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H.B. 146*
135th General Assembly

Bill Analysis

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Version: As Reported by House Pensions

Primary Sponsor: Rep. Bird

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SUMMARY

- Requires the School Employees Retirement Board to establish the “contribution based benefit cap” (CBBC), a limit on the retirement allowance a member may receive.
- Requires the Board to calculate a member’s CBBC based on the member’s contributions converted to an annuity and multiplied by the CBBC factor designated by the Board and reduce the member’s retirement allowance to an amount equal to the member’s CBBC if the retirement allowance would exceed the CBBC.
- Applies the CBBC to retirement allowances and to survivor benefits that are based on retirement allowances.
- Specifies that the CBBC takes effect August 1, 2024.

DETAILED ANALYSIS

Contribution based benefit cap

The bill requires the School Employees Retirement (SERS) Board to establish the “contribution based benefit cap” (CBBC). The CBBC is a limit on the retirement allowance a member may receive. It also is a limit on the survivor benefit based on a member’s retirement allowance the member’s beneficiary may receive.¹ The CBBC provisions take effect August 1,

* This analysis was prepared before the report of the House Pensions Committee appeared in the House Journal. Note that the legislative history may be incomplete.

¹ R.C. 3309.363(A).

2024.² Under the bill, if the member’s retirement allowance exceeds the member’s CBBC, the Board must reduce the allowance to an amount equal to the CBBC.³

The SERS Board must designate a number as the “CBBC factor” and may revise the CBBC factor based on the advice of an actuary appointed by the Board.⁴ According to SERS, the CBBC factor reflects the size of the gap between a member’s statutorily calculated benefit and the annuity payable based on the member’s accumulated contributions.⁵ The bill requires the SERS Board to determine a member’s CBBC before paying a retirement allowance. To determine the CBBC, the Board must do both of the following:

1. Determine the amount that would result if the total of employee contributions made by the member was paid out as an annuity for the member’s life;
2. Multiply the amount determined under (1) by the Board-designated CBBC factor.⁶

If the SERS Board reduces the member’s retirement allowance under the bill, the reduced retirement allowance is the member’s single lifetime allowance.⁷

For example, if the CBBC factor was six, the SERS Board would multiply the amount determined under (1) above, which is based on the member’s contributions, by six. The result would be the member’s CBBC. If the member’s retirement allowance would exceed the CBBC, the retirement allowance is reduced to equal the CBBC.

The Board may adopt rules to implement the CBBC.⁸

HISTORY

Action	Date
Introduced	04-04-23
Reported, H. Pensions	---

ANHB0146RH-135/ar

² Section 2.

³ R.C. 3309.363(D).

⁴ R.C. 3309.363(B).

⁵ [Benefit Inflation Control \(PDF\)](#), which may be accessed by conducting a keyword “sustainability” search on the School Employees Retirement System website, ohsers.org, navigating to the “sustainability” page, and selecting the “Materials” PDF link next to “Exploring Benefit Inflation Control Measures.”

⁶ R.C. 3309.363(C).

⁷ R.C. 3309.363(E).

⁸ R.C. 3309.363(F).