined plan by applying for a monthly payment for the lifetime of the participant, provided:

~~(A)~~(1) The minimum monthly amount shall be one hundred dollars.

~~(B)~~(2) Application for an annuity must be made on a form provided by and filed with the retirement system.

~~(C)~~(3) The monthly amount granted shall be determined under annuity rates and factors adopted and periodically adjusted by the retirement board after review by an independent actuary appointed by the board and applied to the amount accumulated by a participant.

~~(D)~~(4) A participant may elect to receive an annuity in the amount determined under paragraph (C) of this rule for life or may instead elect to receive an actuarially equivalent benefit in a lesser amount for the lifetime of the participant but continuing after the participant's death to a beneficiary under any plan of payment specified by rule 3307:2-5-09 of the Administrative Code.

~~(E)~~(5) Funds to be annuitized shall be based upon the closing net asset value of the investment choices made by the participant as of the day an application for benefits is ready to be processed for payment. Payment will be made as soon as administratively practicable after receipt of a complete application.

(B) Assuming a non-spouse beneficiary has not been designated as specified in the plan document and rule 3307:2-5-07 of the Administrative Code, the surviving spouse of a defined contribution plan participant, who dies after attaining eligibility for a monthly annuity but before monthly benefits begin, may elect, in lieu of a refund of the member account, to annuitize the participant's member account by making application for a lifetime monthly annuity on a form provided by the retirement system. The monthly annuity shall not be less than one hundred dollars when computed as a one hundred percent joint survivor annuity without reversion; otherwise, a refund of the member account shall be paid.

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3307:2-5-07 **Beneficiaries.**

(A) Subject to section 3307.87 of the Revised Code and rule 3307:2-5-08 of the Administrative Code, a participant in the defined contribution program may designate a beneficiary as specified in the plan document. Such a designation shall be in writing on a form provided by and received by the retirement system before the ~~member's~~participant's death and the form must be completed in a manner satisfactory to the retirement system in its sole discretion. The most recent designation filed with the retirement system revokes all previous designations. The ~~member's~~participant's marriage, termination of marriage, legal separation, withdrawal or distribution of account, or the birth of the ~~member's~~participant's child or the ~~member's~~participant's adoption of a child shall constitute an automatic revocation of any previous designation. A permanent election by a ~~member~~participant in the combined plan or defined contribution plan that results in a change from the ~~member~~participant's's original retirement plan selection ~~or a return to the defined benefit plan pursuant to section 3307.25 of the Revised Code~~ shall also constitute an automatic revocation of any previous designation.

(B) For beneficiary designations received pursuant to paragraph (A) of this rule where the ~~member~~participant named two or more beneficiaries and specified percentages for each of the beneficiaries, the state teachers retirement system shall pay the specified percentage of a lump-sum payment to each named beneficiary if all of these conditions are met:

- (1) Two or more beneficiaries were named in a valid designation.
- (2) Percentages were provided for all named beneficiaries.
- (3) The sum of the percentages is one hundred per cent.

If any one of these conditions is not met, the lump-sum payment will be divided equally among the beneficiaries. Should a designated beneficiary predecease the ~~member~~participant, those funds shall be prorated based on the remaining percentages designated and paid to the other designated beneficiaries.

(C) In the event a designation of beneficiary is not in effect upon the death of a participant prior to retirement, any beneficiaries may qualify in accordance with the terms of the plan document in the following order of precedence:

- (1) Surviving spouse;
- (2) Children, share and share alike;

- (3) Parents, share and share alike;
 - (4) Estate.
 - (5) Person responsible for funeral expenses up to the full amount of the funeral expenses.
- (D) Prior to the effective date of an application for retirement by a participant in the combined plan, the same person must be designated as a beneficiary or determined to qualify as a beneficiary as set forth in paragraph (C) of this rule in the event of the participant's death. At retirement the participant may, however, designate different beneficiaries for the defined contribution and defined benefit portions of the combined plans.
- (E) If the death of a participant is caused by one of the following beneficiaries, no amount due under a plan established under section 3307.81 of the Revised Code or Chapters 3307:2-1 to 3307:2-7 of the Administrative Code shall be paid to the beneficiary in the absence of a court order to the contrary filed with the retirement system:
- (1) A beneficiary who is convicted of, pleads guilty to, or is found not guilty by reason of insanity of a violation or complicity in the violation of either of the following:
 - (a) Section 2903.01, 2903.02 or 2903.03 of the Revised Code;
 - (b) An existing or former law of any other state, the United States, or a foreign nation that is substantially equivalent to section 2903.01, 2903.02 or 2903.03 of the Revised Code;
 - (2) A beneficiary who is indicted for a violation of or complicity in the violation of the sections or laws described in this rule and is adjudicated incompetent to stand trial;
 - (3) A beneficiary who is a juvenile is found to be a delinquent child by reason of committing an act that, if committed by an adult, would be a violation of or complicity in the violation of the sections or laws described in this rule.
- (F) If a beneficiary cannot be located or fails to submit the appropriate application within ninety days of notification of available benefits, the rights of that beneficiary shall be deemed waived and the next beneficiary in succession shall be entitled to

payment. Any payment made to a beneficiary as determined by the retirement system shall be a full discharge and release to the system from any future claims.

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3307:2-5-08 **Spousal consent.**

The following rule is adopted to implement section 3307.87 of the Revised Code:

- (A) If a defined contribution program participant who has terminated covered employment is married and is at least age fifty at the time of application for withdrawal of a balance of five thousand dollars or more, consent of the spouse shall be required under the circumstances and subject to the exceptions specified by section 3307.87 of the Revised Code.
- (B) If a defined contribution program participant is married at the time of the application for a retirement benefit as specified by these rules and the terms of the plan document, the consent of the spouse shall be required for the ~~member~~participant to select any form of payment, benefit or plan of payment that is not of a joint and survivor annuity with at least fifty per cent continuing for the lifetime of the spouse upon the death of the participant.
- (C) The designation of a beneficiary other than the spouse by a participant married at the time of designation shall be subject to the consent of the spouse.
- (D) The defined contribution portion of the combined plan and the defined benefit portion of that plan shall be subject to separate requirements of spousal consent.
- (E) The foregoing requirements shall not apply if a spouse cannot be located or for any other reason specified by rule 3307:1-5-02 or 3307:1-12-01 of the Administrative Code.

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3307:2-5-09

Plans of payment.

A

(A) A defined contribution program participant granted a retirement benefit upon attainment of a minimum age of fifty and termination of covered employment may elect to accept in lieu of a ~~lump-sum~~ lump-sum payment of the member account, a monthly benefit in accordance with the terms and conditions of the plan document under any of the plans of payment available for defined benefit participants~~members~~ under the terms of ~~section 3307.60 of the Revised Code and rule 3307:1-5-02 of the Administrative Code~~ and section 3307.60 of the Revised Code, except for a lump-sum payment made under division (B) of section 3307.60 of the Revised Code. A plan of payment selected may be changed or reselected only as therein provided. If the participant elects to annuitize such payment, no change may be made in the plan of payment selected for such annuity after the fifteenth day of the month ~~following~~ of the first regular benefit payment date. Regular benefits begin once a final benefit, as defined by paragraph (F) of rule 3307:1-1-01 of the Administrative Code, is paid.

(B) A combined plan participant granted a retirement benefit under the defined benefit portion of the account may elect to accept in lieu of a lump-sum payment, a monthly benefit in accordance with the terms and conditions of the plan document under any of the plans of payment available for defined benefit members under the terms of section 3307.60 of the Revised Code and rule 3307:1-5-02 of the Administrative Code. A plan of payment selected may be changed or reselected only as therein provided. Selection of a plan of payment shall become final as set forth in paragraph (G) of rule 3307-8-01 of the Administrative Code.

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3307:2-6-01

Combined plan disability benefits.

- (A) A participant in the combined plan may apply for disability benefits specified by the plan document if the participant meets either of the following criteria and applies on a form provided by the retirement system.
- (1) The participant had service credit on account on June 30, 2013 with the state teachers retirement system and did not withdraw the account on or after July 1, 2013, has established at least five years of service credit excluding leaves of absences, submits a completed application packet within two years of the last date of contributing service as defined in paragraph (A) of rule 3307:1-1-01 of the Administrative Code, has not taken a distribution from either the defined contribution or defined benefit portion of the account and has become incapacitated from the performance of regular duties in covered employment; or
 - (2) The participant had no service credit on account on June 30, 2013, with the state teachers retirement system or had service credit on account with the state teachers retirement system on June 30, 2013, but withdrew the account on or after July 1, 2013, has established at least ten years of service credit excluding leaves of absences, submits a completed application packet within one year of the last date of contributing service as defined in paragraph (A) of rule 3307:1-1-01 of the Administrative Code, has not taken a distribution from either the defined contribution or defined benefit portion of the account and has become incapacitated from the performance of regular duties in covered employment.
- (B) An application for a disability benefit under the combined plan and continuing eligibility for such a benefit shall be evaluated and reevaluated as specified by sections 3307.48, 3307.62, and 3307.631 of the Revised Code and Chapter 3307:1-7 of the Administrative Code. Submission of an application, eligibility and continuing eligibility shall be submitted, reviewed, determined, and reevaluated in accordance with the same procedures, standards, and conditions therein specified. A combined plan participant granted disability benefits shall be subject to all of the requirements and provisions therein specified including, without limitation, requirements to submit medical information, earnings and other reports, requirements to obtain any treatment or examinations, and requirements to refrain from teaching service.
- (C) In the event the participant is determined to be incapacitated from the performance of his or her regular duties in covered employment, a disability benefit calculated in the same manner specified by section 3307.631 of the Revised Code shall be granted, notwithstanding the date membership was established in the retirement system or any previous election of disability programs.

- (D) Both the defined benefit and defined contribution portions of the participant's combined plan account shall be applied to fund a disability benefit. The defined contribution portion of the participant's account shall be closed upon the grant of a disability benefit. The participant shall thereafter be ineligible to participate in the defined contribution portion of the combined plan. However, in the event such a participant returns to covered employment, future contributions will be credited and allocated as though sections 3307.56, 3307.631, 3307.58 and 3307.66 of the Revised Code were applicable, with eligibility for subsequent payments of benefits as therein specified.
- (E) Neither service credit established under nor contributions to the public employees retirement system created by Chapter 145. of the Revised Code or the school employees retirement system created by Chapter 3309. of the Revised Code may be combined with credit or contributions to this retirement system for either determination of eligibility for disability benefits or calculation of any such benefits.
- (F) Disability benefits under the combined plan shall terminate as specified by division (C) of section 3307.631 of the Revised Code upon the attainment of age sixty-five or the later date therein specified, with subsequent retirement benefits calculated as provided by section 3307.59 of the Revised Code.
- (G) If a former recipient of disability benefits whose benefits were terminated returns to teaching service and subsequently completes two years of service credit, credit shall be granted under section 3307.48 of the Revised Code for the period as a disability benefit recipient.

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3307:2-6-02

Combined plan survivor benefits.

- (A) In the event of the death of a combined plan participant prior to payment to the participant of any part of either the defined benefit or defined contribution portions of the account, payment shall be made as permitted by paragraph (B) or (C) of this rule:
- (B) Dependent, service, or retirement based survivor benefits may be granted ~~as provided by~~ in accordance with divisions (C)(1) and (C)(2) of section 3307.66 of the Revised Code to the qualified survivors of the deceased ~~member~~participant in lieu of payment pursuant to Chapter 3307:2-5 of the Administrative Code, calculated, paid and terminated as though all requirements of section 3307.66 of the Revised Code were applicable, except those set forth in division (G) of section 3307.66 of the Revised Code and that only ~~earned service credit~~contributing service as defined in paragraph (A) of rule 3307:1-1-01 of the Administrative Code with the state teachers retirement system and military service as permitted by the plan document shall be used to determine eligibility for benefits.
- (1) For applications received pursuant to ~~section 3307.66 of the Revised Code~~this rule later than one year from the date of death of the ~~member~~participant, benefits shall begin on the first day of the month immediately following receipt of the application by the retirement system. All other applications shall begin the first of the month after the date of death of the ~~member~~participant.
- (2) The determination of both the final average salary calculation pursuant to section 3307.501 of the Revised Code and the payment of cost of living adjustments pursuant to section 3307.67 of the Revised Code shall be based on the date determined in paragraph (B)(1) of this rule, unless the ~~member~~participant was receiving disability benefits at the time of death, then the disability effective benefit date shall be used.
- (3) If a surviving spouse or sole designated beneficiary is eligible for benefits pursuant to division (C)(1) of section 3307.66 of the Revised Code, the option rate and early retirement reduction factor used to calculate such benefit shall be based on the age of either the surviving spouse or sole designated beneficiary and the age the deceased participant would have been on the date determined in paragraph (B)(1) of this rule. The early retirement reduction factor shall be the greater of either the percentage calculated as specified in this paragraph or the highest percentage calculated for each July first immediately preceding the survivor benefit's effective benefit date, assuming the participant was eligible to retire each July first date.
- (4) Both the defined contribution and defined benefit portions of the participant's account in the combined plan will be applied to fund survivor benefits paid

pursuant to ~~section 3307.66 of the Revised Code~~ this rule.

- (C) A surviving spouse or sole designated beneficiary of a participant eligible at the time of death to receive monthly service retirement benefits as outlined in rule 3307:2-5-03 of the Administrative Code may receive a monthly annuity benefit from both the defined contribution portion and the defined benefit portion of the participant's combined plan account; or, may receive a monthly annuity benefit from either the defined contribution portion or the defined benefit portion of the account and receive the same lump-sum payment the participant would have received from the other account as defined in the defined contribution program plan document; or, may receive a lump-sum payment of both the defined contribution and the defined benefit portion of the account and receive the same lump-sum payments the participant would have received as defined in the defined contribution program plan document. To receive a monthly annuity, the following applies:
- (1) The surviving spouse or sole designated beneficiary may receive a monthly annuity from the defined contribution portion of the participant's combined plan account if the participant at the time of death was eligible for a monthly annuity benefit of not less than one hundred dollars monthly when computed as a one hundred per cent joint survivor annuity without reversion; otherwise, a lump-sum payment of the defined contribution portion of the account shall be paid.
 - (2) The surviving spouse or sole designated beneficiary may receive a monthly annuity from the defined benefit portion of the participant's combined plan account if the participant at the time of death was eligible, or would have been eligible the first of the month following the date the deceased participant would have attained the minimum age necessary to qualify for benefits, for a monthly annuity benefit of not less than one hundred dollars monthly when computed as a one hundred per cent joint survivor annuity without reversion; otherwise, a withdrawal of the defined benefit portion of the account shall be paid.
 - (3) The surviving spouse or sole designated beneficiary of the participant shall receive a one hundred per cent joint survivor annuity without reversion.
 - (4) The effective date for either monthly annuity payment shall be the first of the month following the participant's date of death or the first of the month following the date the deceased participant would have attained the minimum age necessary to qualify for benefits under the defined benefit portion, based upon service credit accrued as of the date of death. Such a benefit shall be computed under the terms of the combined plan and payable in the form of the one hundred per cent joint survivor annuity without reversion the participant would have received had the ~~member~~ participant been retired on

that same first of the month and selected such a joint survivor annuity.

- (D) Neither service credit established under nor contributions to the public employees retirement system created by Chapter 145. of the Revised Code or the school employees retirement system created by Chapter 3309. of the Revised Code may be combined with this retirement system, either for the determination of eligibility for survivor benefits or the calculation of benefits.
- (E) In the event a deceased combined plan participant is survived by a qualified spouse as defined by division (B)(1) of section 3307.66 of the Revised Code and there is no designated beneficiary other than the spouse, such spouse may select one of the benefit calculations specified by division (C)(1) or (C)(2) of that section, and such selection shall govern the calculation of any benefit, thereby payable to other qualified survivors, notwithstanding the respective ages or biological parent of any surviving children.
- (F) In the event a deceased combined plan participant is not survived by a qualified spouse as defined by section 3307.66 of the Revised Code and there is no designated beneficiary, but the participant is survived by children qualified under the terms of section 3307.66 of the Revised Code, selection of one of the benefit calculations set forth in division (C)(1) or (C)(2) of that section may be made by the youngest qualified child. Such selection shall govern the calculation of any benefit thereby payable to other qualified survivors.
- (G) In the event of the death of a combined plan participant prior to payment of the defined benefit portion of the account but after payment was made of the defined contribution portion as specified by paragraph (A)(3) or paragraph (B) of rule 3307:2-5-03 of the Administrative Code, a benefit may be granted to a surviving spouse or sole designated beneficiary. Such a benefit shall be effective as of the first of the month following the date the deceased participant would have attained the minimum age necessary to qualify for benefits under the defined benefit portion, based upon service credit accrued as of the date of death. Such a benefit shall be computed under the terms of the combined plan and payable in the form of the one hundred per cent joint survivor annuity without reversion the participant would have received had the ~~member~~participant been retired on that same first of the month and selected such a joint survivor annuity or, in lieu of a benefit computed as a one hundred per cent joint survivor annuity, the benefit is payable as a lump sum equal to the withdrawal value as defined in the defined contribution program plan document.
- (H) In the event of the death of a combined plan participant prior to payment of the defined contribution portion of the account but after payment was made of the defined benefit portion as specified by paragraph (C) of rule 3307:2-5-03 of the Administrative Code, the surviving spouse or sole designated beneficiary may

withdraw or immediately annuitize the defined contribution portion of the account.

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3307:2-6-03

Combined plan health benefits.

Participants, and their beneficiaries and survivors granted monthly benefits under the defined benefit portion of the combined plan may participate in the health care program established pursuant to section 3307.39 of the Revised Code under the same terms and conditions specified for defined benefit participants by that section and Chapter 3307:1-11 of the Administrative Code.

- ~~(A) Participants, except for participants granted disability benefits, granted retirement under the defined benefit portion of the combined plan may participate in the health care program established pursuant to section 3307.39 of the Revised Code under the same terms and conditions specified for defined benefit participants by that section and Chapter 3307:1-11 of the Administrative Code, provided that coverage will be effective on the later of the effective date of the retirement benefit or the first of the month following receipt of an application to participate in the health care program.~~
- ~~(B) Participants granted disability benefits and electing health care coverage shall begin coverage on the first of the month following the date that the retirement board acts to grant disability benefits. A participant granted disability benefits may defer enrollment up to three months if the participant elects coverage when benefits are granted, and in such case, the effective date of the deferred coverage is the first of the month following termination of other group coverage within the three-month period.~~

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3307:2-7-01

Investments.

For the purposes of recording the account accumulated when payment becomes due to a participant in the defined contribution program, a unitized share value shall be assigned based on closing net asset value of the investment choices made by the participant as of the day contributions are credited to a participant's account.

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