

H. B. No. 520
As Introduced

Topic: SERS obsolete provisions 1

_____ moved to amend as follows:

In line 7 of the title, after "3307.78," insert "3309.01," 2

In line 14 of the title, after "3305.062," insert "3309.342,
3309.371, 3309.372, 3309.373," 3
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In line 21, after "3307.78," insert "3309.01," 5

After line 4526, insert: 6

"Sec. 3309.01. As used in this chapter: 7

(A) "Employer" or "public employer" means boards of 8
education, school districts, joint vocational districts, 9
governing authorities of community schools established under 10
Chapter 3314. of the Revised Code, a science, technology, 11
engineering, and mathematics school established under Chapter 12
3326. of the Revised Code, educational institutions, technical 13
colleges, state, municipal, and community colleges, community 14
college branches, universities, university branches, other 15
educational institutions, or other agencies within the state by 16



which an employee is employed and paid, including any 17
organization using federal funds, provided the federal funds are 18
disbursed by an employer as determined by the above. In all 19
cases of doubt, the school employees retirement board shall 20
determine whether any employer is an employer as defined in this 21
chapter, and its decision shall be final. 22

(B) "Employee" means all of the following: 23

(1) Any person employed by a public employer in a position 24
for which the person is not required to have a certificate or 25
license issued pursuant to sections 3319.22 to 3319.31 of the 26
Revised Code; 27

(2) Any person who performs a service common to the normal 28
daily operation of an educational unit even though the person is 29
employed and paid by one who has contracted with an employer to 30
perform the service, and the contracting board or educational 31
unit shall be the employer for the purposes of administering the 32
provisions of this chapter; 33

(3) Any person, not a faculty member, employed in any 34
school or college or other institution wholly controlled and 35
managed, and wholly or partly supported by the state or any 36
political subdivision thereof, the board of trustees, or other 37
managing body of which shall accept the requirements and 38
obligations of this chapter. 39

In all cases of doubt, the school employees retirement 40
board shall determine whether any person is an employee, as 41
defined in this division, and its decision is final. 42

(C) "Prior service" means all service rendered prior to 43
September 1, 1937: 44

(1) As an employee as defined in division (B) of this section; 45
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(2) As an employee in a capacity covered by the public employees retirement system or the state teachers retirement system; 47
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(3) As an employee of an institution in another state, service credit for which was procured by a member under the provisions of section 3309.31 of the Revised Code. 50
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Prior service, for service as an employee in a capacity covered by the public employees retirement system or the state teachers retirement system, shall be granted a member under qualifications identical to the laws and rules applicable to service credit in those systems. 53
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Prior service shall not be granted any member for service rendered in a capacity covered by the public employees retirement system, the state teachers retirement system, and this system in the event the service credit has, in the respective systems, been received, waived by exemption, or forfeited by withdrawal of contributions, except as provided in this chapter. 58
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If a member who has been granted prior service should, subsequent to September 16, 1957, and before retirement, establish three years of contributing service in the public employees retirement system, or one year in the state teachers retirement system, then the prior service granted shall become, at retirement, the liability of the other system, if the prior service or employment was in a capacity that is covered by that system. 65
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The provisions of this division shall not cancel any prior 73

service granted a member by the school employees retirement board prior to August 1, 1959. 74
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(D) "Total service," "total service credit," or "Ohio service credit" means all contributing service of a member of the school employees retirement system, and all prior service, computed as provided in this chapter, and all service established pursuant to sections 3309.31, 3309.311, and 3309.33 of the Revised Code. In addition, "total service" includes any period, not in excess of three years, during which a member was out of service and receiving benefits from the state insurance fund, provided the injury or incapacitation was the direct result of school employment. 76
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(E) "Member" means any employee, except an SERS retirant or other system retirant as defined in section 3309.341 of the Revised Code, who has established membership in the school employees retirement system. "Member" includes a disability benefit recipient. 86
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(F) "Contributor" means any person who has an account in the employees' savings fund. When used in the sections listed in division (B) of section 3309.82 of the Revised Code, "contributor" includes any person participating in a plan established under section 3309.81 of the Revised Code. 91
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(G) "Retirant" means any former member who retired and is receiving a service retirement allowance or commuted service retirement allowance as provided in this chapter. 96
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(H) "Beneficiary" or "beneficiaries" means the estate or a person or persons who, as the result of the death of a contributor or retirant, qualifies for or is receiving some right or benefit under this chapter. 99
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(I) "Interest," as specified in division (E) of section 3309.60 of the Revised Code, means interest at the rates for the respective funds and accounts as the school employees retirement board may determine from time to time, ~~except as follows:~~

~~(1) The rate of interest credited on employee contributions at retirement shall be four per cent per annum, compounded annually, to and including June 30, 1955; three per cent per annum, compounded annually, from July 1, 1955, to and including June 30, 1963; three and one quarter per cent per annum, compounded annually, from July 1, 1963, through June 30, 1966; and thereafter, four per cent per annum compounded annually until a change in the amount is recommended by the system's actuary and approved by the retirement board. Subsequent to June 30, 1959, the retirement board shall discontinue the annual crediting of current interest on a contributor's accumulated contributions. Noncrediting of current interest shall not affect the rate of interest at retirement guaranteed under this division.~~

~~(2) In determining the reserve value for purposes of computing the amount of the contributor's annuity, the rate of interest used in the annuity values shall be four per cent per annum through September 30, 1956; three per cent per annum compounded annually from October 1, 1956, through June 30, 1963; three and one quarter per cent per annum compounded annually from July 1, 1963, through June 30, 1966; and, thereafter, four per cent per annum compounded annually until a change in the amount is recommended by the system's actuary and approved by the retirement board. In the purchase of out of state service credit as provided in section 3309.31 of the Revised Code, and in the purchase of an additional annuity, as provided in section 3309.47 of the Revised Code, interest shall be computed and~~

~~credited to reserves therefor at the rate the school employees-~~ 134
~~retirement board shall fix as regular interest thereon.~~ 135

(J) "Accumulated contributions" means the sum of all 136
amounts credited to a contributor's account in the employees' 137
savings fund together with any regular interest credited thereon 138
at the rates approved by the retirement board prior to 139
retirement. 140

(K) "Final average salary" means the sum of the annual 141
compensation for the three highest years of compensation for 142
which contributions were made by the member, divided by three. 143
If the member has a partial year of contributing service in the 144
year in which the member terminates employment and the partial 145
year is at a rate of compensation that is higher than the rate 146
of compensation for any one of the highest three years of annual 147
earnings, the board shall substitute the compensation earned for 148
the partial year for the compensation earned for a similar 149
fractional portion in the lowest of the three high years of 150
annual compensation before dividing by three. If a member has 151
less than three years of contributing membership, the final 152
average salary shall be the total compensation divided by the 153
total number of years, including any fraction of a year, of 154
contributing service. 155

(L) "Annuity" means payments for life derived from 156
contributions made by a contributor and paid from the annuity 157
and pension reserve fund as provided in this chapter. All 158
annuities shall be paid in twelve equal monthly installments. 159

(M) (1) "Pension" means annual payments for life derived 160
from appropriations made by an employer and paid from the 161
employers' trust fund or the annuity and pension reserve fund. 162
All pensions shall be paid in twelve equal monthly installments. 163

(2) "Disability retirement" means retirement as provided	164
in section 3309.40 of the Revised Code.	165
(N) "Retirement allowance" means the pension plus the	166
annuity.	167
(O) (1) "Benefit" means a payment, other than a retirement	168
allowance or the annuity paid under section 3309.344 of the	169
Revised Code, payable from the accumulated contributions of the	170
member or the employer, or both, under this chapter and includes	171
a disability allowance or disability benefit.	172
(2) "Disability allowance" means an allowance paid on	173
account of disability under section 3309.401 of the Revised	174
Code.	175
(3) "Disability benefit" means a benefit paid as	176
disability retirement under section 3309.40 of the Revised Code,	177
as a disability allowance under section 3309.401 of the Revised	178
Code, or as a disability benefit under section 3309.35 of the	179
Revised Code.	180
(P) "Annuity reserve" means the present value, computed	181
upon the basis of mortality tables adopted by the school	182
employees retirement board, of all payments to be made on	183
account of any annuity, or benefit in lieu of any annuity,	184
granted to a retirant.	185
(Q) "Pension reserve" means the present value, computed	186
upon the basis of mortality tables adopted by the school	187
employees retirement board, of all payments to be made on	188
account of any pension, or benefit in lieu of any pension,	189
granted to a retirant or a beneficiary.	190
(R) "Year" means the year beginning the first day of July	191

and ending with the thirtieth day of June next following.	192
(S) "Local district pension system" means any school	193
employees' pension fund created in any school district of the	194
state prior to September 1, 1937.	195
(T) "Employer contribution" means the amount paid by an	196
employer as determined under section 3309.49 of the Revised	197
Code.	198
(U) "Fiduciary" means a person who does any of the	199
following:	200
(1) Exercises any discretionary authority or control with	201
respect to the management of the system, or with respect to the	202
management or disposition of its assets;	203
(2) Renders investment advice for a fee, direct or	204
indirect, with respect to money or property of the system;	205
(3) Has any discretionary authority or responsibility in	206
the administration of the system.	207
(V) (1) Except as otherwise provided in this division,	208
"compensation" means all salary, wages, and other earnings paid	209
to a contributor by reason of employment. The salary, wages, and	210
other earnings shall be determined prior to determination of the	211
amount required to be contributed to the employees' savings fund	212
under section 3309.47 of the Revised Code and without regard to	213
whether any of the salary, wages, or other earnings are treated	214
as deferred income for federal income tax purposes.	215
(2) Compensation does not include any of the following:	216
(a) Payments for accrued but unused sick leave or personal	217
leave, including payments made under a plan established pursuant	218
to section 124.39 of the Revised Code or any other plan	219

established by the employer;	220
(b) Payments made for accrued but unused vacation leave,	221
including payments made pursuant to section 124.13 of the	222
Revised Code or a plan established by the employer;	223
(c) Payments made for vacation pay covering concurrent	224
periods for which other salary or compensation is also paid or	225
during which benefits are paid under this chapter;	226
(d) Amounts paid by the employer to provide life	227
insurance, sickness, accident, endowment, health, medical,	228
hospital, dental, or surgical coverage, or other insurance for	229
the contributor or the contributor's family, or amounts paid by	230
the employer to the contributor in lieu of providing the	231
insurance;	232
(e) Incidental benefits, including lodging, food, laundry,	233
parking, or services furnished by the employer, use of the	234
employer's property or equipment, and reimbursement for job-	235
related expenses authorized by the employer, including moving	236
and travel expenses and expenses related to professional	237
development;	238
(f) Payments made to or on behalf of a contributor that	239
are in excess of the annual compensation that may be taken into	240
account by the retirement system under division (a)(17) of	241
section 401 of the "Internal Revenue Code of 1986," 100 Stat.	242
2085, 26 U.S.C.A. 401(a)(17), as amended. For a contributor who	243
first establishes membership before July 1, 1996, the annual	244
compensation that may be taken into account by the retirement	245
system shall be determined under division (d)(3) of section	246
13212 of the "Omnibus Budget Reconciliation Act of 1993," Pub.	247
L. No. 103-66, 107 Stat. 472;	248

(g) Payments made under division (B), (C), or (E) of	249
section 5923.05 of the Revised Code, Section 4 of Substitute	250
Senate Bill No. 3 of the 119th general assembly, Section 3 of	251
Amended Substitute Senate Bill No. 164 of the 124th general	252
assembly, or Amended Substitute House Bill No. 405 of the 124th	253
general assembly;	254
(h) Anything of value received by the contributor that is	255
based on or attributable to retirement or an agreement to	256
retire, except that payments made on or before January 1, 1989,	257
that are based on or attributable to an agreement to retire	258
shall be included in compensation if both of the following	259
apply:	260
(i) The payments are made in accordance with contract	261
provisions that were in effect prior to January 1, 1986.	262
(ii) The employer pays the retirement system an amount	263
specified by the retirement board equal to the additional	264
liability from the payments.	265
(3) The retirement board shall determine by rule whether	266
any form of earnings not enumerated in this division is to be	267
included in compensation, and its decision shall be final.	268
(W) "Disability benefit recipient" means a member who is	269
receiving a disability benefit.	270
(X) "Actuary" means an individual who satisfies all of the	271
following requirements:	272
(1) Is a member of the American academy of actuaries;	273
(2) Is an associate or fellow of the society of actuaries;	274
(3) Has a minimum of five years' experience in providing	275
actuarial services to public retirement plans."	276

In line 6058, after "3307.78," insert "3309.01,"	277
In line 6062, after "3305.062," insert "3309.342, 3309.371, 3309.372, 3309.373,"	278 279

The motion was _____ agreed to.