

H.B. 520
As Introduced

Topic: Alternative retirement plan mitigating rates

_____ moved to amend as follows:

Delete lines 518 through 599 and insert: 1

"Sec. 145.222. (A) As used in this section: 2

(1) "Compensation" means both of the following: 3

(a) In the case of a public employees retirement system member, the members' earnable salary; 4
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(b) In the case of an electing employee, the amount that would be the electing employee's earnable salary if the electing employee was a member of the retirement system. 6
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(2) "Compensation ratio" means the ratio for the most recent full fiscal year for which the information is available of the total compensation of all electing employees to the sum of the total compensation of all the retirement system's members in the PERS defined benefit plan and the total compensation of all electing employees. 9
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(3) "Electing employee" means a participant in an alternative retirement plan provided pursuant to Chapter 3305. of the Revised Code who would otherwise be a member of the retirement system. 15
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(4) "Historical liability" means the portion of the retirement system's total unfunded actuarial accrued pension 18
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<u>liability attributed to the difference between the following:</u>	20
<u>(a) The cumulative contributions received under division (D)</u>	21
<u>of section 3305.06 of the Revised Code on behalf of electing</u>	22
<u>employees since the establishment of the alternative retirement</u>	23
<u>plan;</u>	24
<u>(b) The cumulative contributions toward the unfunded</u>	25
<u>actuarial accrued liability of the retirement system that would</u>	26
<u>have been made if the electing employees had been members of the</u>	27
<u>retirement system in the PERS defined benefit plan.</u>	28
<u>(B) The public employees retirement board shall contract with</u>	29
<u>an independent actuary to complete an actuarial study to determine</u>	30
<u>the percentage of an electing employee's compensation to be</u>	31
<u>contributed by a public institution of higher education under</u>	32
<u>division (D) of section 3305.06 of the Revised Code. The initial</u>	33
<u>study must be completed and submitted by the board to the</u>	34
<u>department of higher education not later than December 31, 2016. A</u>	35
<u>subsequent study must be completed and submitted not later than</u>	36
<u>the last day of December of every fifth year thereafter.</u>	37
<u>(C) For the initial study required under this section, the</u>	38
<u>actuary shall determine the percentage described in division (B)</u>	39
<u>of this section as follows:</u>	40
<u>(1) The actuary shall calculate a percentage necessary to</u>	41
<u>amortize the historical liability over an indefinite period.</u>	42
<u>(2) The actuary shall calculate a percentage necessary to</u>	43
<u>amortize over a thirty-year period the amount resulting from</u>	44
<u>multiplying the compensation ratio by the difference between the</u>	45
<u>following:</u>	46
<u>(a) The unfunded actuarial accrued pension liability of the</u>	47
<u>PERS defined benefit plan;</u>	48

<u>(b) The historical liability.</u>	49
<u>(3) The percentage to be contributed under division (D) of section 3305.06 of the Revised Code shall be one-fourth of the sum of the percentages calculated under divisions (C)(1) and (2) of this section, not to exceed four and one-half per cent.</u>	50 51 52 53
<u>(4) To make the calculations and determinations required under divisions (C)(1) and (2) of this section, the actuary shall use the most recent annual actuarial valuation under section 145.22 of the Revised Code that is available at the time the study is conducted.</u>	54 55 56 57 58
<u>(D) For any study conducted after the initial study required under this section, the actuary shall determine the percentage described in division (B) of this section as follows:</u>	59 60 61
<u>(1) The actuary shall calculate a percentage necessary to amortize over a thirty-year period the amount resulting from multiplying the compensation ratio by the difference between the following:</u>	62 63 64 65
<u>(a) The unfunded actuarial accrued pension liability of the PERS defined benefit plan under the annual actuarial valuation under section 145.22 of the Revised Code that is most recent at the time the study is conducted;</u>	66 67 68 69
<u>(b) The historical liability determined under division (C) of this section.</u>	70 71
<u>(2) The percentage to be contributed under division (D) of section 3305.06 of the Revised Code shall be one-fourth of the sum of the percentages calculated under divisions (C)(1) and (D)(1) of this section but not less than one-fourth of the percentage determined under division (C)(1) of this section, except that the percentage shall not exceed four and one-half per cent."</u>	72 73 74 75 76 77

Delete lines 3477 through 3552 and insert:	78
<u>"Sec. 3307.514. (A) As used in this section:</u>	79
<u>(1) "Compensation" has the same meaning as in section 3307.01</u>	80
<u>of the Revised Code except that in the case of an electing</u>	81
<u>employee, "compensation" means the amount that would be the</u>	82
<u>electing employee's compensation if the electing employee was a</u>	83
<u>member of the state teachers retirement system.</u>	84
<u>(2) "Compensation ratio" means the ratio for the most recent</u>	85
<u>full fiscal year for which the information is available of the</u>	86
<u>total compensation of all electing employees to the sum of the</u>	87
<u>total compensation of all the retirement system's members in the</u>	88
<u>STRS defined benefit plan and the total compensation of all</u>	89
<u>electing employees.</u>	90
<u>(3) "Electing employee" means a participant in an alternative</u>	91
<u>retirement plan provided pursuant to Chapter 3305. of the Revised</u>	92
<u>Code who would otherwise be a member of the retirement system.</u>	93
<u>(4) "Historical liability" means the portion of the</u>	94
<u>retirement system's total unfunded actuarial accrued pension</u>	95
<u>liability attributed to the difference between the following:</u>	96
<u>(a) The cumulative contributions received under division (D)</u>	97
<u>of section 3305.06 of the Revised Code on behalf of electing</u>	98
<u>employees since the establishment of the alternative retirement</u>	99
<u>plan;</u>	100
<u>(b) The cumulative contributions toward the unfunded</u>	101
<u>actuarial accrued liability of the retirement system that would</u>	102
<u>have been made if the electing employees had been members of the</u>	103
<u>retirement system in the STRS defined benefit plan.</u>	104
<u>(B) The state teachers retirement board shall contract with</u>	105

an independent actuary to complete an actuarial study to determine 106
the percentage of an electing employee's compensation to be 107
contributed by a public institution of higher education under 108
division (D) of section 3305.06 of the Revised Code. The initial 109
study must be completed and submitted by the board to the 110
department of higher education not later than December 31, 2016. A 111
subsequent study must be completed and submitted not later than 112
the last day of December of every fifth year thereafter. 113

(C) For the initial study required under this section, the 114
actuary shall determine the percentage described in division (B) 115
of this section as follows: 116

(1) The actuary shall calculate a percentage necessary to 117
amortize the historical liability over an indefinite period. 118

(2) The actuary shall calculate a percentage necessary to 119
amortize over a thirty-year period the amount resulting from 120
multiplying the compensation ratio by the difference between the 121
following: 122

(a) The unfunded actuarial accrued pension liability of the 123
STRS defined benefit plan; 124

(b) The historical liability. 125

(3) The percentage to be contributed under division (D) of 126
section 3305.06 of the Revised Code shall be one-fourth of the sum 127
of the percentages calculated under divisions (C)(1) and (2) of 128
this section, not to exceed four and one-half per cent. 129

(4) To make the calculations and determinations required 130
under divisions (C)(1) and (2) of this section, the actuary shall 131
use the most recent annual actuarial valuation under section 132
3307.51 of the Revised Code that is available at the time the 133
study is conducted. 134

(D) For any study conducted after the initial study required 135
under this section, the actuary shall determine the percentage 136
described in division (B) of this section as follows: 137

(1) The actuary shall calculate a percentage necessary to 138
amortize over a thirty-year period the amount resulting from 139
multiplying the compensation ratio by the difference between the 140
following: 141

(a) The unfunded actuarial accrued pension liability of the 142
STRS defined benefit plan under the annual actuarial valuation 143
under section 3307.51 of the Revised Code that is most recent at 144
the time the study is conducted; 145

(b) The historical liability determined under division (C) of 146
this section. 147

(2) The percentage to be contributed under division (D) of 148
section 3305.06 of the Revised Code shall be one-fourth of the sum 149
of the percentages calculated under divisions (C)(1) and (D)(1) of 150
this section but not less than one-fourth of the percentage 151
determined under division (C)(1) of this section, except that the 152
percentage shall not exceed four and one-half per cent." 153

Delete lines 4564 through 4639 and insert: 154

"Sec. 3309.212. (A) As used in this section: 155

(1) "Compensation" has the same meaning as in section 3309.01 156
of the Revised Code except that in the case of an electing 157
employee, "compensation" means the amount that would be the 158
electing employee's compensation if the electing employee was a 159
member of the retirement system. 160

(2) "Compensation ratio" means the ratio for the most recent 161
full fiscal year for which the information is available of the 162

total compensation of all electing employees to the sum of the 163
total compensation of all the retirement system's members in the 164
system's defined benefit plan and the total compensation of all 165
electing employees. 166

(3) "Electing employee" means a participant in an alternative 167
retirement plan provided pursuant to Chapter 3305. of the Revised 168
Code who would otherwise be a member of the retirement system. 169

(4) "Historical liability" means the portion of the 170
retirement system's total unfunded actuarial accrued pension 171
liability attributed to the difference between the following: 172

(a) The cumulative contributions received under division (D) 173
of section 3305.06 of the Revised Code on behalf of electing 174
employees since the establishment of the alternative retirement 175
plan; 176

(b) The cumulative contributions toward the unfunded 177
actuarial accrued liability of the retirement system that would 178
have been made if the electing employees had been members of the 179
retirement system in the system's defined benefit plan. 180

(B) The school employees retirement board shall contract with 181
an independent actuary to complete an actuarial study to determine 182
the percentage of an electing employee's compensation to be 183
contributed by a public institution of higher education under 184
division (D) of section 3305.06 of the Revised Code. The initial 185
study must be completed and submitted by the board to the 186
department of higher education not later than December 31, 2016. A 187
subsequent study must be completed and submitted not later than 188
the last day of December of every fifth year thereafter. 189

(C) For the initial study required under this section, the 190
actuary shall determine the percentage described in division (B) 191

of this section as follows: 192

(1) The actuary shall calculate a percentage necessary to amortize the historical liability over an indefinite period. 193
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(2) The actuary shall calculate a percentage necessary to amortize over a thirty-year period the amount resulting from multiplying the compensation ratio by the difference between the following: 195
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(a) The unfunded actuarial accrued pension liability of the defined benefit plan; 199
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(b) The historical liability. 201

(3) The percentage to be contributed under division (D) of section 3305.06 of the Revised Code shall be one-fourth of the sum of the percentages calculated under divisions (C) (1) and (2) of this section, not to exceed four and one-half per cent. 202
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(4) To make the calculations and determinations required under divisions (C) (1) and (2) of this section, the actuary shall use the most recent annual actuarial valuation under section 3309.21 of the Revised Code that is available at the time the study is conducted. 206
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(D) For any study conducted after the initial study required under this section, the actuary shall determine the percentage described in division (B) of this section as follows: 211
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(1) The actuary shall calculate a percentage necessary to amortize over a thirty-year period the amount resulting from multiplying the compensation ratio by the difference between the following: 214
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(a) The unfunded actuarial accrued pension liability of the retirement system's defined benefit plan under the annual 218
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actuarial valuation under section 3309.21 of the Revised Code that 220
is most recent at the time the study is conducted; 221

(b) The historical liability determined under division (C) of 222
this section. 223

(2) The percentage to be contributed under division (D) of 224
section 3305.06 of the Revised Code shall be one-fourth of the sum 225
of the percentages calculated under divisions (C)(1) and (D)(1) of 226
this section but not less than one-fourth of the percentage 227
determined under division (C)(1) of this section, except that the 228
percentage shall not exceed four and one-half per cent." 229

The motion was _____ agreed to.

