

AN ACT

To amend sections 145.323, 145.46, 145.92, 742.3711, 742.3716, 742.3717, 3105.80, 3105.82, 3307.60, 3307.67, 3307.87, 3309.374, 3309.46, 3309.92, 5505.162, and 5505.174 of the Revised Code to make changes to the optional benefit plans for retirants and the cost-of-living increase in the state retirement systems.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 145.323, 145.46, 145.92, 742.3711, 742.3716, 742.3717, 3105.80, 3105.82, 3307.60, 3307.67, 3307.87, 3309.374, 3309.46, 3309.92, 5505.162, and 5505.174 of the Revised Code be amended to read as follows:

Sec. 145.323. (A) The public employees retirement board shall annually increase each allowance, pension, or benefit payable under this chapter by three per cent, except that no allowance, pension, or benefit shall exceed the limit established by section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 415, as amended.

The first increase is payable to all persons becoming eligible after June 30, 1971, upon such persons receiving an allowance for twelve months. The increased amount is payable for the ensuing twelve-month period or until the next increase is granted under this section, whichever is later. Subsequent increases shall be determined from the date of the first increase paid to the former member in the case of an allowance being paid a beneficiary under an option, or from the date of the first increase to the survivor first receiving an allowance or benefit in the case of an allowance or benefit being paid to the subsequent survivors of the former member.

The date of the first increase under this section becomes the anniversary date for any future increases.

The allowance or benefit used in the first calculation of an increase under this section shall remain as the base for all future increases, unless a new base is established.

(B) If payment of a portion of a benefit is made to an alternate payee under section 145.571 of the Revised Code, increases under this section

granted while the order is in effect shall be apportioned between the alternate payee and the benefit recipient in the same proportion that the amount being paid to the alternate payee bears to the amount paid to the benefit recipient.

If payment of a portion of a benefit is made to one or more beneficiaries under "plan F" under division (B)(3)(e) of section 145.46 of the Revised Code, each increase under this section granted while the plan of payment is in effect shall be divided among the designated beneficiaries in accordance with the portion each beneficiary has been allocated.

(C) The board shall make all rules necessary to carry out this section.

Sec. 145.46. (A) A retirement allowance calculated under section 145.33, 145.331, or 145.34 of the Revised Code shall be paid as provided in this section. If the member is eligible to elect a plan of payment under this section, the election shall be made on a form provided by the public employees retirement board. A plan of payment elected under this section shall be effective only if approved by the board, which shall approve it only if it is certified by an actuary engaged by the board to be the actuarial equivalent of the retirement allowance calculated under section 145.33, 145.331, or 145.34 of the Revised Code.

~~(B)(1) Unless the member is eligible to elect another plan of payment~~
(a) Except as provided in divisions (B)(1)(b) and (c) of this section, a member who retires under section 145.32, 145.331, or 145.34 of the Revised Code shall receive a retirement allowance under "plan A," which shall consist of the actuarial equivalent of the member's retirement allowance determined under section 145.33, 145.331, or 145.34 of the Revised Code in a lesser amount payable for life and one-half of such allowance continuing after death to the member's surviving spouse for the life of the spouse.

(b) A member may elect to receive the member's a retirement allowance under a plan of payment other than "plan A" if either of the following is the case:

(i) The member is not married or either the member's spouse consents in writing to the member's election of a plan of payment other than "plan A" or the board waives the requirement that the spouse consent.~~At;~~

(ii) A plan of payment providing for payment in a specified portion of the allowance continuing after the member's death to a former spouse is required by a court order issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding division of marital property prior to the effective date of the member's retirement.

(c) If a member is subject to division (B)(1)(b)(ii) of this section and the board has received a copy of the order described in that division, the board

shall accept the member's election of a plan of payment under this section only if the member complies with both of the following:

(i) The member elects a plan of payment that is in accordance with the order described in division (B)(1)(b)(ii) of this section.

(ii) If the member is married, the member elects "plan F" and designates the member's current spouse as a beneficiary under that plan unless that spouse consents in writing to not being designated a beneficiary under any plan of payment or the board waives the requirement that the current spouse consent.

(2) An application for retirement shall include an explanation of all of the following:

(a) That, if the member is married, unless the spouse consents to another plan of payment or there is a court order dividing marital property issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding the division of marital property that provides for payment in a specified amount, the member's retirement allowance will be paid under "plan A," which consists of the actuarial equivalent of the member's retirement allowance in a lesser amount payable for life and one-half of the allowance continuing after death to the surviving spouse for the life of the spouse;

(b) A description of the alternative plans of payment, including all plans described in divisions (B)(2) and (3) of this section, available with the consent of the spouse;

(c) That the spouse may consent to another plan of payment and the procedure for giving consent;

(d) That consent is irrevocable once notice of consent is filed with the board.

Consent shall be valid only if it is signed, in writing, and witnessed by a notary public. The board may waive the requirement of consent if the spouse is incapacitated or cannot be located or for any other reason specified by the board. Consent or waiver is effective only with regard to the spouse who is the subject of the consent or waiver.

(2)(3) A member eligible to elect to receive the member's retirement allowance under a plan of payment other than "plan A" shall receive the member's retirement allowance under the plan described in division (B)(3)(4) of this section or one of the following plans:

(a) "Plan B," which shall consist of an allowance determined under section 145.33, 145.331, or 145.34 of the Revised Code;

(b) "Plan C," which shall consist of the actuarial equivalent of the member's retirement allowance determined under section 145.33, 145.331,

or 145.34 of the Revised Code in a lesser amount payable for life and one-half or some other portion of the allowance continuing after death to the member's sole surviving beneficiary designated at the time of the member's retirement, provided that the amount payable to the beneficiary does not exceed the amount payable to the member;

(c) "Plan D," which shall consist of the actuarial equivalent of the member's retirement allowance determined under section 145.33, 145.331, or 145.34 of the Revised Code in a lesser amount payable for life and continuing after death to a surviving beneficiary designated at the time of the member's retirement;

(d) "Plan E," which shall consist of the actuarial equivalent of the member's retirement allowance determined under section 145.33, 145.331, or 145.34 of the Revised Code in a lesser amount payable for a certain period from the member's retirement date as elected by the member and approved by the retirement board, and on the member's death before the expiration of that certain period the member's lesser retirement allowance payable for the remainder of that period to the member's surviving designated beneficiary nominated by written designation filed with the retirement board.

Should the nominated beneficiary designated in writing die prior to the expiration of the guarantee period, then for the purpose of completing payment for the remainder of the guarantee period, the present value of such payments shall be paid to the estate of the beneficiary last receiving.

(e) "Plan F," which shall consist of the actuarial equivalent of the member's retirement allowance determined under section 145.33, 145.331, or 145.34 of the Revised Code in a lesser amount payable to the retirant for life and some portion of the lesser amount continuing after death to two, three, or four surviving beneficiaries designated at the time of the member's retirement. The portion of the lesser allowance that continues after the member's death shall be allocated among the beneficiaries at the time of the member's retirement. If the member elects this plan as required by a court order issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding the division of marital property and compliance with the court order requires the allocation of a portion less than ten per cent to any beneficiary, the member shall allocate a portion less than ten per cent to that beneficiary in accordance with that order. In all other circumstances, no portion allocated under this plan of payment shall be less than ten per cent. The total of the portions allocated shall not exceed one hundred per cent of the member's lesser allowance.

~~(3)~~(4)(a) Beginning on a date selected by the retirement board, which

shall be not later than July 1, 2004, a member may elect to receive a retirement allowance under a plan of payment consisting of both a lump sum in an amount the member designates that constitutes a portion of the member's retirement allowance under a plan described in division (B) of this section and the remainder as a monthly allowance under that plan.

The total amount paid as a lump sum and a monthly benefit shall be the actuarial equivalent of the amount that would have been paid had the lump sum not been selected.

(b) The lump sum designated by a member shall be not less than six times and not more than thirty-six times the monthly amount that would be payable to the member under the plan of payment elected under division (B)(3)(4)(a) of this section had the lump sum not been elected and shall not result in a monthly allowance that is less than fifty per cent of that monthly amount.

(4)(5) An election under division (B)(2)(3) or (3)(4) of this section shall be made at the time the member makes application for retirement.

(5)(6) A member eligible to elect to receive the member's retirement allowance under a plan of payment other than "plan A" because the member is unmarried who fails to make an election on retirement shall receive the member's retirement allowance under "plan B."

(C) If the retirement allowances, as a single life annuity or payment plan as provided in this section, due and paid are in a total amount less than (1) the accumulated contributions, and (2) other deposits made by the member as provided by this chapter, standing to the credit of the member at the time of retirement, then the difference between the total amount of the allowances paid and the accumulated contributions and other deposits shall be paid to the beneficiary provided under division (D) of section 145.43 of the Revised Code.

(D)(1) The death of a spouse or any designated beneficiary following retirement shall cancel ~~any the portion of the plan of payment to provide~~ providing continuing lifetime benefits to the deceased spouse or deceased designated beneficiary ~~and return the~~. The ~~retirant to~~ shall receive the actuarial equivalent of the retirant's single lifetime benefit equivalent, as determined by the board, to based on the number of remaining beneficiaries, with no change in the amount payable to any remaining beneficiary. The change shall be effective the month following receipt by the board of notice of the death.

(2) On divorce, annulment, or marriage dissolution, a retirant receiving a retirement allowance under a plan that provides for continuation of all or part of the allowance after death for the lifetime of the retirant's surviving

spouse may, with the written consent of the spouse or pursuant to an order of the court with jurisdiction over the termination of the marriage, elect to cancel the portion of the plan and providing continuing lifetime benefits to that spouse. The retirant shall receive the member's actuarial equivalent of the retirant's single lifetime benefit equivalent as determined by the retirement board based on the number of remaining beneficiaries, with no change in amount payable to any remaining beneficiary. The election shall be made on a form provided by the board and shall be effective the month following its receipt by the board.

(E) Following a marriage or remarriage, a both of the following apply:

(1) A retirant who is receiving the retirant's retirement allowance under "plan B" may elect a new plan of payment under division (B)(1), (2)(3)(b), or (2)(3)(c) of this section based on the actuarial equivalent of the retirant's single lifetime benefit as determined by the board. The

(2) A retirant who is receiving a benefit pursuant to a plan of payment providing for payment to a former spouse pursuant to a court order described in division (B)(1)(b)(ii) of this section may elect a new plan of payment under "plan F" based on the actuarial equivalent of the retirant's single lifetime retirement allowance as determined by the board if the new plan of payment elected does not reduce the payment to the former spouse.

The plan shall become effective the first day of the month following receipt by the board of an application on a form approved by the board.

(F) Any person who, prior to July 24, 1990, selected an optional plan of payment at retirement that provided for a return to the single life benefit after the designated beneficiary's death shall have the retirant's benefit adjusted to the optional plan equivalent without such provision.

(G) A retirant's receipt of the first month's retirement allowance constitutes the retirant's final acceptance of the plan of payment and may be changed only as provided in this chapter.

Sec. 145.92. If a member participating in a PERS defined contribution plan is married at the time benefits under the plan are to commence, unless the spouse consents to another plan of payment or the spouse's consent is waived, the member's retirement allowance under the plan shall be paid in a lesser amount payable for life and one-half of the allowance continuing after death to the surviving spouse for the life of the spouse.

Consent is valid only if it is evidenced by a written document signed by the member and the signature is witnessed by a notary public. A plan may waive the requirement of consent if the spouse is incapacitated or cannot be located or for any other reason specified by the plan or in rules adopted by the public employees retirement board.

A plan shall waive the requirement of consent if a plan of payment that provides for payment in a specified portion of the retirement allowance continuing after the member's death to a former spouse is required by a court order issued under section 3105.171 or 3105.65 of the Revised Code or laws of another state regarding division of marital property prior to the effective date of the member's retirement. If a court order requires this plan of payment, the member shall be required to annuitize the member's accumulated amounts in accordance with the order. If the member is married, the plan of payment selected by the member also shall provide for payment to the member's current spouse, unless the current spouse consents in writing to not being designated a beneficiary under the plan of payment or the current spouse's consent is waived by reason other than the court order.

Consent or waiver is effective only with regard to the spouse who is the subject of the consent or waiver.

Sec. 742.3711. (A) On application for retirement as provided in section 742.37 of the Revised Code, a member of the fund may elect to receive a retirement allowance payable throughout the member's life, or may elect, on the application for retirement, to receive the actuarial equivalent of the member's retirement allowance in a lesser amount payable for life and continuing after death to a surviving designated beneficiary under one of the following optional plans, provided the amount payable to the beneficiary shall not exceed the amount payable to the retiring member of the fund, and is certified by the actuary engaged by the board of trustees of the Ohio police and fire pension fund to be the actuarial equivalent of the member's retirement allowance and is approved by the board.

(1) Option 1. The member's lesser retirement allowance shall be paid for life to the sole beneficiary designated at the time of the member's retirement.

(2) Option 2. One-half or some other portion of the member's lesser retirement allowance shall be paid for life to the sole beneficiary designated at the time of the member's retirement.

(3) Option 3. Upon the member's death before the expiration of a certain period from the retirement date and elected by the member and approved by the retirement board, the member's lesser retirement allowance shall be continued for the remainder of that period to the beneficiary the member has nominated by written designation and filed with the retirement board.

Should the nominated beneficiary designated in writing become deceased prior to the expiration of the guarantee period, then for the purpose of completing payment for the remainder of the guarantee period, the present value of such payments shall be paid to the estate of the beneficiary last receiving.

(4) Option 4. The member's lesser retirement allowance or a portion of the lesser retirement allowance shall be paid for life to two, three, or four surviving beneficiaries designated at the time of the member's retirement, in such portions as specified at retirement. If the member elects this plan as required by a court order issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding the division of marital property and compliance with the court order requires the allocation of a portion less than ten per cent to any beneficiary, the member shall allocate a portion less than ten per cent to that beneficiary in accordance with that order. In all other circumstances, no portion allocated under this plan of payment shall be less than ten per cent. The total of the portions allocated shall not exceed one hundred per cent of the member's lesser allowance.

(B)(1) The death of a spouse nominated as beneficiary or the death of any other nominated beneficiary following a member's retirement or election under section 742.44 of the Revised Code to participate in the deferred retirement option plan shall cancel ~~any~~ the portion of the optional plan of payment ~~to provide~~ providing continuing lifetime benefits to ~~such~~ the deceased nominated beneficiary and return the. ~~The member of the fund to~~ shall receive the actuarial equivalent of the member's single lifetime benefit ~~equivalent~~, as determined by the board, ~~to~~ based on the number of remaining beneficiaries, with no change in the amount payable to any remaining beneficiary. The change shall be effective the month following receipt by the board of notice of the death.

(2) On divorce, annulment, or marriage dissolution, a member receiving a retirement allowance under a plan that provides for continuation of all or part of the allowance after death for the lifetime of the member's surviving spouse may, with the written consent of the spouse or pursuant to an order of the court with jurisdiction over the termination of the marriage, elect to cancel the portion of the plan and providing continuing lifetime benefits to that spouse. The member shall receive the actuarial equivalent of the member's single lifetime benefit equivalent as determined by the board based on the number of remaining beneficiaries, with no change in amount payable to any remaining beneficiary. The election shall be made on a form provided by the board and shall be effective the month following its receipt by the board.

(C) Following marriage or remarriage, a both of the following apply:

(1) A member of the fund receiving a pension under section 742.37 or 742.39 of the Revised Code may elect not later than one year after the date of marriage or remarriage a new optional plan of payment based on the actuarial equivalent of the member's single lifetime benefit as determined by

the board. ~~The~~

(2) If a member is receiving a benefit pursuant to a plan of payment providing for payment to a former spouse pursuant to a court order described in division (D)(1)(c) of this section and the board has received a copy of the order described in that division, the member may elect a new plan of payment under "option 4" based on the actuarial equivalent of the retirant's single lifetime retirement allowance as determined by the board if the new plan of payment elected does not reduce the payment to the former spouse.

The plan and the member's lesser retirement allowance shall become effective on the date the election is made on a form approved by the board.

(D)(1) Unless one of the following occurs, an application for retirement by a married person shall be considered an election of a benefit under option 2 as provided for in division (A)(2) of this section under which one-half of the lesser retirement allowance payable during the life of the retirant will be paid after death to the retirant's spouse for life as sole beneficiary:

(a) The retirant selects an optional plan under division (A) of this section providing for payment after death to the retirant's spouse for life as sole beneficiary of more than one-half of the lesser retirement allowance payable during the life of the retirant;

(b) The retirant submits to the retirement board a written statement signed by the spouse attesting that the spouse consents to the retirant's election to receive a single lifetime retirement allowance or a payment under an optional benefit plan under which after the death of the retirant the surviving spouse will receive less than one-half of the lesser retirement allowance payable during the life of the retirant;

(c) A plan of payment providing for payment in a specified amount continuing after the retirant's death to a former spouse is required by a court order issued prior to the effective date of the retirant's retirement under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding division of marital property.

(d) If a retirant is subject to division (D)(1)(c) of this section and the board has received a copy of the order described in that division, the board shall accept the retirant's election of a plan of payment under this section only if the retirant complies with both of the following:

(i) The retirant elects a plan of payment that is in accordance with the order described in division (D)(1)(c) of this section.

(ii) If the retirant is married, the retirant elects "option 4" and designates the retirant's current spouse as a beneficiary under that plan unless that spouse consents in writing to not being designated a beneficiary under any

plan of payment or the board waives the requirement that the current spouse consent.

(2) An application for retirement shall include an explanation of all of the following:

(a) That, if the member is married, unless the spouse consents to another plan of payment or there is a court order dividing marital property issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding the division of marital property that provides for payment in a specified amount, the member's retirement allowance will be paid under "option 2" and consist of the actuarial equivalent of the member's retirement allowance in a lesser amount payable for life and one-half of the lesser allowance continuing after death to the surviving spouse for the life of the spouse;

(b) A description of the alternative plans of payment available with the consent of the spouse;

(c) That the spouse may consent to another plan of payment and the procedure for giving consent;

(d) That consent is irrevocable once notice of consent is filed with the board.

Consent shall be valid only if it is signed, in writing, and witnessed by an employee of the board or a notary public.

(3) If the retirant does not select an optional plan as described in division (D)(1)(a) of this section and the board does not receive the written statement provided for in division (D)(1)(b) of this section, it shall determine and pay the retirement allowance in accordance with division (A)(2) of this section, except that the board may provide by rule for waiver by the board of the statement and payment of the allowance other than in accordance with division (A)(2) of this section if the retirant is unable to obtain the statement due to absence or incapacity of the spouse or other cause specified by the board.

(E) A member of the fund who has elected an optional plan under this section or section 742.3715 of the Revised Code may, with the consent of the designated beneficiary, cancel the optional plan and receive the retirement allowance payable throughout life the member would have received had the member not elected the optional plan, if the member makes a request to cancel the optional plan not later than one year after the later of September 9, 1988, or the date on which the member first receives a payment under this section or section 742.3715 of the Revised Code. Cancellation of the optional plan shall be effective the month after acceptance of the request by the trustees of the fund. No payment or

adjustment shall be made in the retirement allowance payable throughout the member's life to compensate for the lesser allowance the member received under the optional plan.

The request to cancel the optional plan shall be made on a form provided by the fund and shall be valid only if the completed form includes a signed statement of the designated beneficiary's understanding of and consent to the cancellation. The signature shall be verified by the trustees of the fund prior to their acceptance of the cancellation.

(F) Any option elected and payments made under this section shall be in addition to any benefit payable under divisions (D), (E), and (F) of section 742.37 of the Revised Code.

(G) A person is eligible to receive a benefit increase under this division if the person is receiving a retirement allowance or benefit under an optional plan elected under this section or section 742.3715 of the Revised Code based on an award made prior to July 24, 1986. A person is not eligible to receive an increase under this division if the person is receiving a pension or benefit in accordance with rules in force on April 1, 1947, that govern the granting of pensions and benefits and that provide an increase in the original pension or benefit from time to time pursuant to changes in the salaries of active members.

The board shall annually increase all benefits payable under this section or section 742.3715 of the Revised Code to eligible persons by the actuarial equivalent of three hundred sixty dollars, except that no benefit shall exceed the limit established by section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 415, as amended.

The first increase is payable to all eligible persons on July 1, 1988. The increase is payable for the ensuing twelve-month period or until the next increase is granted under this section, whichever is later.

The date of the first increase payable under this section shall be the anniversary date for future increases.

If payment of a portion of a benefit is made to an alternate payee under section 742.462 of the Revised Code, increases under this division granted while the order is in effect shall be apportioned between the alternate payee and the benefit recipient in the same proportion that the amount being paid to the alternate payee bears to the amount paid to the benefit recipient.

If payment of a portion of a retirement allowance is made to one or more beneficiaries under "option 4" under division (A)(4) of section 742.3711 of the Revised Code, each increase under this division granted while the plan of payment is in effect shall be divided among the designated beneficiaries in accordance with the portion each beneficiary has been

allocated.

Sec. 742.3716. (A)(1) As used in this section:

(a) "Eligible person" means a person who meets all of the following conditions:

(i) Has been receiving a pension or benefit under this chapter for one year or more based on an award made on or after July 24, 1986;

(ii) Has not made the election provided for in division (B) of this section;

(iii) Is not the spouse or survivor of a person who has made the election provided for in division (B) of this section;

(iv) Is receiving a benefit in accordance with division (A), (B), or (C) of section 742.37, division (C)(2), (3), (4), or (5) of former section 742.37, section 742.3711, or section 742.39 of the Revised Code.

(b) "Recalculated average annual salary" means the highest average annual compensation of a member of the Ohio police and fire pension fund during any three years of contributions, including amounts included in terminal pay attributable to such three years, determined by dividing the member's total earnings as an employee during such years by three.

(2) In the case of a member participating in the deferred retirement option plan established under section 742.43 of the Revised Code or a member described in division (B) of section 742.444 of the Revised Code, the period of one year or more described in division (A)(1)(a)(i) of this section begins on the effective date of the member's election under section 742.44 of the Revised Code.

(B)(1) Notwithstanding section 742.37 or 742.39 of the Revised Code, a member of the fund who is not receiving a pension or benefit under this chapter and who on January 1, 1989, has completed fifteen or more years of active service in a police or fire department may elect to have any future benefit or pension paid to the member or the member's spouse or survivors under this chapter calculated on the basis of the member's recalculated average annual salary rather than the member's average annual salary. The election shall be made by the member prior to or at the time of making an election under section 742.3711 of the Revised Code. This division does not apply to a member of the fund who elected to participate in the deferred retirement option plan established under section 742.43 of the Revised Code unless the member's participation has terminated pursuant to division (C) of section 742.444 or to section 742.445 of the Revised Code.

(2) If the member eligible to make the election under division (B)(1) of this section dies prior to making the election and at the time of death is eligible to retire and receive a pension or benefit under division (C)(1) or (3)

of section 742.37 of the Revised Code, the person entitled to receive a benefit under section 742.3714 of the Revised Code may make the election provided for in division (B)(1) of this section.

(3) The election under division (B)(1) or (2) of this section shall be made on forms provided by the trustees of the fund. Once received by the fund, the election shall be irrevocable and shall bind the member and any other person who receives a pension or benefit based on the member's service. No person who receives a pension or benefit calculated in accordance with division (B) of this section is eligible to receive a cost-of-living allowance under this section. If the person making the election receives a benefit under section 742.3714 of the Revised Code, that person is not eligible to receive a cost-of-living allowance under section 742.3711 of the Revised Code.

(C)(1) The board of trustees of the Ohio police and fire pension fund shall annually increase all benefits payable to eligible persons by three per cent, except that no benefit shall exceed the limit established by section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 415, as amended.

The first increase is payable to all eligible persons who on July 1, 1988, have been receiving a pension or benefit for twelve months or longer. The increase is payable for the ensuing twelve-month period or until the next increase is granted under this section, whichever is later.

The date of the first increase paid under this section shall be the anniversary date for future increases. The pension or benefit used in the first calculation of an increase under this section shall remain as the base for all future increases paid under this section, unless a new base is established by law. In the case of a member who has elected to participate in the deferred retirement option plan established under section 742.43 of the Revised Code or a member described in division (B) of section 742.444 of the Revised Code, the pension amount used in the first calculation of an increase under this section shall be the amount calculated under section 742.442 of the Revised Code unless the member's participation has terminated pursuant to division (C) of section 742.444 or to section 742.445 of the Revised Code.

(2) Increases paid in years subsequent to the year of the first increase paid under this section shall be paid to all eligible persons who, on the date that the increase is authorized by the board, have been receiving a pension or benefit for twelve months.

(E) If payment of a portion of a benefit is made to an alternate payee under section 742.462 of the Revised Code, increases under this section granted while the order is in effect shall be apportioned between the

alternate payee and the benefit recipient in the same proportion that the amount being paid to the alternate payee bears to the amount paid to the benefit recipient.

If payment of a portion of a retirement allowance is made to one or more beneficiaries under "option 4" under division (A)(4) of section 742.3711 of the Revised Code, each increase under this section granted while the plan of payment is in effect shall be divided among the designated beneficiaries in accordance with the portion each beneficiary has been allocated.

Sec. 742.3717. (A)(1) Except as provided in division (A)(2) of this section, as used in this section, "eligible person" means a person who meets both of the following conditions:

(a) The person is receiving an annual pension or benefit under division (A), (B), or (C) of section 742.37 or division (C)(2), (3), (4), or (5) of former section 742.37 of the Revised Code based on an award made prior to July 24, 1986.

(b) The person has not elected under section 742.3711 of the Revised Code to receive a retirement allowance under an optional benefit plan.

(2) A person is not an eligible person if the person is receiving a pension or benefit in accordance with rules in force on April 1, 1947, that govern the granting of pensions and benefits and that provide an increase in the original pension or benefit from time to time pursuant to changes in the salaries of active members.

(B)(1) The board of trustees of the Ohio police and fire pension fund shall annually increase all benefits payable to eligible persons by three hundred sixty dollars, except that no benefit shall exceed the limit established by section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 415, as amended.

(2) The first increase is payable to all eligible persons on July 1, 1988. The increase is payable for the ensuing twelve-month period or until the next increase is granted under this section, whichever is later.

The date of the first increase payable under this section shall be the anniversary date for future increases.

(3) If payment of a portion of a benefit is made to an alternate payee under section 742.462 of the Revised Code, increases under this section granted while the order is in effect shall be apportioned between the alternate payee and the eligible person in the same proportion that the amount being paid to the alternate payee bears to the amount paid to the eligible person.

If payment of a portion of a retirement allowance is made to one or

more beneficiaries under "option 4" under division (A)(4) of section 742.3711 of the Revised Code, each increase under this section granted while the plan of payment is in effect shall be divided among the designated beneficiaries in accordance with the portion each beneficiary has been allocated.

Sec. 3105.80. As used in this section and sections 3105.81 to 3105.90 of the Revised Code:

(A) "Alternate payee" means a party in an action for divorce, legal separation, annulment, or dissolution of marriage who is to receive one or more payments from a benefit or lump sum payment under an order issued under section 3105.171 or 3105.65 of the Revised Code that is in compliance with sections 3105.81 to 3105.90 of the Revised Code.

(B) "Benefit" means a periodic payment under a pension, annuity, allowance, or other type of benefit, other than a survivor benefit, that has been or may be granted to a participant under sections 742.01 to 742.61 or Chapter 145., 3307., 3309., or 5505. of the Revised Code or any payment that is to be made under a contract a participant has entered into for the purposes of an alternative retirement plan. "Benefit" also includes all amounts received or to be received under a plan of payment elected under division (B)(3)(4) of section 145.46, division (B) of section 3307.60, or division (B)(3)(4) of section 3309.46 of the Revised Code.

(C) "Lump sum payment" means a payment of accumulated contributions standing to a participant's credit under sections 742.01 to 742.61 or Chapter 145., 3307., 3309., or 5505. of the Revised Code or pursuant to a contract a participant has entered into for the purposes of an alternative retirement plan and any other payment made or that may be made to a participant under those sections or chapters on withdrawal of a participant's contributions. "Lump sum payment" includes a lump sum payment under section 145.384, 742.26, 3307.352, or 3309.344 of the Revised Code.

(D) "Participant" means a member, contributor, retirant, or disability benefit recipient who is or will be entitled to a benefit or lump sum payment under sections 742.01 to 742.61 or Chapter 145., 3307., 3309., or 5505. of the Revised Code or an employee who elects to participate in an alternative retirement plan under Chapter 3305. of the Revised Code.

(E) "Personal history record" has the same meaning as in sections 145.27, 742.41, 3305.20, 3307.20, 3309.22, and 5505.04 of the Revised Code.

(F) "Public retirement program" means the public employees retirement system, Ohio police and fire pension fund, school employees retirement

system, state teachers retirement system, state highway patrol retirement system, or an entity providing an alternative retirement plan under Chapter 3305. of the Revised Code.

Sec. 3105.82. An order described in section 3105.81 of the Revised Code shall meet all of the following requirements:

(A) Be on the form created under section 3105.90 of the Revised Code;

(B) Set forth the name and address of the public retirement program subject to the order or, if the court determines that the participant has contributions on deposit with more than one public retirement program, the name and address of each public retirement program that is potentially subject to the order;

(C) Set forth the names, social security numbers, and current addresses of the participant and alternate payee;

(D) Specify the amount to be paid to the alternate payee as one of the following:

(1) As both a monthly dollar amount should the participant elect a benefit and as a one-time payment should the participant elect a lump sum payment;

(2) As a percentage of a fraction determined as follows of a monthly benefit or lump sum payment:

(a) The numerator of the fraction shall be the number of years during which the participant was both a contributing member of a public retirement program and married to the alternate payee.

(b) The denominator, which shall be determined by the public retirement program at the time the participant elects to take the benefit or payment, shall be the participant's total years of service credit or, in the case of a participant in a retirement plan established under section 145.81, 3307.81, or 3309.81 or Chapter 3305. of the Revised Code, years of participation in the plan.

(E) If the participant is eligible for more than one benefit or lump sum payment, specify in accordance with division (D) of this section the amount, if any, to be paid to the alternate payee from each benefit or lump sum payment.

(F) Require an individual who is a participant or alternate payee to notify the public retirement program in writing of a change in the individual's mailing address;

(G) Notify the alternate payee of the following:

(1) The payee's right to payment under the order is conditional on the participant's right to a benefit payment or lump sum payment;

(2) The possible reduction under section 145.571, 742.462, 3307.371,

3309.671, or 5505.261 of the Revised Code of the amount paid to the alternate payee;

(3) The possible termination of the payee's rights as described in section 3105.86 of the Revised Code.

(H) Apply to payments made by the public retirement program after retention of an order under section 145.571, 742.462, 3305.21, 3307.371, 3309.671, or 5505.261 of the Revised Code.

Sec. 3307.60. (A) Upon application for retirement as provided in section 3307.58 or 3307.59 of the Revised Code, the retirant may elect a plan of payment under this division or, on and after the date specified in division (B) of this section, a plan of payment under that division. Under this division, the retirant may elect to receive a single lifetime benefit, or may elect to receive the actuarial equivalent of the retirant's benefit in a lesser amount, payable for life, and continuing after death to a beneficiary under one of the following optional plans:

(1) Option 1. The retirant's lesser benefit shall be paid for life to the sole beneficiary named at retirement.

(2) Option 2. Some other portion of the retirant's benefit shall be paid for life to the sole beneficiary named at retirement. The beneficiary's monthly amount shall not exceed the monthly amount payable to the retirant during the retirant's lifetime.

(3) Option 3. The retirant's lesser benefit established as provided under option 1 or option 2 shall be paid for life to the sole beneficiary named at retirement, except that in the event of the death of the sole beneficiary or termination of a marital relationship between the retirant and the sole beneficiary the retirant may elect to return to a single lifetime benefit equivalent as determined by the state teachers retirement board, if, in the case of termination of a marital relationship, the election is made with the written consent of the beneficiary or pursuant to an order of the court with jurisdiction over termination of the marital relationship.

(4) Option 4. The retirant's lesser benefit or a portion of the retirant's lesser benefit shall be paid for life to two, three, or four surviving beneficiaries named at retirement. The portion of the allowance that continues after the member's death shall be allocated among the beneficiaries at the time of the member's retirement. If the retirant elects this plan as required by a court order issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding the division of marital property and compliance with the court order requires the allocation of a portion less than ten per cent to any person, the retirant shall allocate a portion less than ten per cent to that beneficiary in accordance with that

order. In all other circumstances, no portion allocated under this plan of payment shall be less than ten per cent. The total of the portions allocated shall not exceed one hundred per cent of the retirant's lesser allowance.

(5) Option 5. Upon the retirant's death before the expiration of a certain period from the retirement date and elected by the retirant, and approved by the board, the retirant's benefit shall be continued for the remainder of such period to the beneficiary. Monthly benefits shall not be paid to joint beneficiaries, but they may receive the present value of any remaining payments in a lump sum settlement. If all beneficiaries die before the expiration of the certain period, the present value of all payments yet remaining in such period shall be paid to the estate of the beneficiary last receiving.

~~(5)(6)~~ Option 56. A plan of payment established by the state teachers retirement board combining any of the features of options 1, 2, and 45.

(B) Beginning on a date selected by the state teachers retirement board, which shall be not later than July 1, 2004, a retirant may elect, in lieu of a plan of payment under division (A) of this section, a plan consisting of both of the following:

(1) A lump sum in an amount the member designates that constitutes a portion of the member's single lifetime benefit;

(2) Either of the following:

(a) The remainder of the retirant's single lifetime benefit;

(b) The actuarial equivalent of the remainder of the retirant's benefit in a lesser amount, payable for life, and continuing after death to a beneficiary under one of the options described in divisions (A)(1) to ~~(5)(6)~~ of this section.

In the event of the death of ~~the sole~~ a beneficiary or termination of a marital relationship between the retirant and ~~the sole~~ a beneficiary, the retirant may elect to cancel the portion of the plan of payment providing continuing lifetime benefits to that beneficiary. The retirant shall receive the actuarial equivalent of the remainder of the retirant's single lifetime benefit except that, in based on the number of remaining beneficiaries, with no change in the amount payable to any remaining beneficiary. In the case of termination of a marital relationship, the election may be made only with the written consent of the beneficiary or pursuant to an order of the court with jurisdiction over termination of the marital relationship.

The amount designated by the member under division (B)(1) of this section shall be not less than six times and not more than thirty-six times the monthly amount that would be payable to the member as a single lifetime benefit and shall not result in a monthly allowance that is less than fifty per

cent of that amount.

(C) Until the first payment is made to a former member under section 3307.58 or 3307.59 of the Revised Code, the former member may change the selection of a plan of payment.

(D)(1) If a deceased member was eligible for but had not yet been awarded a service retirement benefit under section 3307.58 or 3307.59 of the Revised Code at the time of death, option 1 as provided for in division (A)(1) of this section shall be paid to the spouse or other sole dependent beneficiary.

(2) Beginning on a date selected by the board, which shall be not later than July 1, 2004, the spouse or sole beneficiary may elect, in lieu of option 1, a plan of payment consisting of both of the following:

(a) A lump sum in an amount the spouse or other sole dependent beneficiary designates that constitutes a portion of the retirant's single life annuity;

(b) The actuarial equivalent of the remainder of the retirant's single life annuity paid in a lesser amount for life to the spouse or other sole dependent beneficiary.

The amount designated by the spouse or other sole dependent beneficiary under division (D)(2)(a) of this section shall be not less than six times and not more than thirty-six times the monthly amount that would be payable as the retirant's single life annuity and shall not result in a monthly allowance that is less than fifty per cent of that monthly amount.

(E) If the total benefit paid under this section is less than the balance in the teachers' savings fund, the difference shall be paid to the beneficiary provided under division (D) of section 3307.562 of the Revised Code.

(F) In the case of a retirant who elected an optional plan prior to September 15, 1989:

(1) The death of the spouse or other designated beneficiary following retirement shall, at the election of the retirant, cancel any optional plan selected at retirement to provide continuing lifetime benefits to the spouse or other beneficiary and return the retirant to a single lifetime benefit equivalent as determined by the board.

(2) A divorce, annulment, or marriage dissolution shall, at the election of the retirant, cancel any optional plan selected at retirement to provide continuing lifetime benefits to the spouse as designated beneficiary and return the retirant to a single lifetime benefit equivalent as determined by the board if the election is made with the written consent of the beneficiary or pursuant to an order of a court of common pleas or the court of another state with jurisdiction over the termination of the marriage.

(G) Following marriage or remarriage, a both of the following apply:

(1) A retirant may elect a new optional plan of payment based on the actuarial equivalent of the retirant's single lifetime benefit, as determined by the board, except that if the retirant is receiving a retirement allowance under an optional plan that provides for continuation of benefits after death to a former spouse, the retirant may elect a new optional plan of payment only with the written consent of the former spouse or pursuant to an order of the court with jurisdiction over the termination of the marriage. ~~Such~~

(2) A retirant who is receiving a benefit pursuant to a plan of payment providing for payment to a former spouse pursuant to a court order described in division (H)(1)(b) of this section may elect a new plan of payment under "option 4" based on the actuarial equivalent of the retirant's single lifetime retirement allowance as determined by the board if the new plan of payment elected does not reduce the payment to the former spouse.

The plan shall become effective the first of the month following an application on a form approved by the board.

(H)(1) ~~Unless one of the following occurs~~ Except as otherwise provided in this division and division (H)(2) of this section, an application for service retirement made pursuant to section 3307.58 or 3307.59 of the Revised Code by a married person shall be considered an election of a benefit under option 2 as provided for in division (A)(2) of this section under which one-half of the lesser benefit payable during the life of the retirant will be paid after death to the retirant's spouse for life as sole beneficiary. The exceptions are as follows:

(a) The retirant selects an optional plan under division (A) of this section providing for payment after death to the retirant's spouse for life as sole beneficiary of more than one-half of the lesser benefit payable during the life of the retirant.

(b) A plan of payment providing for payment in a specified amount continuing after the retirant's death to a former spouse is required by a court order issued prior to the effective date of retirement under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding division of marital property.

(c) The retirant submits to the retirement board a written statement signed by the spouse attesting that the spouse consents to the retirant's election to receive a single lifetime annuity or a payment under an optional benefit plan under which after the death of the retirant the surviving spouse will receive less than one-half of the lesser benefit payable during the life of the retirant.

(2) If a retirant is subject to division (H)(1)(b) of this section and the

board has received a copy of the order described in that division, the board shall accept the retirant's election of a plan of payment under this section only if the retirant complies with both of the following:

(i) The retirant elects a plan of payment that is in accordance with the order described in division (H)(1)(b) of this section.

(ii) If the retirant is married, the retirant elects "option 4" and designates the retirant's current spouse as a beneficiary under that plan unless that spouse consents in writing to not being designated a beneficiary under any plan of payment or the board waives the requirement that the current spouse consent.

(3) An application for retirement shall include an explanation of all of the following:

(a) That, if the member is married, unless the spouse consents to another plan of payment or there is a court order dividing marital property issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding the division of marital property that provides for payment in a specified amount, the member's retirement allowance will be paid under "option 2" as provided for in division (A)(2) of this section and consist of the actuarial equivalent of the member's retirement allowance in a lesser amount payable for life and one-half of the lesser allowance continuing after death to the surviving spouse for the life of the spouse;

(b) A description of the alternative plans of payment available with the consent of the spouse;

(c) That the spouse may consent to another plan of payment and the procedure for giving consent;

(d) That consent is irrevocable once notice of consent is filed with the board.

Consent shall be valid only if it is signed, in writing, and witnessed by a notary public.

~~(3)~~(4) If the retirant does not select an optional plan of payment as described in division (H)(1)(a) of this section, no court has ordered a plan of payment described in division (H)(1)(b) of this section, and the board does not receive the written statement provided for in division (H)(1)~~(b)~~(c) of this section, ~~it~~ the board shall determine and pay the retirement allowance in accordance with this division, except that the board may provide by rule for waiver by the board of the statement and payment of the benefits other than in accordance with this division or payment under section 3307.56 of the Revised Code if the retirant is unable to obtain the statement due to absence or incapacity of the spouse or other cause specified by the board.

(I) For the purpose of determining actuarial equivalence under this

section, on the advice of an actuary employed by the board, the board shall adopt mortality tables that may take into consideration the membership experience of the state teachers retirement system and may also include the membership experience of the public employees retirement system and the school employees retirement system.

Sec. 3307.67. (A) The state teachers retirement board shall annually increase each allowance or benefit payable under sections 3307.50 to 3307.79 of the Revised Code by three per cent, except that no allowance or benefit shall exceed the limit established by section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 415, as amended.

The first increase is payable to all persons becoming eligible after June 30, 1971, upon such persons receiving an allowance or benefit for twelve months. The increased amount is payable for the ensuing twelve-month period or until the next increase is granted under this section, whichever is later. Subsequent increases shall be determined from the date of the first increase paid to the former member in the case of an allowance being paid a beneficiary under an option, or from the date of the first increase to the survivor first receiving an allowance or benefit in the case of an allowance or benefit being paid to the subsequent survivors of the former member.

The date of the first increase under this section becomes the anniversary date for any future increases.

The allowance or benefit used in the first calculation of an increase under this section shall remain as the base for all future increases, unless a new base is established.

(B) If payment of a portion of a benefit is made to an alternate payee under section 3307.371 of the Revised Code, increases under this section granted while the order is in effect shall be apportioned between the alternate payee and the benefit recipient in the same proportion that the amount being paid to the alternate payee bears to the amount paid to the benefit recipient.

If payment of a portion of a benefit is made to one or more beneficiaries under "option 4" under division (A)(4) of section 3307.60 of the Revised Code, each increase under this section granted while the plan of payment is in effect shall be divided among the designated beneficiaries in accordance with the portion each beneficiary has been allocated.

(C) The board shall make all rules necessary to carry out this section.

Sec. 3307.87. (A)(1) If a member participating in a plan established under section 3307.81 of the Revised Code is married at the time any benefits under the plan commence, benefits shall be paid in accordance with division (A)(2) of this section, unless the spouse has consented under

division (C) of this section to a different form of payment or the spouse's consent is waived under that division.

(2) The benefits described in division (A)(1) of this section shall be paid in the form of an annuity, which shall consist of the actuarial equivalent of the member's benefits, in an amount that is payable for the life of the member and one-half of the amount continuing after the member's death to the spouse for the life of the spouse.

(B) If a member participating in a plan established under section 3307.81 of the Revised Code is married at the time of the member's death, any benefits that are payable to the member shall be paid to the member's spouse, unless the spouse has consented under division (C) of this section to the designation of a different beneficiary or the spouse's consent is waived under that division.

(C) Consent is valid only if it is evidenced by a signed statement that is witnessed by a notary public. Each plan may waive the requirement of consent if the spouse is incapacitated or cannot be located or for any other reason specified by the plan or in rules adopted by the state teachers retirement board. A plan shall waive the requirement of consent if a plan of payment that provides for payment in a specified amount continuing after the member's death to a former spouse is required by a court order issued prior to the effective date of the member's retirement under section 3105.171 or 3105.65 of the Revised Code or laws of another state regarding division of marital property.

Consent or waiver is effective only with regard to the spouse who is the subject of the consent or waiver.

Sec. 3309.374. (A) The school employees retirement board shall annually increase each allowance, pension, or benefit payable under this chapter by three per cent, except that no allowance, pension, or benefit shall exceed the limit established by section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 415, as amended.

The first increase is payable to all persons becoming eligible after June 30, 1971, upon such persons receiving an allowance, pension, or benefit for twelve months.

The increased amount is payable for the ensuing twelve-month period or until the next increase is granted under this section, whichever is later. Subsequent increases shall be determined from the date of the first increase paid to the former member in the case of an allowance being paid a beneficiary under an option, or from the date of the first increase to the survivor first receiving an allowance or benefit in the case of an allowance or benefit being paid to the subsequent survivors of the former member.

The date of the first increase under this section becomes the anniversary date for any future increases.

The allowance or benefit used in the first calculation of an increase under this section shall remain as the base for all future increases, unless a new base is established. Any increase resulting from payment of a recalculated benefit under Section 3 of Substitute Senate Bill No. 270 of the 123rd general assembly shall be included in the calculation of future increases under this section.

(B) If payment of a portion of a benefit is made to an alternate payee under section 3309.671 of the Revised Code, increases under this section granted while the order is in effect shall be apportioned between the alternate payee and the retirant or disability benefit recipient in the same proportion that the amount being paid to the alternate payee bears to the amount paid to the retirant or disability benefit recipient.

If payment of a portion of a benefit is made to one or more beneficiaries under "plan F" under division (B)(3)(e) of section 3309.46 of the Revised Code, each increase under this section granted while the plan of payment is in effect shall be divided among the designated beneficiaries in accordance with the portion each beneficiary has been allocated.

(C) The board shall make all rules necessary to carry out this section.

Sec. 3309.46. (A) The retirement allowance calculated under section 3309.36, 3309.38, or 3309.381 of the Revised Code shall be paid as provided in this section. If the member is eligible to elect a plan of payment under this section, the election shall be made on the application for retirement. A plan of payment elected under this section shall be effective only if it is certified by the actuary engaged by the school employees retirement board to be the actuarial equivalent of the member's retirement allowance and is approved by the retirement board.

~~(B)(1) Unless the member is eligible to elect another plan of payment~~
(a) Except as provided in divisions (B)(1)(b) and (c) of this section, a member who retires under section 3309.36, 3309.38, or 3309.381 of the Revised Code shall receive a retirement allowance under "plan A," which shall consist of the actuarial equivalent of the member's retirement allowance determined under section 3309.36, 3309.38, or 3309.381 of the Revised Code in a lesser amount payable for life and one-half of such allowance continuing after death to the member's surviving spouse for the life of the spouse.

(b) A member may elect to receive a retirement allowance under a plan of payment other than "plan A" if the either of the following is the case:

(i) The member is not married or either the member's spouse consents in

writing to the member's election to a plan of payment other than "plan A" or the board waives the requirement that the spouse consent;

(ii) A plan of payment providing for payment in a specified amount continuing after the member's death to a former spouse is required by a court order issued prior to the effective date of the member's retirement under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding division of marital property.

(c) If a member is subject to division (B)(1)(b)(ii) of this section and the board has received a copy of the order described in that division, the board shall accept the member's election of a plan of payment under this section only if the member complies with both of the following:

(i) The member elects a plan of payment that is in accordance with the order described in division (B)(1)(b)(ii) of this section.

(ii) If the member is married, the member elects "plan F" and designates the member's current spouse as a beneficiary under that plan unless that spouse consents in writing to not being designated a beneficiary under any plan of payment or the board waives the requirement that the current spouse consent.

(2) An application for retirement shall include an explanation of all of the following:

(a) That, if the member is married, unless the spouse consents to another plan of payment or there is a court order dividing marital property issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding the division of marital property that provides for payment in a specified amount, the member's retirement allowance will be paid under "plan A," which consists of the actuarial equivalent of the member's retirement allowance in a lesser amount payable for life and one-half of the allowance continuing after death to the surviving spouse for the life of the spouse;

(b) A description of the alternative plans of payment, including all plans described in divisions (B)(2)(3) and (3)(4) of this section, available with the consent of the spouse;

(c) That the spouse may consent to another plan of payment and the procedure for giving consent;

(d) That consent is irrevocable once notice of consent is filed with the board.

Consent shall be valid only if it is in writing, signed by the spouse, and witnessed by an employee of the school employees retirement system or a notary public. The board may waive the requirement of consent if the spouse is incapacitated or cannot be located or for any other reason specified by the

board. Consent or waiver is effective only with regard to the spouse who is the subject of the consent or waiver.

~~(2)~~(3) A member eligible to elect to receive a retirement allowance under a plan of payment other than "plan A" shall receive the retirement allowance under the plan described in division (B)~~(3)~~(4) of this section or one of the following plans:

(a) "Plan B," which shall consist of an allowance determined under section 3309.36, 3309.38, or 3309.381 of the Revised Code;

(b) "Plan C," which shall consist of the actuarial equivalent of the member's retirement allowance determined under section 3309.36, 3309.38, or 3309.381 of the Revised Code in a lesser amount payable for life and one-half or some other portion of the allowance continuing after death to the member's sole surviving beneficiary designated at the time of the member's retirement, provided that the amount payable to the beneficiary does not exceed the amount payable to the member;

(c) "Plan D," which shall consist of the actuarial equivalent of the member's retirement allowance determined under section 3309.36, 3309.38, or 3309.381 of the Revised Code in a lesser amount payable for life and continuing after death to a surviving designated beneficiary designated at the time of the member's retirement;

(d) "Plan E," which shall consist of the actuarial equivalent of the member's retirement allowance determined under section 3309.36, 3309.38, or 3309.381 of the Revised Code in a lesser amount payable for a certain period from the member's retirement date as elected by the member and approved by the retirement board, and on the member's death before the expiration of that certain period, the member's lesser retirement allowance continued for the remainder of that period to, and in such order, the beneficiaries as the member has nominated by written designation and filed with the retirement board.

Monthly benefits shall not be paid to joint beneficiaries, but they may receive the present value of any remaining payments in a lump sum settlement. If all beneficiaries die before the expiration of the certain period, the present value of all such payments yet remaining in such period shall be paid to the estate of the beneficiary last receiving.

(e) "Plan F," which shall consist of the actuarial equivalent of the member's retirement allowance determined under section 3309.36, 3309.38, or 3309.381 of the Revised Code in a lesser amount payable to the member for life and some portion of the lesser amount continuing after death to two, three, or four surviving beneficiaries designated at the time of the member's retirement. The portion of the lesser amount that continues after the

member's death shall be allocated among the beneficiaries at the time of the member's retirement. If the member elects this plan as required by a court order issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding the division of marital property and compliance with the court order requires the allocation of a portion less than ten per cent to any person, the member shall allocate a portion less than ten per cent to that beneficiary in accordance with that order. In all other circumstances, no portion allocated under this plan of payment shall be less than ten per cent. The total of the portions allocated shall not exceed one hundred per cent of the member's lesser allowance.

~~(3)~~(4)(a) Beginning on a date selected by the board, which shall be not later than July 1, 2004, a member may elect, in lieu of a plan of payment under division (B)(1) or ~~(2)~~(3) of this section, a plan consisting of both a lump sum in an amount the member designates that constitutes a portion of the retirement allowance payable under a plan described in division (B)(1) or ~~(2)~~(3) of this section and the remainder of the allowance payable under that plan in monthly payments.

The total amount paid as a lump sum and a monthly benefit shall be the actuarial equivalent of the amount that would have been paid had the lump sum not been selected.

(b) The lump sum amount designated by the member shall be not less than six times and not more than thirty-six times the monthly amount that would be payable to the member under the plan of payment elected under this section had the lump sum not been elected and shall not result in a monthly benefit that is less than fifty per cent of that amount.

~~(4)~~(5) An election under division (B)~~(2)~~(3) or ~~(3)~~(4) of this section shall be made at the time the member makes application for retirement.

~~(5)~~(6) A member eligible to elect to receive a retirement allowance under a plan of payment other than "plan A" because the member is unmarried who fails to make an election on retirement shall receive a retirement allowance under "plan B."

(C) Until the first payment of any retirement allowance is made, as provided in sections 3309.36, 3309.38, or 3309.381 of the Revised Code, a member may change the member's election of a payment plan if the election is made in accordance with and is consistent with division (B) of this section.

(D) If the retirement allowances due and paid under the above provisions of this section are in a total amount less than (1) the accumulated contributions, (2) the deposits for additional credit as provided by section 3309.31 of the Revised Code, (3) the deposits for additional annuities as

provided by section 3309.47 of the Revised Code, (4) the deposits for repurchase of service credit as provided by section 3309.26 of the Revised Code, (5) the accumulated contributions provided by section 3309.65 of the Revised Code, (6) the deposits for purchase of military service credit provided by section 3309.021 or 3309.022 of the Revised Code, and (7) the deposits for the purchase of service credit provided by section 3309.73 of the Revised Code, standing to the credit of the member at the time of retirement, then the difference between the total amount of the allowances paid and the accumulated contributions and other deposits shall be paid to the beneficiary provided under division (D) of section 3309.44 of the Revised Code.

(E)(1) The death of a spouse or any other designated beneficiary following the member's retirement shall cancel ~~any the portion of the plan of payment to provide~~ providing continuing lifetime benefits to the deceased spouse or deceased designated beneficiary and the. The retirant shall receive the actuarial equivalent of the retirant's single lifetime retirement allowance equivalent as determined by the board based on the number of remaining beneficiaries, with no change in the amount payable to any remaining beneficiary.

(2) On divorce, annulment, or marriage dissolution, a retirant receiving a retirement allowance under a plan of payment that provides for continuation of all or part of the allowance after death for the lifetime of the ~~member's~~ retirant's surviving spouse may elect to cancel the portion of the plan and providing continuing lifetime benefits to that spouse. The retirant shall receive the member's actuarial equivalent of the retirant's single lifetime retirement allowance equivalent as determined by the retirement board, ~~except that in~~ based on the number of remaining beneficiaries, with no change in the amount payable to any remaining beneficiary. In the case of a member who retires on or after July 24, 1990, the election may be made only with the written consent of the spouse or pursuant to an order of the court with jurisdiction over the termination of the marriage. The election shall be made on a form provided by the board and shall be effective the month following its receipt by the board.

(3) Following marriage or remarriage, a both of the following apply:

(a) A retirant who is receiving a benefit pursuant to "plan B" may elect a new plan of payment under division (B)(1), ~~(2)(3)(b)~~, or ~~(2)(3)(c)~~ of this section based on the actuarial equivalent of the ~~member's~~ retirant's single lifetime retirement allowance as determined by the board. ~~The~~

(b) A retirant who is receiving a benefit pursuant to a plan of payment providing for payment to a former spouse pursuant to a court order

described in division (B)(1)(b)(ii) of this section may elect a new plan of payment under division (B)(3)(e) of this section based on the actuarial equivalent of the retirant's single lifetime retirement allowance as determined by the board if the new plan of payment elected does not reduce the payment to the former spouse.

The plan shall become effective the first day of the month following receipt by the board of an application on a form approved by the board.

Sec. 3309.92. If a member participating in a plan established under section 3309.81 of the Revised Code is married at the time benefits under the plan are to commence, before making any payment the school employees retirement system, or the entity administering the plan pursuant to a contract with the school employees retirement board, shall obtain the consent of the member's spouse to the form of payment selected by the member, unless the spouse's consent is waived under this section.

A plan established under section 3309.81 of the Revised Code shall include requirements for consent under this section that are the same as the requirements specified in section 417(a)(2) of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 417(a)(2), as amended. A plan may waive consent if the spouse cannot be located or for any other reason specified in the regulations adopted under that section.

A plan shall waive the requirement of consent if a plan of payment that provides for payment in a specified portion of the retirement allowance continuing after the member's death to a former spouse is required by a court order issued under section 3105.171 or 3105.65 of the Revised Code or laws of another state regarding division of marital property prior to the effective date of the member's retirement. If a court order requires this plan of payment, the member shall be required to annuitize the member's accumulated amounts in accordance with the order. If the member is married, the plan of payment selected by the member also shall provide for payment to the member's current spouse, unless the current spouse consents in writing to not being designated a beneficiary under the plan of payment or the current spouse's consent is waived by reason other than the court order.

Consent or waiver is effective only with regard to the spouse who is the subject of the consent or waiver.

Sec. 5505.162. (A) On application for retirement as provided in section 5505.16 of the Revised Code, a member of the state highway patrol retirement system may elect, on a form provided by the state highway patrol retirement board, to receive the pension that the member is eligible to receive on retirement under that section in one of the following forms:

- (1) A single lifetime pension;

(2) The actuarial equivalent of the single lifetime pension that the member may elect under division (A)(1) of this section in a lesser annual amount payable for the member's life and continuing after the member's death to a surviving designated beneficiary under one of the following optional plans, provided the annual amount payable to the designated beneficiary shall not exceed the annual amount payable to such retiring member, the amount is certified by the actuary employed by the system to be the actuarial equivalent of the member's pension, and the amount is approved by the board:

(a) Option 1. The member's lesser pension shall be paid for life to the member's sole beneficiary designated at the time of retirement.

(b) Option 2. One-half or some other portion of the member's lesser pension shall be paid for life to the member's sole beneficiary designated at the time of retirement.

(c) Option 3. Upon death before the expiration of a certain period from the member's retirement date as elected by the member and approved by the board, the member's lesser pension shall be continued for the remainder of such period to the beneficiaries, and in such order, as designated by the member in writing and filed with the board. No monthly payments shall be paid to joint beneficiaries, but they may jointly receive the present value of any remaining payments in a lump sum settlement. If all designated beneficiaries die before the expiration of such period, the present value of all the payments yet remaining in the period shall be paid to the estate of the beneficiary last receiving such payments.

(d) Option 4. The member's lesser pension or portion of the lesser pension shall be paid for life to two, three, or four surviving beneficiaries designated at the time of the member's retirement, in such portions as specified at retirement. If the member elects this plan as required by a court order issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding the division of marital property and compliance with the court order requires the allocation of a portion less than ten per cent to any person, the member shall allocate a portion less than ten per cent to that person in accordance with that order. In all other circumstances, no portion allocated under this plan of payment shall be less than ten per cent. The total of the portions allocated shall not exceed one hundred per cent of the member's lesser pension.

(3) If the member has attained age fifty-one with at least twenty-five years' total service or fifty-two with at least twenty years' total service, a pension consisting of both a partial benefit lump sum in an amount the member designates that constitutes a portion of the single lifetime pension

the member may elect under division (A)(1) of this section and the actuarial equivalent of the remainder of the single lifetime pension payable for the member's life, provided an actuary employed by the system certifies the actuarial equivalent and the board approves the partial benefit lump sum payment and the amount to be paid as the actuarial equivalent.

The amount designated by a member shall be not less than six times the monthly amount that would be payable to the member as a single lifetime pension under division (A)(1) of this section and not more than sixty times that amount.

A member who has attained the age of fifty-one with twenty-five years of service who elects a partial benefit lump sum may designate an amount that does not exceed an amount equal to one month's pension for each month of service beyond twenty-five years. A member who has attained the age of fifty-two with twenty years of service who elects a partial benefit lump sum may designate an amount that does not exceed an amount equal to one month's pension for each month of service beyond twenty years.

(4) If a plan of payment providing for payment in a specified portion of the pension continuing after the member's death to a former spouse is required by a court order issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding division of marital property prior to the effective date of the member's retirement and the board has received a copy of the order, the board shall accept the member's election of a plan of payment under this section only if the member elects a plan of payment that is in accordance with the order.

(B)(1) The death of a spouse designated as beneficiary or the death of any other designated beneficiary following retirement shall cancel ~~any the portion of the~~ optional plan of payment selected under division (A)(2) of this section ~~to provide~~ providing continuing lifetime benefits to ~~such the deceased~~ designated beneficiary ~~and return the~~. The member to the shall receive the actuarial equivalent of the member's single lifetime pension, as determined by the board, ~~to based on the number of remaining beneficiaries,~~ with no change in the amount payable to any remaining beneficiary. The change shall be effective the month following receipt by the board of notice of the death.

(2) On divorce, annulment, or marriage dissolution, a member receiving a pension under a plan that provides for continuation of all or part of the pension after death for the lifetime of the member's surviving spouse may, with the written consent of the spouse or pursuant to an order of the court with jurisdiction over the termination of the marriage, elect to cancel the ~~portion of the plan and providing continuing lifetime benefits to that spouse.~~

The member shall receive the actuarial equivalent of the member's single lifetime pension as determined by the board based on the number of remaining beneficiaries, with no change in amount payable to any remaining beneficiary. The election shall be made on a form provided by the board and shall be effective the month following its receipt by the board.

(C) Following marriage or remarriage, a both of the following apply:

(1) A member may elect a new optional plan of payment under division (A)(2) of this section based on the actuarial equivalent of the member's single lifetime pension as determined by the board. ~~The~~

(2) A member who is receiving a pension pursuant to a plan of payment providing for payment to a former spouse pursuant to a court order described in division (A)(4) of this section may elect a new plan of payment under "option 4" based on the actuarial equivalent of the retirant's single lifetime pension as determined by the board if the new plan of payment elected does not reduce the payment to the former spouse.

The plan shall become effective the first day of the month following receipt by the board of an application on a form approved by the board.

(D) A member who has elected an optional plan under division (A)(2) of this section may, with the written consent of the designated beneficiary, cancel the optional plan and receive the single lifetime pension that the member would have received had the member elected the single lifetime pension under division (A)(1) of this section, if the member makes a request to cancel the optional plan not later than one year after the date on which the member first receives a payment under the plan. Cancellation of the optional plan shall be effective the month after acceptance of the request by the board. No payment or adjustment shall be made in the single lifetime pension to compensate for the lesser pension the member received under the optional plan.

The request to cancel the optional plan shall be made on a form provided by the board and shall be valid only if the completed form includes a signed statement of the designated beneficiary's understanding of and consent to the cancellation. The designated beneficiary's signature shall be verified by the board prior to its acceptance of the cancellation.

(E) Any option elected and payments made under division (A)(2) of this section shall be in addition to any pension payable to the member's surviving spouse, children, or parents under section 5505.17 of the Revised Code.

Sec. 5505.174. (A) The following persons are eligible to receive an increase under this section:

(1) Persons fifty-three years old or older who have been receiving

pensions pursuant to division (B) of section 5505.16, division (A)(1) of section 5505.17, or division (B) of section 5505.18 of the Revised Code for not less than twelve months;

(2) Persons who have been receiving pensions pursuant to division (B) of section 5505.18 of the Revised Code for not less than sixty months regardless of age;

(3) Persons who have been receiving pensions pursuant to section 5505.162 or division (A)(3), (4), (5), (6), or (7) of section 5505.17 of the Revised Code for not less than twelve months regardless of age.

(B) The state highway patrol retirement board shall annually increase each benefit payable under this chapter by three per cent, except that no benefit shall exceed the limit established by section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 415, as amended.

The first increase is payable to all persons becoming eligible on or after November 18, 1981. The increase is payable for each ensuing twelve-month period or until the next increase is granted under this section, whichever is later.

The date of the first increase paid under this section shall be the anniversary date for future increases. The pension used in the first calculation of an increase under this section shall remain as the base for all future increases paid under this section, unless a new base is established.

Increases paid in years subsequent to the year of the first increase paid under this section shall be paid to all persons who, on the date that the increase is authorized by the board, are eligible as provided in this section.

(C) If payment of a portion of a benefit is made to an alternate payee under section 5505.261 of the Revised Code, increases under this section granted while the order is in effect shall be apportioned between the alternate payee and the eligible person in the same proportion that the amount being paid to the alternate payee bears to the amount paid to the eligible person.

If payment of a portion of a benefit is made to one or more beneficiaries under "option 4" under division (A)(4) of section 5505.162 of the Revised Code, each increase under this section granted while the plan of payment is in effect shall be divided among the designated beneficiaries in accordance with the portion each beneficiary has been allocated.

(D) The board shall adopt, and may amend or rescind, any rule necessary to carry out this section.

SECTION 2. That existing sections 145.323, 145.46, 145.92, 742.3711, 742.3716, 742.3717, 3105.80, 3105.82, 3307.60, 3307.67, 3307.87,

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3309.374, 3309.46, 3309.92, 5505.162, and 5505.174 of the Revised Code are hereby repealed.

SECTION 3. Sections 1 and 2 of this act take effect eighteen months after the effective date of this act.

Speaker _____ *of the House of Representatives.*

President _____ *of the Senate.*

Passed _____, 20____

Approved _____, 20____

Governor.

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The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the
____ day of _____, A. D. 20____.

Secretary of State.

File No. _____ Effective Date _____