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## Appendix H

### Retirement Plans for Legislators



Image courtesy of Zach Gleim, LSC

Statehouse at Sunrise

### Types of Retirement Plans

As stated in [Chapter 3](#), OPERS currently offers two retirement plans to new OPERS members: the Traditional Pension Plan (a defined benefit plan) and the Member-Directed Plan (a defined contribution plan). Both are described in more detail below.

A new OPERS member must elect a plan within 180 days after beginning employment. A member who fails to make this election is placed in the Traditional Pension Plan. A member may switch to a different plan one time during the member's career. Approximately 95% of OPERS members are enrolled in the Traditional Pension Plan.

#### Traditional Pension Plan

Under the Traditional Pension Plan, a member receives a retirement benefit based on age, years of service, and final average salary. This plan includes disability and survivor benefits and may include retiree health care coverage.

#### Member Groups

Eligibility to retire is determined by which group applies to the member – A, B, or C. The following table lists the OPERS members in each group and summarizes age and service retirement eligibility requirements for the groups.

Traditional Pension Plan Member Groups		
Group	Members	Retirement Eligibility
Group A	A member who, on or before January 7, 2018, met eligibility requirements that were in effect before January 7, 2013.	Unreduced benefit: at age 65 with at least 5 years of service credit or at any age with 30 years of service credit.  Reduced benefit: as early as age 55 with 25 years of service credit or age 60 with 5 years of service credit.
Group B	A member who, no later than January 7, 2023, meets eligibility requirements that were in effect before January 7, 2013, or a member who had at least 20 or more years of service credit as of January 7, 2013.	Unreduced benefit: at age 66 with at least 5 years of service credit, at age 52 with 31 years of service credit, or at any age with 32 years of service credit.  Reduced benefit: as early as age 55 with 25 years of service credit or age 60 with 5 years of service credit.
Group C	All other Traditional Pension Plan members.	Unreduced benefit: at age 67 with at least 5 years of service credit or at age 55 with 32 years of service credit.  Reduced benefit: as early as age 57 with 25 years of service credit or age 62 with 5 years of service credit.

### Benefit Formula

The Traditional Pension Plan retirement benefit is determined by a formula. The formula is based on the member’s group, years of service, and final average salary (FAS).

Groups A and B receive an annual lifetime allowance equal to 2.2% of FAS per year for each of the first 30 years of service credit, plus 2.5% of FAS for each year of service credit over 30 years. Members in Group C do not receive the 2.5% multiplier until after 35 years of service. Thus, for members in Group C, the unreduced retirement benefit consists of an annual lifetime allowance equal to 2.2% of FAS, multiplied by the first 35 years of service plus 2.5% of FAS for each year of service over 35 years.

FAS is determined as the average of the three highest years of earnable salary for members in Groups A and B and the five highest years of earnable salary for Group C members.

The retirement benefit may be a retirement allowance, or a lump sum amount and a smaller monthly allowance.

### Additional Service Credit

A member of the General Assembly, as an elected official, has the option of purchasing, prior to retirement, additional service credit in an amount not exceeding 35% of the member’s service credit earned as an elected official, subject to limitations specified in federal law. Additional service credit may also be purchased for a variety of prior service, including military service; police, fire, or highway patrol service; and out-of-state, federal, or Ohio municipal retirement system service. After 18 months of new contributing service, a member may also

purchase credit for prior noncontributing service (also called “exempt service”) and service for which the member withdrew accumulated contributions. Charges for purchased credit vary depending on type of service but in most cases reflect the actuarial cost to OPERS of providing the credit.

### **Cost-of-Living Adjustment**

OPERS is authorized to pay an annual amount as a cost-of-living adjustment (COLA) to recipients of retirement allowances, disability benefits, and survivor benefits. For recipients whose benefits began before January 7, 2013, the COLA is 3%. The COLA for recipients with benefits beginning on or after that date is the percentage increase in the Consumer Price Index (CPI), not exceeding 3%.

### **Disability Benefit**

An OPERS member of any age with at least five years of total service credit is eligible under the Traditional Pension Plan to receive a disability benefit if the member becomes permanently disabled. The benefit amount is based on the greater of (1) 45% of FAS or (2) 2.2% of FAS multiplied by years of total service credit, not exceeding 60% of FAS. (Members who had contributions on deposit with OPERS on or before July 29, 1992, may be subject to different disability eligibility criteria and benefit amounts.)

### **Survivor and Death Benefits**

In the event of a member’s death, OPERS provides both survivor benefits and a separate death benefit. With respect to survivor benefits, the accumulated contributions of an OPERS member under the Traditional Pension Plan who dies before age and service retirement may be paid to a beneficiary or beneficiaries the member has designated on a form provided by OPERS. (Certain events, such as marriage, divorce, or the birth of a child, automatically revoke a previously made designation.) If there is not a designated beneficiary, the beneficiary is determined by succession established by state law.

In lieu of payment of a deceased OPERS member’s accumulated contributions, qualified survivors may be eligible to receive monthly survivor benefits. This occurs if, at the time of death, the OPERS member met one of the following qualifications:

- Was eligible for retirement;
- Was receiving a disability benefit; or
- Had at least 18 months of Ohio service credit with three of those 18 months occurring within the two and one-half years immediately before death.

OPERS provides a lump sum death benefit upon the death of a retiree or disability recipient, the amount of which depends on the length of the member’s service.

### **Retiree Health Care Coverage**

OPERS has authority to provide health care coverage for retirees and to establish eligibility requirements for coverage. Any premiums are paid through deductions from the member’s retirement benefit.

## **Withdrawal of Contributions**

On leaving public service, a member in the Traditional Pension Plan may withdraw the member's contributions and a limited amount of interest on those contributions; however, the withdrawal will have federal tax consequences.

A member who has at least five years of service credit at the time of withdrawal may also receive a portion of the contributions made by the House or Senate on the member's behalf. Members who withdraw their contributions forfeit entitlement to future benefits.

More information on the [Traditional Pension Plan](#) is available by selecting the Active Members menu on the OPERS website: [opers.org](https://opers.org).

## **Member-Directed Plan**

Under the [Member-Directed Plan](#), the member directs the investment of the contributions in the member's account; benefits are based solely on the success of those investments. The plan does not provide distinct disability or survivor benefits. The Member-Directed Plan includes an individual retiree medical account from which retiree medical expenses and health insurance premiums may be paid. More information about the Member-Directed Plan is available by selecting the Active Members menu on the OPERS website: [opers.org](https://opers.org).

## **Reemployed Retirees**

An OPERS member under any of the plans is permitted to retire and subsequently be reemployed in a position covered by OPERS or another of Ohio's state retirement systems. However, if the reemployment begins less than two months after the date of retirement, the retiree forfeits the retirement allowance for any month the retiree is employed prior to the expiration of the two-month period.

The Revised Code provides that an elected official who retires and is then elected or appointed to the same office for the remainder of the term or for the next term forfeits the retirement allowance until reemployment terminates. However, the allowance is not forfeited if the official filed a notice of intent to retire with the board of elections at least 90 days before the primary election for the official's current term of office. In a 1982 opinion (82-080), however, the Ohio Attorney General concluded that a member of the General Assembly cannot retire under OPERS between consecutive terms in the General Assembly.

## **Obtaining Additional Information**

For information on OPERS membership, benefits, and service credit, a member of the General Assembly may obtain a copy of helpful documents on the OPERS website: [opers.org](https://opers.org). Members can find the [OPERS Member Handbook](#) and a [leaflet](#) describing retirement information that impacts elected officials at the Member Library link or by contacting OPERS at (800) 222-7377. For help choosing a retirement plan, a member may go to the Active Members menu and choose the [Selecting a Plan](#) option on the OPERS website: [opers.org](https://opers.org).