

145-2-42

**Retirement incentive plans.**

(A) For the purpose of this rule:

- (1) "Effective benefit date" means the first day of the month immediately following the latest of the following:
  - (a) The last day for which compensation was paid;
  - (b) The attainment of minimum age or service credit eligibility provided under Chapter 145. of the Revised Code;
  - (c) Ninety days prior to receipt by the public employees retirement system of the member's completed retirement application;
  - (d) February 1, 2013, for retirement applications received by the retirement system on or after January 7, 2013.
- (2) "Employee" means each contributing member of the public employees retirement system who is an employee described in division (C) of section 145.297 of the Revised Code regardless of the years of service credit in the retirement system;
- (3) "Employing unit" means an employer as defined in division (A) of section 145.297 or division (A) of section 145.298 of the Revised Code, and if any subordinate designation of an employing unit is made then the retirement system shall be notified in accordance with paragraph (B) of this rule; and
- (4) "Retirement incentive plan" means a plan established pursuant to section 145.297 or 145.298 of the Revised Code.

(B)

- (1)
  - (a) Upon adoption of a retirement incentive plan, an employing unit shall notify the retirement system of the adoption on a form provided by the public employees retirement board. A copy of the proposed plan shall be attached to the form. In the case of a retirement incentive plan established under section 145.297 of the Revised Code, the employing unit shall notify the retirement system at least sixty days prior to the date the plan goes into effect. In the case of a retirement incentive plan established under section 145.298 of the Revised Code, the employing unit shall notify the retirement system immediately upon adoption of the plan.

- (b) Notwithstanding paragraph (B)(1)(a) of this rule, in the event a subordinate designation of an employing unit is made:
  - (i) If by a state entity, notice to the retirement system shall be submitted by the appointing authority and include the signatures of the fiscal officer reporting to the retirement system and head of the subordinate employing unit; or
  - (ii) If by a county board of commissioners, notice to the retirement system shall be submitted by the commissioners and include the signatures of the county auditor and head of the subordinate employing unit; or
  - (iii) If by a municipal corporation legislative authority, notice to the retirement system shall be submitted by the legislative authority and include the signatures of the fiscal officer reporting to the retirement system and head of the subordinate employing unit.
- (2) The plan must be in writing and meet the following minimum requirements:
  - (a) Incorporate the approval of the employing unit;
  - (b) Provide for the employing unit's purchase and payment of service credit;
  - (c) For retirement incentive plans adopted under section 145.297 of the Revised Code and received by the retirement system on or after January 1, 2008, provide for a prospective effective date of the plan that shall be at least sixty days after receipt by the retirement system of the notice described in paragraph (B) of this rule;
  - (d) Specify the maximum number of years that can be purchased, not to exceed five years, and in no event to exceed an amount of service credit equal to one-fifth of the total service credited to an eligible employee under Chapter 145. of the Revised Code, exclusive of service credit purchased under the plan;
  - (e) Be in effect for a minimum of one year except as provided in division (D) of section 145.298 of the Revised Code;
  - (f) No more than one plan shall be in effect at one time for an employing unit or subordinate employing unit;
  - (g) Be offered to not less than five per cent of the employing unit or subordinate employing unit's employees who are members of the retirement system as of the date the plan goes into effect;

- (h) Provide a grievance procedure for timely and impartial resolution of disputes arising under the plan; and
    - (i) Provide thirty days prior notice to employees of the termination of the retirement incentive plan.
  - (3) In addition to providing thirty days prior notice to its employees of the termination of a retirement incentive plan, the employing unit shall provide similar written notice to the retirement system at the same time.
  - (4) Upon the written request of an employing unit or a subordinate employing unit, a retirement incentive plan may be extended beyond the date designated in the original plan. Such request shall be submitted in the same manner as notice of adoption of the original plan is required in this paragraph.
- (C) Requests by an employing unit for the cost of service credit to be purchased for an employee under a retirement incentive plan shall be submitted to the retirement system on a form provided by the retirement board.
- (D)
- (1) The additional liability resulting from a retirement incentive plan is established under contract as an employer liability by the employee-employer agreement. The cost to the employing unit for each year or fraction of a year of credit to be purchased will be determined by factors recommended by the retirement system's actuary that yield an amount equal to the additional liability for the service credit to be purchased. Factors to establish actuarial cost will be revised no more than once annually and after such revision is approved by the retirement board shall apply to new credit calculations. The cost shall be stated in a statement of cost to the employer that shall be valid when computed for payment not earlier than three months preceding the effective benefit date.
  - (2) Except as otherwise provided in this rule, the employing unit shall pay in one payment after notice by the retirement system to the employing unit, or contract to pay, the cost of the service credit to be purchased by the earlier of either the last day of the month preceding the employee's effective benefit date, or the termination date of the retirement incentive plan.
  - (3) Notwithstanding paragraph (D)(2) of this rule, an employing unit that has established a voluntary retirement incentive plan pursuant to section 145.297 of the Revised Code, and that is terminating operations as a whole or in part shall pay in one payment after notice by the retirement system to the employing unit, or contract to pay, the cost of the service credit to be purchased by the earlier

of either the last day of the month preceding the employee's effective benefit date, or the last day of operations.

- (4) Any amounts not paid timely by the employing unit shall be certified for collection pursuant to section 145.51 of the Revised Code.

(E)

- (1) The service credit contracted for purchase under the retirement incentive plan shall be credited to the employee by the retirement system under the terms of the employee-employer agreement and the employee shall retire within ninety days thereafter.
- (2) If an employee dies prior to an effective benefit date, a qualifying beneficiary shall be entitled only to those benefits provided by section 145.43 or 145.45 of the Revised Code exclusive of service credit which may have been available under a retirement incentive plan.

(F) Except as provided in sections 145.297 and 145.298 of the Revised Code, an employee who retires with service credit purchased pursuant to a retirement incentive plan is subject to the rights, privileges and obligations under sections 145.01 to 145.59 of the Revised Code in effect at the time of retirement.

(G)

- (1) "Total service credit" as used in section 145.297 or 145.298 of the Revised Code means all service that is credited pursuant to Chapter 145. of the Revised Code.
- (2) Third-party requests for the total service credit of a member shall be honored only if accompanied by the member's written authorization that includes the member's federal identification number.

Five Year Review (FYR) Dates: 9/30/2021 and 09/30/2026

CERTIFIED ELECTRONICALLY

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Certification

09/30/2021

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Date

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