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**Definitions.**

Sec. 3309.01. As used in Chapter 3309. of the Revised Code;

(A) "Employer" means \*\*\* boards of education, school districts, joint vocational districts, educational institutions, technical institutes, state, municipal, and community colleges, community college branches, universities, university branches, other educational institutions, or other \*\*\* agencies within the state by which an employee is employed and paid, including any organization using federal funds, provided such federal funds are disbursed by an employer as determined by the above. In all cases of doubt the school employees retirement board shall determine whether any employer is an employer as defined in Chapter 3309. of the Revised Code and its decision shall be final.

(B) "Employee" means any person employed \*\*\* by an employer as defined in division (A) of this section in a position for which he is not required to have a certificate issued pursuant to sections 3319.22 to 3319.31, inclusive, of the Revised Code; any person who performs a service common to the normal daily operation of an educational unit even though such person is employed and paid by one who has contracted with an employer to perform such services, and the contracting board or educational unit shall be the employer for the purposes of administering the provisions of Chapter 3309. of the Revised Code; and any person, not a faculty member, employed in any school or college or other institution wholly controlled and managed, and wholly or partly supported by the state or any subdivision thereof, the board of trustees or other managing body of which shall accept the requirements and obligations of Chapter 3309. of the Revised Code. In all cases of doubt the school employees retirement board shall determine whether any person is an employee, as defined in this division, and its decision is final.

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

Effective November 13, 1965

- (1) As an employee as defined in division (B) of this section;
- (2) As an employee in a capacity covered by the public employees retirement system or the state teachers retirement system;
- (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.

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 regulations applicable to service credit in such systems.

Prior service shall not be granted any member for such service rendered in a capacity covered by the public employees retirement system, the state teachers retirement system and this system in the event such service credit has, in the respective systems, been received, waived by exemption, or forfeited by withdrawal of contributions, except as provided in Chapter 3309. of the Revised Code.

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 such prior service granted shall become, at retirement, the liability of such other system, if the prior service or employment was in a capacity which is covered by that system.

The provisions of this division shall not cancel any prior service granted a member by the school employees retirement board prior to August 1, 1959.

(D) "Total service" or "total service credit" means all contributing service of a member of the school employees retirement system, and all his prior service, computed as provided in Chapter 3309. 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.

(E) "Member" means any employee who has established membership in the school employees retirement system.

(F) "Contributor" means any member who has an account in the employees' savings fund.

(G) "Retirant" means any former member who retired and is receiving a *service retirement allowance*, also referred to as a superannuation or commuted superannuation retirement allowance as provided in \*\*\* Chapter 3309. of the Revised Code, and any member receiving a disability allowance as provided in section 3309.40 of the Revised Code.

(H) "Beneficiary" or "beneficiaries" means the estate of a person or persons who, as the result of the death of a member or retirant, qualifies for or is receiving some right or benefit under the provisions of Chapter 3309. of the Revised Code.

(I) "Interest" as specified in division (E) of section 3309.60 of the Revised Code, means interest at such rate 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; and, thereafter, shall be three and one-quarter per cent per annum, compounded annually. Subsequent to June 30, 1959, the retirement board shall discontinue the annual crediting of current interest on a member's accumulated contributions. Such 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 member's annuity, the rate of interest used in the annuity values shall be three and one-quarter per cent per annum, compounded annually, effective July 1, 1963, except that, for members retiring prior to October 1, 1956, the interest rate shall be four per cent per annum, compounded annually, and three per cent per annum, compounded annually, for members retiring October 1, 1956 to June 30, 1963, inclusive. In the purchase of out-of-state service credit as provided in section 3309.31 of the Revised Code, and in the purchase of additional annuity, as provided in section 3309.47 of the Revised Code, interest shall be computed and credited to reserves therefor at such rate as the school employees retirement board shall fix as regular interest thereon.

(J) "Accumulated contributions" means the sum of all amounts deducted from the compensation of a member and credited to his individual account in the employees' savings fund together with any regular interest credited thereon at the rates approved by the retirement board prior to retirement.

(K) Effective June 30, 1963, "final average salary" means the highest average annual compensation of a member during any five years of contributions and shall be determined by dividing the total earnings as an employee during such period by the service credited during such period. Provided, if a member has at least three years, but less than five years, of total service credit within the last ten years immediately preceding the termination of contributions, the final average salary shall not be less than the average annual compensation during such period as determined by dividing

the total compensation or earnings during such ten-year period by the contributing service credit granted to him during such period. Provided, that the "final average salary" may not exceed the actual average earnings of a member during the "final average salary" years.

(L) "Annuity" means payments for life derived from contributions made by a contributor and paid from the annuity and pension reserve fund as provided in Chapter 3309. of the Revised Code. All annuities shall be paid in twelve equal monthly installments.

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

(N) "Retirement allowance" means the pension plus the annuity.

(O) "Benefit" means a payment, other than a retirement allowance, payable from the accumulated contributions of the member or the employer or both under the provision of Chapter 3309. of the Revised Code.

(P) "Annuity reserve" means the present value computed upon the basis of such mortality tables as are adopted by the school employees retirement board of all payments to be made on account of any annuity, or benefit in lieu of any annuity, granted to a retirant.

(Q) "Pension reserve" means the present value, computed upon the basis of such mortality tables as are adopted by the school employees retirement board, of all payments to be made on account of any pension, or benefit in lieu of any pension, granted to a retirant or a beneficiary.

(R) "Year" for the purpose of administering the provisions of Chapter 3309. of the Revised Code, means the year beginning the first day of July and ending with the thirtieth day of June next following.

(S) "Local district pension system" means any school employees' pension fund created in any school district of the state prior to September 1, 1937.

(T) "Employer contribution" means the amount paid by an employer, as determined by the employer rate, contributions, and funds as provided in Chapter 3309. of the Revised Code, and shall be credited to the employers' trust fund. (*Amended in Amended Substitute House Bill No. 225*)