

742-5-02

Interest rate for service credit purchases or refunds/purchase of civilian service credit.

- (A) The rate of compounded interest for the purchase of service credit under section 742.21 of the Revised Code or for the payment of back contributions shall be calculated separately for each year in accordance with the terms of division (H) of section 742.21 of the Revised Code.
- (B) Prior to January 1, 1987, and for all purchases of civilian service credit and not military service credit, the interest charge for the purchase of service credits or the payment of back contributions shall be six per cent.
- (C) From and after January 1, 1987 through and including September 16, 1998, the interest charge for the purchase of service credits or the payment of back contributions, except military purchases, shall be the actuarial interest assumption rate adopted by the board for the year in which the service credit was purchased, compounded annually.
- (D) Service credit may be purchased in increments of not less than one year except:
- (1) Where the total service available for purchase under a section of the Revised Code is less than a full year; or,
 - (2) Where less than one year is necessary to qualify for a benefit; or,
 - (3) Where less than one full year is necessary to accumulate the maximum number of years which may be used in benefit calculations.
- (E) Where the calculation of the cost of purchase of service credit involves the repayment of withdrawn employee contributions, the average monthly contribution for the total period of the withdrawn service credit shall be the base for calculating the cost.
- (F) For any person who becomes a member of the fund on or after the effective date of this rule, such member shall pay the interest charge for the purchase of service credits or the payment of back contributions, in accordance with the terms of division (H) of section 742.21 of the Revised Code.
- (G) From and after the effective date of this rule and unless otherwise provided by law, when a payment is received by the fund which is less than the full payment of the total amount of employer and employee contributions for the entire amount of service credit available, the fund is authorized to prorate the amount purchased in accordance with the following:

- (1) The amount paid will be divided by amount due on that billing;
 - (2) The number derived from the computation described in paragraph (G)(1) of this rule will be multiplied by the entire amount of service credit available;
 - (3) The number derived from the computation described in paragraph (G)(2) of this rule will then be divided by twelve, with the number to the left of the decimal representing the number of years purchased;
 - (4) The number to the right of the decimal derived from the computation described in paragraph (G)(3) of this rule will then be multiplied by twelve, with the number to the left of the decimal representing the number of months purchased; and
 - (5) The number to the right of the decimal derived from the computation described in paragraph (G)(4) of this rule will then be multiplied by thirty, with the number to the left of the decimal representing the number of days purchased; provided, however, that the fund shall round the number of days to the next higher number if the number to the right of the decimal is equal to or greater than .50 and the fund shall round the number of days to the next lower number if the number to the right of the decimal is less than .50.
- (H) For any partial purchase of service credit, the cost of the purchase of such service credit shall be based upon the average monthly contribution for the total period.
- (I) Except as expressly provided by law and for purposes of qualifying for the fund's benefits, the purchased service credit shall be the equivalent of service credit earned as an active member of the fund provided the fund receives the total amount of the applicable interest and the total amount of the employer and employee contributions due for the amount of service credit being purchased, as if such person was a member of the fund at the time the contributions were made for the service credit being purchased by the member.
- (J) The cost of the service credit available will change if the total amount due is not paid within the stated billing period.
- (K) The amount due for the purchased service credit shall be based upon the applicable interest and the total amount of the employer and employee contributions that would have been due the fund, if such person were a member of the fund at the time the contributions were made for the service credit being purchased by the member.

- (L) For purposes of this rule, "member" shall have that meaning set forth in division (E) of section 742.01 of the Revised Code and shall include those members who elected disability benefits under former section 742.37 of the Revised Code or section 742.38 of the Revised Code, who did not purchase eligible service credit at the time of his/her acceptance of disability benefits and who later has his/her disability benefit terminated by OP&F in accordance with the provisions of section 742.40 of the Revised Code.
- (M) This rule shall only apply to the purchase of civilian service credit and shall not apply to the purchase of military credit.
- (N) For purposes of computing the refund according to division (J)(2) of section 742.21 of the Revised Code, OP&F shall calculate the interest based on the actuarial interest assumption rate established by the board of trustees at the time of the refund.

Effective: 03/03/2005

CERTIFIED ELECTRONICALLY

Certification

03/03/2005

Date

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