



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

Amy J. Rinehart

H.B. 362

132nd General Assembly
(As Introduced)

Reps. Carfagna and Ramos

BILL SUMMARY

- For individuals who become State Highway Patrol Retirement System (SHPRS) members on or after January 1, 2020, increases to age 52 (from 48) the minimum age at which a member is eligible to retire with an unreduced pension.
 - Reduces the minimum pension for off-duty SHPRS disability retirement on or after the bill's effective date by basing the pension on at least 12 years of service instead of at least 20 years as under current law.
 - Revises the monthly survivor pension for the surviving spouse of a deceased SHPRS member who dies on or after the bill's effective date or the surviving spouse of an SHPRS retirant who retires on or after that date.
 - To be eligible for a surviving spouse pension, requires the surviving spouse of a deceased SHPRS member or retirant who dies or retires on or after the bill's effective date to have been married to the deceased member or retirant while the member or retirant was in the active service of the State Highway Patrol.
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CONTENT AND OPERATION

Elimination of unreduced retirement at age 48

For individuals who become State Highway Patrol Retirement System (SHPRS) members on or after January 1, 2020, the bill increases to age 52 (from 48) the minimum age at which a member is eligible to retire with an unreduced pension. It does this by eliminating the ability to elect to retire with an unreduced pension at age 48 with 25 or more years of service. Members will continue to be eligible to elect to retire with a reduced pension at age 48 with 20 or more years of service credit.

The bill does not change retirement eligibility for individuals who become members before January 1, 2020.¹

Off-duty disability pension calculation

The bill revises the off-duty disability pension calculation for certain SHPRS members who qualify for off-duty disability pension on or after the bill's effective date.

Under continuing law, SHPRS uses a formula to calculate a member's age and service pension or disability pension. The formula uses the member's final average salary (FAS), which is generally the average of the member's five highest years of salary. Under this formula, a member receives 2.5% of the member's FAS for each of the first 20 years of service credit, 2.25% of FAS for the next five years of service, and 2% of FAS for each additional year of service over 25.²

An SHPRS member is eligible for off-duty disability pension if the member has at least five years of service credit according to rules adopted by the SHPRS Board.³ Currently, an SHPRS member who retires on the basis of an off-duty disability receives the member's applicable age and service pension unless the member has less than 20 years of service at the time the member qualifies for a disability pension. The member is then treated as if the member has 20 years of service, which results in a pension of 50% of the member's FAS ($20 \times 2.5\% = 50\%$ of FAS). If a member has more than 20 years of service credit, the disability pension is based on the member's actual service. For example, a member with 21 years of service credit receives a pension equal to 52.25% of FAS ($(20 \times 2.5\% = 50\%$ of FAS) + $(1 \times 2.25\% = 2.25\%$ of FAS) = 52.25% of FAS).

A member who the Board determines qualifies for off-duty disability pension on or after the bill's effective date receives the member's applicable age and service pension unless the member has less than 12 years of service (instead of 20 as under current law). Such a member is then treated as if the member has 12 years of service, which results in a pension of 30% of the member's FAS ($12 \times 2.5\% = 30\%$ of FAS). If the member has 12 years or more of service, the member receives the member's applicable age and service pension.⁴

¹ R.C. 5505.16(A) and (B), with conforming changes in R.C. 5505.162(A).

² R.C. 5505.01(L), not in the bill, and 5505.17(A).

³ R.C. 5505.18(A).

⁴ R.C. 5505.18(B)(2).

Surviving spouse pension

The bill makes two changes to pensions for surviving spouses. First, to be eligible for a surviving spouse pension, the bill requires a surviving spouse to have been married to the deceased member or retirant while the member or retirant was in the active service of the State Highway Patrol. Second, the bill revises the monthly pension amount to be received by a surviving spouse. The changes apply to surviving spouses of deceased members and retirants who die or retire on or after the bill's effective date and deceased members who elect to participate in the SHPRS deferred retirement option plan (DROP) on or after that date.⁵

Marriage requirement

To be eligible for a surviving spouse pension, the bill requires a surviving spouse to have been married to the deceased member or retirant while the member or retirant was in the active service of the State Highway Patrol. This requirement does not apply to the surviving spouse of a deceased member or retirant who dies or retires before the bill's effective date or of a deceased member who elected to participate in DROP before that date.⁶

Pension amount

Members

Under current law, the surviving spouse of a deceased SHPRS member generally receives a monthly pension of \$900, except that if the member was eligible to retire but had not, the spouse receives the greater of \$900 or 50% of the member's computed monthly pension. If the pension was granted before January 7, 2013, or the surviving spouse is 60 or older, the surviving spouse also receives any cost of living adjustment (COLA) granted by the SPHRS Board. For surviving spouses of members who die on or after the bill's effective date, generally the pension is \$900 plus an amount equivalent to any annual cost of living adjustments granted. However, a surviving spouse of a deceased member who was eligible to retire but had not receives an additional monthly pension equaling the amount the surviving spouse would have received had the member retired effective the day following the date of death having selected a plan of payment providing for 50% of the member's lesser pension to be paid to the surviving spouse.⁷

⁵ R.C. 5505.17(A)(3) and 5505.59(B), with conforming changes in R.C. 5505.16 and 5505.162.

⁶ R.C. 5505.17(A)(3)(a) and (b) and 5505.59(B).

⁷ R.C. 5505.162(A)(2)(b) and 5505.17(A)(3)(d).



The table below compares the pensions for surviving spouses of members based on when the member dies.⁸

Members		
Deceased member	Died before bill's effective date	Dies on or after bill's effective date
Member was not eligible to retire	Surviving spouse receives \$900 per month and is eligible for any annual COLA if the spouse is 60 or older or the benefit began before January 1, 2013.	From bill's effective date to December 31, 2017, the surviving spouse receives \$900 per month, and beginning January 1, 2018, receives \$900 per month plus a cumulative annual increase equivalent to any COLA granted by the Board.
Member was eligible to retire but had not retired	Surviving spouse receives the greater of \$900 per month or 50% of the monthly pension the member would have received and is eligible for any annual COLA if the spouse is 60 or older or the benefit began before January 7, 2013.	From bill's effective date to December 31, 2017, the surviving spouse receives \$900 per month, and beginning January 1, 2018, receives \$900 per month plus a cumulative annual increase equivalent to any COLA. In addition the surviving spouse receives 50% joint and survivor annuity (option 2 plan).

Retirants

Under current law, a surviving spouse of a deceased retirant who had been granted a pension receives the greater of \$900 per month or 50% of the retirant's cumulative monthly pension. For the surviving spouse of a retirant who is granted a pension after the bill's effective date, the bill eliminates the surviving spouse's pension of 50% of the retirant's cumulative monthly pension. Instead, the surviving spouse receives \$900 per month. This does not affect any joint and survivor benefit elected by the member at the time of retirement. The table below compares the amount a retirant's surviving spouse receives based on when the retirant retires.⁹

⁸ R.C. 5505.162, 5505.17, 5505.174, and 5505.59.

⁹ R.C. 5505.162, 5505.17, and 5505.174.



Retirants		
Retired	If the member retired before the bill's effective date, the surviving spouse receives the greater of \$900 per month or 50% of the retirant's monthly pension and is eligible for an annual COLA the spouse is 60 and older benefit began before January 7, 2013.	If the member retires on or after the bill's effective date, from that date to December 31, 2017, the surviving spouse receives \$900 per month, and beginning January 1, 2018, receives \$900 per month plus a cumulative annual increase equivalent to any COLA.

Continuing law permits the Board to generally provide an annual COLA of not more than 3% to eligible persons. To be eligible for a COLA, a person with a pension effective date on or after January 7, 2013, must be age 60 or older and have been receiving the pension for not less than 12 months.¹⁰

HISTORY

ACTION	DATE
Introduced	09-26-17

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¹⁰ R.C. 5505.174(A)(2) and (3) and (B).

