



OHIO LEGISLATIVE SERVICE COMMISSION

Final Analysis

Lynda J. Jacobsen

Am. H.B. 362

132nd General Assembly
(As Passed by the General Assembly)

- Reps.** Carfagna and Ramos, Antonio, Ashford, Blessing, Boyd, Brenner, Brown, Celebrezze, Craig, Faber, Fedor, Galonski, Ginter, Holmes, Howse, Ingram, Johnson, Koehler, Landis, Lang, Leland, Lepore-Hagan, O'Brien, Patton, Perales, Reece, Reineke, Rezabek, Riedel, Roegner, Rogers, Sheehy, R. Smith, Sprague, Strahorn, Sweeney, Sykes, Thompson, West, Wiggam, Young, Rosenberger
- Sens.** Beagle, Bacon, Hottinger, Hackett, Terhar, Balderson, Brown, Burke, Coley, Dolan, Eklund, Hoagland, Huffman, Jordan, LaRose, Lehner, Manning, McColley, Obhof, O'Brien, Oelslager, Peterson, Sykes, Tavares, Thomas, Uecker, Wilson, Yuko

Effective date: May 11, 2018

ACT 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 may retire with an unreduced pension.
- Reduces the off-duty disability retirement pension for an SHPRS member with less than 20 years' service who initially qualifies for the pension on or after May 11, 2018 (the act's effective date) by basing the minimum pension on at least 12 years instead of 20 years of service.
- Revises the monthly survivor pension for the surviving spouse of a deceased SHPRS member who dies on or after May 11, 2018, or the surviving spouse of an SHPRS retiree who retires on or after that date.
- To qualify for a survivor pension, requires the surviving spouse of an SHPRS member or retiree who dies or retires on or after May 11, 2018, to have been married to the member or retiree while the member or retiree was in the active service of the State Highway Patrol.

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 act 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 eligibility to retire with an unreduced pension at age 48 with 25 or more years of service. Members continue to be eligible to elect to retire with a reduced pension at age 48 with 20 or more years of service credit.

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

Off-duty disability pension calculation

The act reduces the off-duty disability pension for an SHPRS member with less than 20 years of service who initially qualifies for the pension on or after May 11, 2018 (the act's effective date). The effect is illustrated below:

Off-duty Disability Pension % of Final Average Salary (FAS)		
Years of Service	Qualify Before May 11, 2018	Qualify On or After May 11, 2018
12 or less	50%	30%
13	50%	32.5%
14	50%	35%
15	50%	37.5%
16	50%	40%
17	50%	42.5%
18	50%	45%
19	50%	47.5%
20	50%	50%

Under continuing law, the pension is determined by multiplying (a) the member's years of service by (b) a percentage of the member's final average salary

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



(FAS), which is the average of the member's five highest years of salary. For the first 20 years of service, the percentage is 2.5% of FAS.²

Under the act, the minimum off-duty disability pension for an SHPRS member who initially qualifies for the pension on or after May 11, 2018, is 30% of the member's FAS. This is obtained by calculating the pension as though the member had 12 years of service when the disability began ($12 \times 2.5\% = 30\%$). If the member has more than 12 years of service, the actual number of years will be used. Under prior law, the minimum was 50% of FAS because the calculation was made as though the member had 20 years of service ($20 \times 2.5\% = 50\%$) unless the member had more than 20 years of service.³

Surviving spouse pension

The surviving spouse of a deceased SHPRS member or retirant receives a monthly pension. The pension amount for the surviving spouse of a *member* differs from that of the surviving spouse of a *retirant* and, in the case of a member's surviving spouse, varies depending on whether the member was eligible to retire. The act revises pension amounts for the surviving spouses of members who die on or after May 11, 2018 (the act's effective date), and retirants who retire on or after that date, with the greatest change concerning the surviving spouses of retirants. The act also stipulates that to be eligible for the pension, a surviving spouse of a member who dies on or after May 11, 2018, or a retirant who retires on or after that date must have been married to the deceased member or retirant while the member or retirant was in the active service of the State Highway Patrol. These changes also apply to surviving spouses of members who, on or after May 11, 2018, elect to participate in the SHPRS deferred retirement option plan (DROP).⁴

Under the act, the surviving spouse of a member who dies or retirant who retires on or after May 11, 2018, will receive a monthly pension but will not be eligible for a cost of living adjustment (COLA). However, beginning in 2019, the pension will be increased by an amount related to a COLA.

From May 11 through December 31, 2018, the pension will be \$900 a month. In 2019 and each year thereafter, the pension will be the prior year's amount increased by the percentage of any COLA granted by the Board.⁵ If, for example, the COLA percentage for 2019 is 2%, the amount added would be \$18 a month, and the 2019

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

³ R.C. 5505.18(B)(2).

⁴ R.C. 5505.17(A)(3) and 5505.59(B), with conforming changes in R.C. 5505.162.

⁵ R.C. 5505.17(A)(3)(c).

monthly amount would be \$918. In 2020, the pension would be \$918 a month increased by the percentage of any COLA granted by the Board. Unlike the COLAs granted under continuing law, the act does not require the surviving spouse to be age 60 to receive the increased amount.

In addition, the surviving spouse of a member who dies on or after May 11, 2018, and, at the time of death, was eligible to retire but had not done so will receive another monthly pension. This pension will equal the amount the surviving spouse would have received had the member retired effective the day following the date of death, having elected to receive a "joint and survivor" pension (under which the member receives a lesser pension for the member's life, with 50% of the member's lesser pension to be paid to the surviving spouse for the spouse's life).⁶ On receiving this pension for 12 months or longer and attaining age 60, a surviving spouse will also receive any COLAs granted by the Board.⁷ The surviving spouse of an SHPRS retirant or DROP participant will not receive this pension.

Under prior law, the pension of the surviving spouse of a deceased SHPRS member was \$900 a month, except that if the member was eligible to retire, the spouse received the greater of \$900 a month or 50% of the computed monthly pension the member would have received on retirement. The surviving spouse of a deceased retirant received the greater of \$900 a month or 50% of the retirant's computed monthly pension.⁸ After receiving a pension for 12 months, the surviving spouse of a member or a retirant also received any COLA granted by the SHPRS Board if the surviving spouse was 60 or older or, regardless of the survivor's age, if the pension was granted before January 7, 2013. Under continuing law, the Board has the authority to grant annual COLAs on the basis of the retirement system's annual actuarial valuation. The increase provided by a COLA cannot exceed 3% of the eligible person's pension.⁹

The table below compares pension amounts for surviving spouses of members who died before May 11, 2018, with those provided under the act for the surviving spouses of members who die on or after that date.¹⁰

⁶ R.C. 5505.162(A)(2)(b) and 5505.17(A)(3)(a), (c), and (d).

⁷ R.C. 5505.174(A)(3).

⁸ R.C. 5505.17(A)(3)(a) and (b) and 5505.59(B)(1).

⁹ R.C. 5505.174.

¹⁰ R.C. 5505.162, 5505.17, 5505.174, and 5505.59.



Members		
Deceased member	Died before May 11, 2018	Dies on or after May 11, 2018
Member was not eligible to retire	Surviving spouse receives \$900 per month and is eligible for any annual COLA granted by the SHPRS Board if age 60 or older or, regardless of the survivor's age, the benefit began before January 7, 2013.	From May 11 to December 31, 2018, the surviving spouse receives \$900 per month. Beginning January 1, 2019, the surviving spouse receives the prior year's amount and, regardless of age, an amount that reflects any COLAs 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, regardless of the survivor's age, the benefit began before January 7, 2013.	From May 11 to December 31, 2018, the surviving spouse receives \$900 per month. Beginning January 1, 2019, the surviving spouse receives the prior year's amount and, regardless of age, an amount that reflects any COLAs granted by the Board. In addition, the surviving spouse receives another pension paying 50% of the amount the member would have received under a plan providing a lesser pension with an amount equal to 50% of the lesser pension paid to the surviving spouse (a "joint and survivor annuity" or "option 2 plan"). If age 60 or older, the surviving spouse also receives any annual COLAs granted by the Board on this pension.



Retirants

The table below compares the amount a retirant's surviving spouse receives based on when the retirant retires.¹¹

Retirants		
Retirant	Retired before May 11, 2018	Retires on or after May 11, 2018
Retired	Surviving spouse receives the greater of \$900 per month or 50% of the retirant's monthly pension and is eligible for an annual COLA if the spouse is 60 or older or, regardless of age, the benefit began before January 7, 2013.	From May 11 to December 31, 2018, the surviving spouse receives \$900 per month. Beginning January 1, 2019, the surviving spouse receives the prior year's amount and, regardless of age, an amount that reflects any COLAs granted by the Board.

HISTORY

ACTION	DATE
Introduced	09-26-17
Reported, H. Aging & Long Term Care	11-07-17
Passed House (95-0)	12-05-17
Reported, S. Insurance & Financial Institutions	01-30-18
Passed Senate (32-0)	01-30-18

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¹¹ R.C. 5505.162, 5505.17, and 5505.174.

