(129th General Assembly)
(Substitute Senate Bill Number 340)

AN ACT

To amend sections 171.04, 742.01, 742.04, 742.10, 742.14, 742.16, 742.30, 742.301, 742.31, 742.32, 742.33, 742.34, 742.35, 742.37, 742.3711, 742.3716, 742.38, 742.39, 742.44, 742.442, 742.443, 742.444, 742.45, 742.63, and 742.64; to enact sections 742.012, 742.013, and 742.161; and to repeal section 742.011 of the Revised Code to revise the law governing the Ohio Police and Fire Pension Fund.

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

SECTION 1. That sections 171.04, 742.01, 742.04, 742.10, 742.14, 742.16, 742.30, 742.301, 742.31, 742.32, 742.33, 742.34, 742.35, 742.37, 742.3711, 742.3716, 742.38, 742.39, 742.44, 742.442, 742.443, 742.444, 742.45, 742.63, and 742.64 be amended and sections 742.012, 742.013, and 742.161 of the Revised Code be enacted to read as follows:

Sec. 171.04. The Ohio retirement study council shall:

(A) Make an impartial review from time to time of all laws governing the administration and financing of the pension and retirement funds under Chapters 145., 146., 742., 3307., 3309., and 5505. of the Revised Code and recommend to the general assembly any changes it may find desirable with respect to the allowances and benefits, sound financing of the cost of benefits, the prudent investment of funds, and the improvement of the language, structure, and organization of the laws;

(B) Make an annual report to the governor and to the general assembly covering its evaluation and recommendations with respect to the operations of the state retirement systems and their funds;

(C) Study all changes in the retirement laws proposed to the general assembly and report to the general assembly on their probable costs, actuarial implications, and desirability as a matter of public policy;

(D) Review semiannually the policies, objectives, and criteria adopted under sections 145.11, 742.11, 3307.15, 3309.15, and 5505.06 of the Revised Code for the operation of the investment programs of the state

retirement systems, including a review of asset allocation targets and ranges, risk factors, asset class benchmarks, time horizons, total return objectives, relative volatility, and performance evaluation guidelines. The council shall, not later than thirty days after completing a review, submit to the governor and the general assembly a report summarizing its findings.

(E) Have prepared by an independent actuary, at least once every ten years, an actuarial review of the ~~annual~~ actuarial valuations and quinquennial actuarial investigations prepared under sections 145.22, 742.14, 3307.20, 3309.21, and 5505.12 of the Revised Code, including a review of the actuarial assumptions and methods, the data underlying the valuations and investigations, and the adequacy of each system's employee and employer contribution rates to amortize its unfunded actuarial pension liability, if any, and to support the payment of benefits authorized by Chapter 145., 742., 3307., 3309., or 5505. of the Revised Code. The council shall submit to the governor and the general assembly a report summarizing the review.

(F) Have conducted by an independent auditor at least once every ten years a fiduciary performance audit of each of the state retirement systems.

All costs associated with an audit conducted pursuant to division (F) of this section shall be paid by the retirement system audited.

(G) Provide each member of the council with copies of all proposed rules submitted to the council pursuant to sections 145.09, 742.10, 3307.04, 3309.04, and 5505.04 of the Revised Code and submit any recommendations to the joint committee on agency rule review.

Sec. 742.01. As used in this chapter:

(A)(1) "Police department" means the police department of a municipal corporation.

(2) "Member of a police department" means any of the following:

(a) Any person who receives an original appointment as a full-time regular police officer in a police department from a duly established civil service eligible list or pursuant to section 124.411 of the Revised Code, or who is described in section 742.511 of the Revised Code, or who transfers from the public employees retirement system to the Ohio police and fire pension fund pursuant to section 742.513 of the Revised Code, or who is appointed pursuant to section 737.15 or 737.16 of the Revised Code as a full-time regular police officer and is paid solely out of public funds of the employing municipal corporation;

(b) Any person who, on October 1, 1965, was contributing four per cent of the person's annual salary to a police relief and pension fund established under former section 741.32 of the Revised Code;

(c) Any person who commences employment on or after September 16, 1998, as a full-time police officer with a police department in a position in which the person is required to satisfactorily complete a peace officer training course in compliance with section 109.77 of the Revised Code.

(B)(1) "Fire department" means a fire department of the state or an instrumentality of the state or of a municipal corporation, township, joint fire district, or other political subdivision.

(2) "Member of a fire department" means all of the following:

(a) Any person who commences employment after November 8, 1990, as a full-time firefighter with a fire department, in a position in which the person is required to satisfactorily complete or have satisfactorily completed a firefighter training course approved under former section 3303.07 or section 4765.55 or conducted under section 3737.33 of the Revised Code;

(b) Any person who has elected under section 742.515 of the Revised Code to be transferred from the public employees retirement system to the Ohio police and fire pension fund;

(c) Any full-time firefighter who, on November 8, 1990, is a member of the Ohio police and fire pension fund.

(C) "Employee" means any person who is a member of a police department or a member of a fire department.

(D) "Employer" means the government entity by which an employee is employed and paid.

(E) "Member of the fund" means any person, except an other system retirant as defined in section 742.26 of the Revised Code, who is contributing a percentage of the person's annual salary to the Ohio police and fire pension fund or who is receiving a disability benefit or pension from the fund as a result of service in a police or fire department. A person, other than an other system retirant, who is contributing a percentage of the person's annual salary to the fund and is dismissed, resigns, or is granted a leave of absence from a police or fire department shall be considered a "member of the fund" for a period of twelve months after the first day of the dismissal, resignation, or leave of absence, provided the sum deducted from the person's salary and credited to the person's account in the fund remains on deposit in the fund.

A member of the Ohio national guard, the Ohio military reserve, the Ohio naval militia, or a reserve component of the armed forces of the United States who is absent from employment due to active military duty because of an executive order issued by the president of the United States or an act of congress shall be considered a member of the fund for the duration of the active military duty.

(F) "Year," for the purpose of determining benefits, means any twelve consecutive calendar months of active service as a member of the fund, or, in the case of a member whose salary is paid weekly or biweekly, fifty-two consecutive weeks of active service as a member.

(G) "Average annual salary" means the highest average annual salary of a member of the fund during any ~~three~~ of the number of years of contributions specified in section 742.37 or 742.39 of the Revised Code, as appropriate, and determined by dividing the member's total salary as an employee during ~~the~~ those years by ~~three~~ that number.

For the purpose of determining average annual salary for members who, as of July 1, 2013, have fifteen or more years of service credit, "salary" has the same meaning as in division (L)(2) of this section, except that it does not include any amounts that exceed the salary benchmark, determined as follows:

(1) Divide by three the total of the member's salaries for the contiguous three-year period immediately preceding the contiguous three-year period immediately prior to the member's effective date of retirement under section 742.37 or effective date of participation in a deferred option retirement plan under section 742.44 of the Revised Code;

(2) Multiply the amount determined under division (G)(1) of this section by one hundred ten per cent;

(3) Multiply the amount determined under division (G)(2) of this section by one hundred ten per cent;

(4) Multiply the amount determined under division (G)(3) of this section by one hundred ten per cent;

(5) The amount determined under division (G)(4) of this section is the salary benchmark.

(H) "Normal service pension benefit" means the pension benefit payable to a member of the fund under division (C)(1) of section 742.37 of the Revised Code upon ~~attaining age forty-eight~~ attainment of the applicable age listed in that section.

(I) "Retirement allowance" means the total pension benefit or disability benefit to which a member of the fund may be entitled under division (C) of section 742.37 or section 742.39 of the Revised Code.

(J) "Fiduciary" means a person who does any of the following:

(1) Exercises any discretionary authority or control with respect to the management of the system, or with respect to the management or disposition of its assets;

(2) Renders investment advice for a fee, direct or indirect, with respect to money or property of the system;

(3) Has any discretionary authority or responsibility in the administration of the system.

(K) ~~"Terminal~~ Except as provided in rules authorized by section 742.013 of the Revised Code, "terminal pay" means the following payments made by an employer to an employee ~~on termination of employment~~ regardless of whether the payments are made before or after termination:

(1) Payments for accrued but unused leave, including sick leave, vacation, personal leave, and compensatory time;

(2) Payments deferred more than one year compensating the employee for holidays worked or for longevity;

(3) Payments for overtime worked that are not included ~~either~~ in the payroll for the period in which the overtime is worked or ~~for~~ the ~~next subsequent~~ payroll for any period ending not later than sixty days after the overtime is worked;

(4) Other payments that are not compensation for services rendered in the last pay period in which services were rendered and are designated as terminal pay by rule of the board of trustees of the Ohio police and fire pension fund. The board shall not designate as terminal pay payments deferred one year or less compensating an employee for holidays worked or for longevity.

(L)(1) Except as otherwise provided in this division or in rules authorized by section 742.013 of the Revised Code, "salary" means all compensation, wages, and other earnings paid to an employee by reason of employment, but without regard to whether compensation, wages, or other earnings are treated as deferred income for federal income tax purposes. "Salary" includes payments for overtime that are ~~made not later than the payroll following~~ included in the payroll for the period in which the overtime is worked or the payroll for any period not later than sixty days after the overtime is worked.

(2) "Salary" does not include any of the following:

(a) Compensation for services outside the scope of an employee's regular employment;

(b) Reimbursement of expenses;

(c) Terminal pay;

(d) Payments for accrued but unused sick leave or personal leave, or vacation pay covering periods for which salary, compensation, or benefits are paid;

(e) Payments made under division (B), (C), or (E) of section 5923.05 of the Revised Code, Section 4 of Substitute Senate Bill No. 3 of the 119th general assembly, Section 3 of Amended Substitute Senate Bill No. 164 of

the 124th general assembly, or Amended Substitute House Bill No. 405 of the 124th general assembly;

(f) Payments made to or on behalf of an employee that are in excess of the annual compensation that may be taken into account by the fund under division (a)(17) of section 401 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 401(a)(17), as amended.

(3) The board shall determine by rule whether any compensation, wages, or earnings not enumerated in this division is salary, and its decision shall be final.

(M) "Actuary" means an individual who satisfies all of the following requirements:

(1) Is a member of the American academy of actuaries;

(2) Is an associate or fellow of the society of actuaries;

(3) Has a minimum of five years' experience in providing actuarial services to public retirement plans.

Sec. 742.012. Contributions made to the Ohio police and fire pension fund for salary that exceeds the salary benchmark calculated under division (G) of section 742.01 of the Revised Code shall be refunded in accordance with rules adopted by the trustees of the board under section 742.10 of the Revised Code.

Sec. 742.013. The board may, by rule adopted under section 742.10 of the Revised Code, establish definitions of "terminal pay" and "salary" that differ from those in divisions (K) and (L) of section 742.01 of the Revised Code. In establishing the definitions, the board may use elements of the compensation provisions of the United States Internal Revenue Code and the Internal Revenue Code form W-2, as those provisions are interpreted by the internal revenue service of the United States department of treasury.

Sec. 742.04. As used in this section, "county" means the county of residence of an individual who signs a nominating petition.

Election of the employee members, firefighter retirant member, and police retirant member of the board of trustees of the Ohio police and fire pension fund shall be under the supervision and direction of the board in accordance with rules adopted under section 742.045 of the Revised Code.

Nominating petitions for candidates for an employee member of the board elected by police officers shall be signed by at least one hundred police officers, with at least twenty signers from each of at least five counties of the state, and certified in accordance with rules adopted under section 742.045 of the Revised Code.

Nominating petitions for candidates for an employee member of the board elected by firefighters shall be signed by at least one hundred

firefighters, with at least twenty signers from each of at least five counties of the state, and certified in accordance with rules adopted under section 742.045 of the Revised Code.

Nominating petitions for candidates for an employee member of the board shall be filed in the office of the board not later than four p.m. on the first Monday in April preceding the date of the expiration of the term of the employee member of the board whose successor is to be elected.

The board shall cause ballots to be prepared for the election of employee members of the board which shall contain the names of all candidates for whom certified nominating petitions have been filed with the board.

A police officer or firefighter is eligible to vote in an election if the police officer or firefighter is a member of the fund on the thirty-first ~~Monday in March~~ day of January preceding the date of the expiration of the term of the employee member of the board whose successor is to be elected. The board shall determine whether a member of the fund is eligible to vote at an election and its decision shall be final.

On or before the first Monday in May preceding the date of the expiration of the term of the employee member of the board whose successor is to be elected, the board shall cause ballots to be sent to each member of the fund who is eligible to vote at such election to the address of such member as shown on the records of the board.

Ballots shall be returned to the board not later than the third Tuesday in May following the date that the ballots were mailed to the members of the fund eligible to vote at such election.

On certification of the election results in accordance with rules adopted under section 742.045 of the Revised Code, the person receiving the highest number of votes shall be elected as an employee member of the board for a term of four years beginning on the first Monday in June following such election.

Nominating petitions for candidates for the police retirant member of the board shall be signed by at least fifty police retirants, with at least ten signers from at least five counties of the state, and certified in accordance with rules adopted under section 742.045 of the Revised Code.

Nominating petitions for candidates for the firefighter retirant member of the board shall be signed by at least fifty firefighter retirants, with at least ten signers from at least five counties of the state, and certified in accordance with rules adopted under section 742.045 of the Revised Code.

Nominating petitions for candidates for the retirant members of the board shall be filed in the office of the board not later than four p.m. on the

first Monday in April preceding the date of the expiration of the term of the retirant member of the board whose successor is to be elected.

The board shall cause ballots to be prepared for the election of these board members which shall contain the names of all candidates for whom certified nominating petitions have been filed with the board.

A retirant is eligible to vote in an election if the retirant is a police retirant or firefighter retirant on the thirty-first ~~Monday in April~~ day of January preceding the date of the expiration of the term of the retirant member of the board whose successor is to be elected. The board shall determine whether a police retirant or firefighter retirant is eligible to vote at an election and its decision shall be final.

On or before the first Monday in May preceding the date of the expiration of the term of a retirant member of the board whose successor is to be elected, the board shall cause ballots to be sent to each person who is eligible to vote in the election to the address of the person as shown on the records of the board.

Ballots shall be returned to the board not later than the third Tuesday in May following the date that the ballots were mailed to the persons eligible to vote in the election.

On certification of the election results in accordance with rules adopted under section 742.045 of the Revised Code, the person receiving the highest number of votes shall be elected as the police retirant member or the firefighter retirant member of the board for a term of four years beginning on the first Monday in June following the election.

Sec. 742.10. The board of trustees of the Ohio police and fire pension fund may sue and be sued, plead and be impleaded, contract and be contracted with, employ and fix the compensation of employees, and adopt rules for the proper administration and management of the fund.

Effective ninety days after ~~the effective date of this amendment~~ September 15, 2004, the board of trustees may not employ a state retirement system investment officer, as defined in section 1707.01 of the Revised Code, who does not hold a valid state retirement system investment officer license issued by the division of securities in the department of commerce.

If the Ohio retirement study council establishes a uniform format for any report the board is required to submit to the council, the board shall submit the report in that format.

The attorney general shall prescribe procedures for the adoption of rules authorized under this chapter, consistent with the provisions of section 111.15 of the Revised Code under which all rules shall be filed in order to be effective. Such procedures shall establish methods by which notice of

proposed rules is given to interested parties and rules adopted by the board published and otherwise made available. When it files a rule with the joint committee on agency rule review pursuant to section 111.15 of the Revised Code, the board shall submit to the Ohio retirement study council a copy of the full text of the rule, and if applicable, a copy of the rule summary and fiscal analysis required by division (B) of section 127.18 of the Revised Code.

~~All rules adopted pursuant to this chapter, prior to August 20, 1976, shall be published and made available to interested parties by January 1, 1977.~~

Sec. 742.14. (A) The board of trustees of the Ohio police and fire pension fund shall have prepared ~~annually~~ triennially by or under the supervision of an actuary an actuarial valuation of the pension assets, liabilities, and funding requirements of the Ohio police and fire pension fund as established pursuant to sections 742.01 to 742.61 of the Revised Code. The actuary shall complete the valuation in accordance with actuarial standards of practice promulgated by the actuarial standards board of the American academy of actuaries and prepare a report of the valuation. The report shall include all of the following:

(1) A summary of the benefit provisions evaluated;

(2) A summary of the census data and financial information used in the valuation;

(3) A description of the actuarial assumptions, actuarial cost method, and asset valuation method used in the valuation, including a statement of the assumed rate of payroll growth and assumed rate of growth or decline in the number of members of the fund contributing to the pension fund;

(4) A summary of findings that includes a statement of the actuarial accrued pension liabilities and unfunded actuarial accrued pension liabilities;

(5) A schedule showing the effect of any changes in the benefit provisions, actuarial assumptions, or cost methods since the last ~~annual~~ triennial actuarial valuation;

(6) A statement of whether employee and employer contributions to the pension fund are expected to be sufficient to satisfy the funding objectives established by the board.

The ~~board shall submit the~~ first triennial report shall be made not later than November 1, 2013, to the Ohio retirement study council and the standing committees of the house of representatives and the senate with primary responsibility for retirement legislation ~~not later than the first day of November following the year for which the valuation was made~~ and

thereafter triennially, not later than the first day of November.

(B) ~~The board shall annually thereafter have prepared by an actuary a report showing the adequacy of the rate of the police officer employers' contribution provided for by section 742.33 of the Revised Code, and the adequacy of the rate of the firefighter employers' contribution provided for by section 742.34 of the Revised Code.~~

~~(C)~~ At such times as the board determines, and at least once in each quinquennial period, the board shall have prepared by or under the supervision of an actuary an actuarial investigation of the mortality, service, and other experience of the members of the fund and of other system retirants, as defined in section 742.26 of the Revised Code, who are members of a police department or a fire department to update the actuarial assumptions used in the actuarial valuation required by division (A) of this section. The actuary shall prepare a report of the actuarial investigation. The report shall be prepared and any recommended changes in actuarial assumptions shall be made in accordance with the actuarial standards of practice promulgated by the actuarial standards board of the American academy of actuaries. The report shall include all of the following:

(1) A summary of relevant decrement and economic assumption experience observed over the period of the investigation;

(2) Recommended changes in actuarial assumptions to be used in subsequent actuarial valuations required by division (A) of this section;

(3) A measurement of the financial effect of the recommended changes in actuarial assumptions;

(4) If the investigation required by this division includes the investigation required by division ~~(F)~~(E) of this section, a report of the result of that investigation.

The board shall submit the report to the Ohio retirement study council and the standing committees of the house of representatives and the senate with primary responsibility for retirement legislation not later than the first day of November following the last fiscal year of the period the report covers.

~~(D)~~(C) The board shall have prepared by or under the supervision of an actuary an actuarial analysis of any introduced legislation expected to have a measurable financial impact on the pension fund. The actuarial analysis shall be completed in accordance with the actuarial standards of practice promulgated by the actuarial standards board of the American academy of actuaries. The actuary shall prepare a report of the actuarial analysis, which shall include all of the following:

(1) A summary of the statutory changes that are being evaluated;

(2) A description of or reference to the actuarial assumptions and actuarial cost method used in the report;

(3) A description of the participant group or groups included in the report;

(4) A statement of the financial impact of the legislation, including the resulting increase, if any, in the employer normal cost percentage; the increase, if any, in actuarial accrued liabilities; and the per cent of payroll that would be required to amortize the increase in actuarial accrued liabilities as a level per cent of covered payroll for all active members of the fund over a period not to exceed thirty years;

(5) A statement of whether the scheduled contributions to the system after the proposed change is enacted are expected to be sufficient to satisfy the funding objectives established by the board.

Not later than sixty days from the date of introduction of the legislation, the board shall submit a copy of the actuarial analysis to the legislative service commission, the standing committees of the house of representatives and the senate with primary responsibility for retirement legislation, and the Ohio retirement study council.

~~(E)~~(D) The board shall have prepared ~~annually~~ triennially a report giving a full accounting of the revenues and costs relating to the provision of benefits under section 742.45 of the Revised Code. The first triennial report shall be made as of December 31, ~~1997~~ 2013, and the thirty-first day of December ~~of each year~~ triennially thereafter. The report shall include the following:

(1) A description of the statutory authority for the benefits provided;

(2) A summary of the benefits;

(3) A summary of the eligibility requirements for the benefits;

(4) A statement of the number of participants eligible for the benefits;

(5) A description of the accounting, asset valuation, and funding method used to provide the benefits;

(6) A statement of the net assets available for the provision of the benefits as of the last day of the fiscal year;

(7) A statement of any changes in the net assets available for the provision of benefits, including participant and employer contributions, net investment income, administrative expenses, and benefits provided to participants, as of the last day of the fiscal year;

(8) For the last six consecutive fiscal years, a schedule of the net assets available for the benefits, the annual cost of benefits, administrative expenses incurred, and annual employer contributions allocated for the provision of benefits;

(9) A description of any significant changes that affect the comparability of the report required under this division;

(10) A statement of the amount paid under division (B) of section 742.45 of the Revised Code.

The board shall submit the report to the Ohio retirement study council and the standing committees of the house of representatives and the senate with primary responsibility for retirement legislation not later than the thirtieth day of June following the year for which the report was made.

~~(F)~~(E) At least once in each quinquennial period, the board shall have prepared by or under the supervision of an actuary an actuarial investigation of the deferred retirement option plan established under section 742.43 of the Revised Code. The investigation shall include an examination of the financial impact, if any, on the fund of offering the plan to members.

The actuary shall prepare a report of the actuarial investigation. The report shall include a determination of whether the plan, as established or modified, has a negative financial impact on the fund and, if so, recommendations on how to modify the plan to eliminate the negative financial impact. If the actuarial report indicates that the plan has a negative financial impact on the fund, the board may modify the plan or cease to allow members who have not already done so to elect to participate in the plan. The firefighter and police officers employers' contributions shall not be increased to offset any negative financial impact of the plan.

If the board ceases to allow members to elect to participate in the plan, the rights and obligations of members who have already elected to participate shall not be altered.

The board may include the actuarial investigation required under this division as part of the actuarial investigation required under division ~~(C)~~(B) of this section. If the report of the actuarial investigation required by this division is not included in the report required by division ~~(C)~~(B) of this section, the board shall submit the report required by this division to the Ohio retirement study council and the standing committees of the house of representatives and the senate with primary responsibility for retirement legislation not later than the first day of November following the last fiscal year of the period the report covers.

Sec. 742.16. The board of trustees of the Ohio police and fire pension fund shall establish a period of not more than thirty years to amortize the Ohio police and fire pension fund's unfunded actuarial accrued pension liabilities. The board shall adopt a plan that specifies how it proposes to meet the thirty-year amortization period not later than December 31, 2006. If ~~in any year~~ the period necessary to amortize the unfunded actuarial

accrued pension liability exceeds thirty years, as determined by the ~~annual~~ actuarial valuation required by section 742.14 of the Revised Code, the board, not later than ninety days after receipt of the valuation, shall prepare and submit to the Ohio retirement study council and the standing committees of the house of representatives and the senate with primary responsibility for retirement legislation a report that includes the following information:

(A) The number of years needed to amortize the unfunded actuarial accrued pension liability as determined by the ~~annual~~ actuarial valuation;

(B) A plan approved by the board that indicates how the board will reduce the amortization period of unfunded actuarial accrued pension liability to not more than thirty years;

(C) Whether the board has made any progress in meeting the thirty-year amortization period.

Sec. 742.161. Following the actuarial investigation required by division (B) of section 742.14 of the Revised Code due on November 1, 2017, and following each quinquennial actuarial investigation thereafter, if, in consultation with its actuary, the Ohio police and fire pension fund board of trustees determines that an adjustment to the age and years of service credit required to receive a pension or benefit under division (C) of section 742.37 of the Revised Code is appropriate, the board may, in accordance with rules adopted under section 742.10 of the Revised Code, do either of the following:

(A) If the board's determination is that increasing the age and years of service requirements is necessary to preserve the fiscal integrity of the fund, increase the age and years of service credit required to receive a pension or benefit;

(B) If the board's determination is that reducing the age and years of service requirements would not materially impair the fiscal integrity of the fund, reduce the age and years of service credit required to receive a pension or benefit.

Sec. 742.30. (A) The employer's accrued liability, as determined pursuant to former section 742.29 of the Revised Code, shall be paid to the Ohio police and fire pension fund. Payments shall be credited to the police officers' pension reserve fund, or to the firefighters' pension reserve fund, in accordance with the relief and pension fund from which the liability for such payment arises, until such time as the employer's accrued liability on account of pensioners and other benefit recipients on the rolls of the particular police relief and pension fund or firemen's relief and pension fund is satisfied. Thereafter, payments shall be credited to the police officers'

contribution fund or the firefighters' contribution fund, in accordance with the relief and pension fund from which the liability for such payments arises, until such time as the employer's accrued liability on account of deductions made from the compensation of police officers or firefighters under the particular police relief and pension fund or firemen's relief and pension fund is satisfied. Thereafter, payments shall be credited to the police officer employers' contribution fund, or firefighter employers' contribution fund, in accordance with the relief and pension fund from which the liability for such payments arises, until such time as the employer's total accrued liability under the particular police relief and pension fund or firemen's relief and pension fund is satisfied.

(B) That part of the employer's accrued liability remaining unpaid on January 1, 1969, shall be paid by the employer at not less than the following rates per year: two per cent in 1969, two per cent in 1970, three per cent in 1971, four per cent in 1972, and five per cent per annum beginning in 1973 and each year thereafter for sixty-two years. Except as provided in division (C) of this section, payments shall be fixed annually and paid on dates fixed by the board of trustees of the Ohio police and fire pension fund.

(C) The board may enter into an agreement with a municipal corporation or township for a single payment by the municipal corporation or township of the employer's accrued liability. The agreement may provide for a reduction in the amount of the accrued liability based on the value to the fund of receiving a single payment. A municipal corporation or township that has made payment in accordance with such an agreement shall have no further obligation to make payments under this section.

(D) The board shall report every ~~two~~ three years to the general assembly ~~during its first regular session on~~ the condition of the retirement system, with particular emphasis upon the payment of the employer's accrued liability, and make such recommendations, upon the advice of its actuary, as it considers necessary for the proper funding of the liabilities.

Sec. 742.301. (A) Each employer shall promptly pay the amount due on the accrued liability on the dates fixed by the board of trustees of the Ohio police and fire pension fund. Upon certification by the board that payment of an employer's accrued liability has not been paid within thirty days following the date a payment is due, a penalty of five per cent of the amount due shall be assessed against such employer. If the payment and penalty have not been paid within ninety days following the date a payment is due, annual interest at six per cent shall be assessed against the payment and penalty from the date that the payment is due.

(B) Upon certification by the board to the superintendent of liquor

control or the county auditor of an amount due from any employer who is subject to this chapter by reason of such employer's delinquency in making payments on the accrued liability, the amount due shall be withheld from the employer from liquor control permit fees to be distributed to that employer according to Chapter 4301. of the Revised Code or from the local government fund allocated for distribution to that employer by the county budget commission in accordance with Chapter 5739. of the Revised Code. Upon receipt of the certification from the board, the superintendent or county auditor shall provide for payment against such funds in favor of the Ohio police and fire pension fund for the certified amount due and any penalty and interest thereon.

(C) If the payments under divisions (A) and (B) of this section are insufficient to pay the Ohio police and fire pension fund any amounts due the fund from an employer, the fund may seek payment through the office of budget and management. On certification by the board to the director of budget and management of any such amount due, the director shall withhold from the employer any amount available, not to exceed the amount certified as due the fund, from any amounts under the director's control that are payable or due the employer. The director shall pay the amount withheld to the fund.

Sec. 742.31. ~~Each~~ (A) Except as provided in division (B) of this section, each employee shall contribute an amount equal to ~~ten per cent~~ a percentage of the employee's salary to the Ohio police and fire pension fund~~. The~~ according to the following schedule:

(1) For salary earned in pay periods beginning not later than July 1, 2013, ten per cent;

(2) For salary earned in pay periods beginning not earlier than July 2, 2013, but not later than July 1, 2014, ten and three-quarters per cent;

(3) For salary earned in pay periods beginning not earlier than July 2, 2014, but not later than July 1, 2015, eleven and one-half per cent;

(4) For salary earned in pay periods beginning not earlier than July 2, 2015, twelve and one-quarter per cent.

(B) Following the actuarial investigation required by division (B) of section 742.14 of the Revised Code due on November 1, 2017, and following each quinquennial actuarial investigation thereafter, if, in consultation with the board's actuary, the board determines that an adjustment to the contribution rate is appropriate, the board may, in accordance with rules adopted under section 742.10 of the Revised Code, do either of the following:

(1) If the board's determination is that an increase in the contribution

rate is necessary to preserve the fiscal integrity of the fund, increase the contribution rate;

(2) If the board's determination is that a decrease in the contribution rate would not materially impair the fiscal integrity of the fund, decrease the contribution rate.

(C) The amount shall be deducted by the employer from the employee's salary as defined in division (L) of section 742.01 of the Revised Code for each payroll period, irrespective of whether the minimum compensation provided by law for the employee is reduced thereby. Every employee shall be deemed to consent to the deductions, and payment to the employee less the deductions is a complete discharge and acquittance of all claims and demands for the services rendered by the employee during the period covered by such payment.

Sec. 742.32. (A) The fiscal officer of each employer shall transmit monthly to the secretary of the board of trustees of the Ohio police and fire pension fund a report of employee deductions in such form as the board requires. The report shall show all deductions for the fund made pursuant to section 742.31 of the Revised Code and shall be accompanied by payments covering the total of such deductions. The report shall also include the name of each member for whom deductions were made and the portion of the payment attributed to that member. Separate payments shall be so transmitted for that portion of such deductions made from the salaries of members of the police department and for that portion of such deductions made from the salaries of members of the fire department. The report and payment are due the last day of the month following the last business day of the reporting period. ~~A~~

(B) A penalty determined under section 742.352 of the Revised Code shall be assessed if any of the following occur:

~~(A)~~(1) The report is received by the board after the due date or is not in the form required by the board.

~~(B)~~(2) Payments to cover the total amount due from the salaries of all employees of the employer are received by the board after the due date.

The penalty shall be added to and collected on the next succeeding regular employer billing. If the penalty is not paid within sixty days after it is added to the regular employer billing, interest at a rate determined by the board may be charged on the total amount due and the amount of the penalty from the date the amount is due to the date of payment.

(C) The secretary of the board, after making a record of all such receipts and crediting each employee's individual account with the amount deducted from the employee's salary, shall deposit the receipts with the treasurer of

state for use as provided by this chapter. Where an employer fails to deduct contributions for any employee and transmit such amounts to the fund, the board may make a determination of the employee's liability for contributions and certify to the employer the amounts due for collection in the same manner and subject to the same penalties as payments due the employer's contributions funds.

Sec. 742.33. (A) Each employer shall pay ~~quarterly~~ monthly, on such dates as the board of trustees of the Ohio police and fire pension fund requires, from its general fund, or from a levy imposed pursuant to division (J) or (W) of section 5705.19 of the Revised Code, to the fund an amount known as the "police officer employers' contribution," which shall be nineteen and one-half per cent of the salaries as defined in division (L) of section 742.01 of the Revised Code of the members of the police department of the employer.

(B) The taxing authority of each municipal corporation in which there was a police relief and pension fund on October 1, 1965, shall annually, in the manner provided for making other municipal levies and in addition to all other levies authorized by law, levy a tax of three-tenths of one mill upon all the real and personal property as listed for taxation in the municipal corporation for the purpose of paying the police officer employers' contribution and the municipal corporation's accrued liability for its former police relief and pension fund and interest thereon, and of defraying the current operating expenses of the municipal corporation. The annual revenues derived from the tax shall be used in the following order:

(1) First, to pay the current police officer employers' contribution and any interest related thereto;

(2) Second, to pay any accrued liability chargeable to the municipal corporation during the current calendar year for its former police relief and pension fund and any interest related thereto;

(3) Third, to defray the current operating expenses of the municipal corporation.

Sec. 742.34. (A) Each employer shall pay ~~quarterly~~ monthly, on such dates as the board of trustees of the Ohio police and fire pension fund requires, from its general fund, or from a levy imposed pursuant to division (I) or (W) of section 5705.19 of the Revised Code, to the fund an amount known as the "firefighter employers' contribution," which shall be twenty-four per cent of the salaries as defined in division (L) of section 742.01 of the Revised Code of the members of the fire department of the employer.

(B) The taxing authority of each municipal corporation in which there

was a firemen's relief and pension fund on October 1, 1965, shall annually, in the manner provided for making other municipal levies and in addition to all other levies authorized by law, levy a tax of three-tenths of one mill upon all the real and personal property as listed for taxation in the municipal corporation for the purpose of paying the firefighter employers' contribution and the municipal corporation's accrued liability for its former firemen's relief and pension fund and interest thereon, and of defraying the current operating expenses of the municipal corporation. The annual revenues derived from the tax shall be used in the following order:

(1) First, to pay the current firefighter employers' contribution and any interest related thereto;

(2) Second, to pay any accrued liability chargeable to the municipal corporation during the current calendar year for its former firemen's relief and pension fund and any interest related thereto;

(3) Third, to defray the current operating expenses of the municipal corporation.

Sec. 742.35. ~~As used in this section, "calendar quarter" means the three-month period ending on the last day of March, June, September, or December.~~

Each employer shall pay its ~~annual~~ police officer employers' contribution and firefighter employers' contribution in ~~four equal installments promptly~~ monthly payments as provided in sections 742.33 and 742.34 of the Revised Code. ~~If an~~ The employer ~~fails to~~ shall make ~~a~~ each payment ~~on or before the date that is sixty days after the last day of the calendar quarter~~ not later than the last day of the month after the month for which the police officer or firefighter employee contributions were withheld. If an employer fails to make the payment installment by the date it is due, a penalty determined under section 742.352 of the Revised Code shall be assessed against the employer. In addition, interest on past due accounts and penalties may be charged at a rate determined by the board from the date the ~~installment~~ payment is due to the date of payment.

Upon certification by the board to the county auditor of an amount due from any employer within the county who is subject to this chapter, by reason of such employer's delinquency in making employer contribution payments to the fund ~~for past months~~, such amount shall be withheld from such employer from any funds in the hands of the county treasurer for distribution to such employer. Upon receipt of such certification, the county auditor shall draw a warrant against such funds in favor of the fund for the amount.

Sec. 742.37. The board of trustees of the Ohio police and fire pension

fund shall adopt rules for the management of the fund and for the disbursement of benefits and pensions as set forth in this section and section 742.39 of the Revised Code. Any payment of a benefit or pension under this section is subject to the provisions of section 742.461 of the Revised Code. Notwithstanding any other provision of this section, no pension or benefit paid or determined under division (B) or (C) of this section or section 742.39 of the Revised Code 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.

(A) Persons who were receiving benefit or pension payments from a police relief and pension fund established under former section 741.32 of the Revised Code, or from a firemen's relief and pension fund established under former section 521.02 or 741.02 of the Revised Code, at the time the assets of the fund were transferred to the Ohio police and fire pension fund, known at that time as the police and firemen's disability and pension fund, shall receive benefit and pension payments from the Ohio police and fire pension fund in the same amount and subject to the same conditions as such payments were being made from the former fund on the date of the transfer.

(B) A member of the fund who, pursuant to law, elected to receive benefits and pensions from a police relief and pension fund established under former section 741.32 of the Revised Code, or from a firemen's relief and pension fund established under former section 741.02 of the Revised Code, in accordance with the rules of the fund governing the granting of benefits or pensions therefrom in force on April 1, 1947, shall receive benefits and pensions from the Ohio police and fire pension fund in accordance with such rules; provided, that any member of the fund who is not receiving a benefit or pension from the fund on August 12, 1975, may, upon application for a benefit or pension to be received on or after August 12, 1975, elect to receive a benefit or pension in accordance with division (C) of this section.

(C) ~~Members~~ Unless the board acts under section 742.161 of the Revised Code, members of the fund who have not elected to receive benefits and pensions from a police relief and pension fund or a firemen's relief and pension fund in accordance with the rules of the fund in force on April 1, 1947, shall receive pensions and benefits in accordance with the following provisions:

(1) A member of the fund who has ~~completed~~ twenty-five years of ~~active~~ service ~~in a police or fire department~~ credit and has attained ~~forty-eight years of~~ the requisite age may~~, at the member's election,~~ elect to retire ~~from the police or fire department~~. ~~Upon~~ The requisite age is

forty-eight for a member whose membership began before July 2, 2013, and fifty-two for a member whose membership began on or after that date.

Upon notifying the board in writing of the election, the member shall receive an annual pension, payable in twelve monthly installments, in an amount equal to a percentage of the member's average annual salary. ~~The~~ If, as of July 2, 2013, the member had fifteen or more years of service credit, the average annual salary shall be determined using three years of contributions. If, as of that date, the member had less than fifteen years of service credit, the average annual salary shall be determined using five years of contributions.

The percentage shall be the sum of two and one-half per cent for each of the first twenty years ~~the member was in the active~~ of service ~~of the department~~ credit, plus two per cent for each of the twenty-first to twenty-fifth years ~~the member was in the active~~ of service ~~of the department~~ credit, plus one and one-half per cent for each year in excess of twenty-five years ~~the member was in the active~~ of service ~~of the department~~ credit. The annual pension shall not exceed seventy-two per cent of the member's average annual salary.

A member who ~~completed~~ has twenty-five years of ~~active~~ service credit, has resigned or been discharged, and has left the sum deducted from the member's salary on deposit in the pension fund shall~~,~~ upon attaining ~~forty-eight years of~~ the requisite age~~,~~ be entitled to receive a normal service pension benefit computed and paid under division (C)(1) of this section.

While participating in the deferred retirement option plan established under section 742.43 of the Revised Code, a member shall not be considered to have elected retirement under division (C)(1) of this section. On notifying the board under division (B)(1) of section 742.444 of the Revised Code of the member's election to terminate active service, a member described in division (B) of that section shall receive an annual pension under division (C)(1) of this section calculated in accordance with section 742.442 of the Revised Code and rules that shall be adopted by the board of trustees of the Ohio police and fire pension fund.

(2) A member of the fund who has ~~served~~ fifteen or more years ~~as an active member~~ of ~~a police or fire department~~ service credit and who voluntarily resigns or is discharged from the department for any reason other than dishonesty, cowardice, intemperate habits, or conviction of a felony, shall receive an annual pension, payable in twelve monthly installments, in an amount equal to one and one-half per cent of the member's average annual salary multiplied by the number of full years of the ~~member was in the active~~ member's service ~~of the department~~ credit. ~~The~~ If, as of July 2,

2013, the member had fifteen or more years of service credit, the average annual salary shall be determined using three years of contributions. If, as of that date, the member had less than fifteen years of service credit, the average annual salary shall be determined using five years of contributions.

If a member's membership began before July 2, 2013, the pension payments shall not commence until the member has attained the age of forty-eight years and until twenty-five years have elapsed from the date on which the member became a full-time regular police officer or firefighter ~~in the department~~. Pension payments shall not commence for a member whose membership began on or after July 2, 2013, until the member has attained the age of fifty-two years and until twenty-five years have elapsed from the date on which the member became a full-time regular police officer or firefighter.

(3) A member of the fund who has ~~completed~~ fifteen or more years of ~~active~~ service ~~in a police or fire department~~ credit and who has attained sixty-two years of age, may retire from the department and, upon notifying the board in writing of the election to retire, shall receive an annual pension, payable in twelve monthly installments, in an amount equal to a percentage of the member's average annual salary. If, as of July 2, 2013, the member had fifteen or more years of service credit, the average annual salary shall be determined using three years of contributions. If, as of that date, the member had less than fifteen years of service credit, the average annual salary shall be determined using five years of contributions. The percentage shall be the sum of two and one-half per cent for each of the first twenty years ~~the member was in the active~~ of service ~~of the department~~ credit, plus two per cent for each of the twenty-first to twenty-fifth years ~~the member was in the active~~ of service ~~of the department~~ credit, plus one and one-half per cent for each year in excess of twenty-five years ~~the member was in the active~~ of service ~~of the department~~ credit. The annual pension shall not exceed seventy-two per cent of the member's average annual salary.

(4) A member of the fund whose membership began on or after July 2, 2013, and who has twenty-five years of service credit and has attained forty-eight years of age may elect to retire. Upon notifying the board in writing of the election, the member shall receive an annual pension, payable in twelve monthly installments, in an amount determined under division (C)(1) of this section except that the amount shall be reduced to be the actuarial equivalent, as determined by the fund's actuary, of the amount payable had the member retired at fifty-two years of age.

(5) With the exception of those persons who may make application for benefits as provided in section 742.26 of the Revised Code, no person

receiving a pension or other benefit under division (C) of this section on or after July 24, 1986, shall be entitled to apply for any new, changed, or different benefit.

If a member covered by division (C) of this section or section 742.38 of the Revised Code dies prior to the time the member has received a payment and leaves a surviving spouse or dependent child, the surviving spouse or dependent child shall receive a pension under division (D) or (E) of this section.

(D)(1) Except as provided in division (D)(2) of this section, a surviving spouse of a deceased member of the fund or a surviving spouse described in division (D)(4) of this section shall receive a monthly pension as follows:

(a) For the period beginning July 1, 1999, and ending June 30, 2000, five hundred fifty dollars;

(b) For the period beginning July 1, 2000, and ending June 30, 2002, five hundred fifty dollars plus an amount determined by multiplying five hundred fifty dollars by the average percentage change in the consumer price index, not exceeding three per cent, as was annually determined by the board under ~~former~~ section 742.3716 of the Revised Code as that section existed on January 31, 2002;

(c) For the period beginning July 1, 2002, and the period beginning the first day of July of each year thereafter and continuing for the following twelve months, an amount equal to the monthly amount paid during the prior twelve-month period plus sixteen dollars and fifty cents.

(2) A surviving spouse of a deceased member of the fund shall receive a monthly pension of four hundred ten dollars if the surviving spouse is eligible for a benefit under division (B) or (D) of section 742.63 of the Revised Code. If the surviving spouse ceases to be eligible for a benefit under division (B) or (D) of section 742.63 of the Revised Code, the pension shall be increased, effective the first day of the first month following the day on which the surviving spouse ceases to be eligible for the benefit, to the amount it would be under division (D)(1) of this section had the spouse never been eligible for a benefit under division (B) or (D) of section 742.63 of the Revised Code.

(3) A pension paid under this division shall continue during the natural life of the surviving spouse. Benefits to a deceased member's surviving spouse that were terminated under a former version of this section that required termination due to remarriage and were not resumed prior to September 16, 1998, shall resume on the first day of the month immediately following receipt by the board of an application on a form provided by the board.

(4) A surviving spouse of a deceased member of or contributor to a fund established under former Chapter 521. or 741. of the Revised Code whose benefit or pension was terminated or not paid due to remarriage shall receive a monthly pension under division (D)(1) of this section.

The pension shall commence on the first day of the month immediately following receipt by the board of a completed application on a form provided by the board and evidence acceptable to the board that at the time of death the deceased spouse was a member of or contributor to a police or firemen's relief and pension fund established under former Chapter 521. or 741. of the Revised Code and that the surviving spouse's benefits were terminated or not granted due to remarriage.

(E)(1) Each surviving child of a deceased member of the fund shall receive a monthly pension until the child attains the age of eighteen years, or marries, whichever event occurs first. A pension under this division, however, shall continue to be payable to a child under age twenty-two who is a student in and attending an institution of learning or training pursuant to a program designed to complete in each school year the equivalent of at least two-thirds of the full-time curriculum requirements of the institution, as determined by the board. If any surviving child, regardless of age at the time of the member's death, because of physical or mental disability, is totally dependent upon the deceased member for support at the time of death, the child shall receive a monthly pension under this division during the child's natural life or until the child has recovered from the disability.

(2) An eligible surviving child shall receive a monthly pension as follows:

(a) For the period beginning July 1, 2001, and ending June 30, 2002, a monthly pension of one hundred fifty dollars plus the cost of living increase ~~provided for in~~ that was determined under former section 742.3720 of the Revised Code;

(b) For the period beginning July 1, 2002, and ending June 30, 2003, one hundred sixty-three dollars and fifty cents;

(c) For the period beginning July 1, 2003, and the period beginning the first day of each July thereafter and continuing for the following twelve months, an amount equal to the monthly amount paid during the prior twelve-month period plus four dollars and fifty cents.

(F)(1) If a deceased member of the fund leaves no surviving spouse or surviving children, but leaves one or two parents dependent upon the deceased member for support, each parent shall be paid a monthly pension. The pensions provided for in this division shall be paid during the natural life of the surviving parents, or until dependency ceases, or until remarriage,

whichever event occurs first.

(2) Each eligible surviving parent shall be paid a monthly pension as follows:

(a) For the period ending June 30, 2002, one hundred six dollars for each parent or two hundred twelve dollars for a sole dependent parent;

(b) For the period beginning July 1, 2002, and ending June 30, 2003, one hundred nine dollars for each parent or two hundred eighteen dollars for a sole dependent parent;

(c) For the period beginning July 1, 2003, and the first day of each July thereafter and continuing for the following twelve months, an amount equal to the monthly amount paid during the prior twelve-month period plus three dollars for each parent or six dollars for a sole dependent parent.

(G)(1) Subject to the provisions of section 742.461 of the Revised Code, a member of the fund who voluntarily resigns or is removed from active service in a police or fire department is entitled to receive an amount equal to the sums deducted from the member's salary and credited to the member's account in the fund, except that a member receiving a disability benefit or service pension is not entitled to receive any return of contributions to the fund.

(2) A member described in division (G)(1) of this section who is married at the time of application for payment and would be eligible for age and service retirement under this section or section 742.39 of the Revised Code but for a forfeiture ordered under division (A) or (B) of section 2929.192 of the Revised Code shall submit with the application a written statement by the member's spouse attesting that the spouse consents to the payment of the member's accumulated contributions. Consent shall be valid only if it is signed 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.

(H) On and after January 1, 1970, all pensions shall be increased in accordance with the following provisions:

(1) A member of the fund who retired prior to January 1, 1967, has attained age sixty-five on January 1, 1970, and was receiving a pension on December 31, 1969, pursuant to division (B) or (C)(1) of this section or former division (C)(2), (3), (4), or (5) of this section, shall have the pension increased by ten per cent.

(2) The monthly pension payable to eligible surviving spouses under division (D) of this section shall be increased by forty dollars for each

surviving spouse receiving a pension on December 31, 1969.

(3) The monthly pension payable to each eligible child under division (E) of this section shall be increased by ten dollars for each child receiving a pension on December 31, 1969.

(4) The monthly pension payable to each eligible dependent parent under division (F) of this section shall be increased by thirty dollars for each parent receiving a pension on December 31, 1969.

(5) A member of the fund, including a survivor of a member, who is receiving a pension in accordance with the rules governing the granting of pensions and benefits in force on April 1, 1947, that provide an increase in the original pension from time to time pursuant to changes in the salaries of active members, shall not be eligible for the benefits provided in this division.

(I) On and after January 1, 1977, a member of the fund who was receiving a pension or benefit on December 31, 1973, under division (A), (B), (C)(1), or former division (C)(2) or (7) of this section shall have the pension or benefit increased as follows:

(1) If the member's annual pension or benefit is less than two thousand seven hundred dollars, it shall be increased to three thousand dollars.

(2) If the member's annual pension or benefit is two thousand seven hundred dollars or more, it shall be increased by three hundred dollars.

The following shall not be eligible to receive increased pensions or benefits as provided in this division:

(a) A member of the fund who is receiving a pension or benefit in accordance with the rules in force on April 1, 1947, governing the granting of pensions and benefits, which provide an increase in the original pension or benefit from time to time pursuant to changes in the salaries of active members;

(b) A member of the fund who is receiving a pension or benefit under division (A) or (B) of this section, based on funded volunteer or funded part-time service, or off-duty disability, or partial on-duty disability, or early vested service;

(c) A member of the fund who is receiving a pension under division (C)(1) of this section, based on funded volunteer or funded part-time service.

(J) On and after July 1, 1977, a member of the fund who was receiving an annual pension or benefit on December 31, 1973, pursuant to division (B) of this section, based upon partial disability, off-duty disability, or early vested service, or pursuant to former division (C)(3), (5), or (6) of this section, shall have such annual pension or benefit increased by three

hundred dollars.

The following are not eligible to receive the increase provided by this division:

(1) A member of the fund who is receiving a pension or benefit in accordance with the rules in force on April 1, 1947, governing the granting of pensions and benefits, which provide an increase in the original pension or benefit from time to time pursuant to changes in the salaries of active members;

(2) A member of the fund who is receiving a pension or benefit under division (B) or (C)(2) of this section or former division (C)(3), (5), or (6) of this section based on volunteer or part-time service.

(K)(1) Except as otherwise provided in this division, every person who on July 24, 1986, is receiving an age and service or disability pension, allowance, or benefit pursuant to this chapter in an amount less than thirteen thousand dollars a year that is based upon an award made effective prior to February 28, 1984, shall receive an increase of six hundred dollars a year or the amount necessary to increase the pension or benefit to four thousand two hundred dollars after all adjustments required by this section, whichever is greater.

(2) Division (K)(1) of this section does not apply to the following:

(a) A member of the fund who 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) A member of the fund who is receiving a pension or benefit based on funded volunteer or funded part-time service.

(L) On and after July 24, 1986:

(1) The pension of each person receiving a pension under division (D) of this section on July 24, 1986, shall be increased to three hundred ten dollars per month.

(2) The pension of each person receiving a pension under division (E) of this section on July 24, 1986, shall be increased to ninety-three dollars per month.

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~~ designated in writing filed with the retirement board.

Should the ~~nominated beneficiary~~ member's designated ~~in writing become deceased~~ beneficiary 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.

(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~~ designated as beneficiary or the death of any other ~~nominated~~ designated 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 the portion of the optional plan of payment providing continuing lifetime benefits to the deceased ~~nominated~~ designated beneficiary. The member of the fund shall receive the actuarial equivalent of the member's single lifetime benefit, as

determined by the board, 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 providing continuing lifetime benefits to that spouse. The member shall receive the actuarial equivalent of the member's single lifetime benefit 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)(1) Following marriage or remarriage, both of the following apply:

(a) A member of the fund receiving a retirement allowance 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.

(b) If a member is receiving a retirement allowance 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.

(2) A plan elected under this division and the member's lesser retirement allowance shall become effective on the date of receipt by the board of an application 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)~~(1) "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~~ (2) "Consumer price index" means the index, as prepared by the United States bureau of labor statistics (U.S. city average for urban wage earners and clerical workers: all items 1982-84=100), or, if that index is no longer published, a generally available comparable index.

(B) For persons who become members of the fund on or after July 1, 2013, and members of the fund who as of July 1, 2013, have less than

fifteen years of service credit and are not receiving a pension or disability benefit under this chapter, the board of trustees of the Ohio police and fire pension fund shall annually increase ~~all~~ the pension or benefits that become payable to ~~eligible persons by three per cent, except that no benefit shall~~ each member pursuant to section 742.37 of the Revised Code or division (D)(2) or (4) of section 742.38 of the Revised Code once the member has received the pension or benefit for at least one year and has attained the age of fifty-five. Benefits that become payable pursuant to division (D)(1) of section 742.38 of the Revised Code shall be increased annually once the member has received the benefits for at least one year.

The pension or benefit shall be increased by the lesser of the following:

(1) Three per cent;

(2) The percentage increase, if any, in the consumer price index over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one per cent.

In no event shall the pension or benefit 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~~ division shall be the anniversary date for future increases. The pension or benefit used in the first calculation of an increase under this ~~section~~ division shall remain as the base for all future increases paid under this ~~section~~ division, unless a new base is established by law. ~~In the case of a member who has elected~~

(C) For members of the fund who as of July 1, 2013, have fifteen or more years of service credit and are not receiving a pension or disability benefit under this chapter and members who are receiving a pension or disability benefit that became effective before that date and did not make the election under division (D) of this section, the board shall annually increase the pension or benefits that become payable to each member pursuant to section 742.37 of the Revised Code or division (D)(2) or (4) of section 742.38 of the Revised Code once the member has received the pension or benefits for at least one year and has attained the age of fifty-five. Benefits that become payable pursuant to division (D)(1) of section 742.38 of the Revised Code shall be increased once the member has received the benefits for at least one year.

The pension or disability benefit shall be increased by three per cent. In no event shall the pension or benefit exceed the limit established by section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C. 415, as amended.

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

(D)(1) Notwithstanding any other provision of this section, section 742.37, or section 742.39 of the Revised Code, a member of the fund who is not receiving a pension or benefit under this chapter and on January 1, 1989, had fifteen or more years of service credit under this chapter may elect to have any future pension or benefit 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 as determined under section 742.37 or 742.39 of the Revised Code. 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.

(2) If a member eligible to make the election under division (D)(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 this division.

(3) The election under division (D)(1) or (2) of this section shall be made on forms provided by the fund. Once received by the fund, the election is irrevocable and binds 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 (D) of this section is eligible to receive an increase 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 an increase under division (G) of section 742.3711 of the Revised Code.

(E) A member whose election 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~~ is effective prior to July 2, 2013, is eligible to receive an increase under this section while participating in the deferred retirement option plan on attaining the age of fifty-five and having participated in the plan twelve months. 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. A member whose election to participate in the deferred retirement option plan is effective on or after July 2, 2013, shall not receive an increase under this section while participating in the deferred retirement option plan.

~~(E)~~(F) 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. 742.38. (A)(1) The board of trustees of the Ohio police and fire pension fund shall adopt rules establishing minimum medical testing and diagnostic standards or procedures to be incorporated into physical examinations administered by physicians to prospective members of the fund. The standards or procedures shall include diagnosis and evaluation of the existence of any heart disease, cardiovascular disease, or respiratory disease. The rules shall specify the form of the physician's report and the information to be included in it.

The board shall notify all employers of the establishment of the minimum standards or procedures and shall include with the notice a copy of the standards or procedures. The board shall notify all employers of any changes made to the standards or procedures. Once the standards or procedures take effect, employers shall cause each prospective member of

the fund to submit to a physical examination that incorporates the standards or procedures.

(2) Division (A)(2) of this section applies to an employee who becomes a member of the fund on or after the date the minimum standards or procedures described in division (A)(1) of this section take effect. For each employee described in division (A)(2) of this section, the employer shall forward to the board a copy of the physician's report of a physical examination that incorporates the standards or procedures described in division (A)(1) of this section. If an employer fails to forward the report in the form required by the board on or before the date that is sixty days after the employee becomes a member of the fund, the board shall assess against the employer a penalty determined under section 742.353 of the Revised Code.

(B) Application for a disability benefit may be made by a member of the fund or, if the member is incapacitated as defined in rules adopted by the board, by a person acting on the member's behalf. Not later than fourteen days after receiving an application for a disability benefit from a member or a person acting on behalf of a member, the board shall notify the member's employer that an application has been filed. The notice shall state the member's position or rank. Not later than twenty-eight days after receiving the notice or filing an application on behalf of a member, the employer shall forward to the board a statement certifying the member's job description and any other information required by the board to process the application.

If the member applying for a disability benefit becomes a member of the fund prior to the date the minimum standards or procedures described in division (A)(1) of this section take effect, the board may request from the member's employer a copy of the physician's report of the member's physical examination taken on entry into the police or fire department or, if the employer does not have a copy of the report, a written statement certifying that the employer does not have a copy of the report. If an employer fails to forward the report or statement in the form required by the board on or before the date that is twenty-eight days after the date of the request, the board shall assess against the employer a penalty determined under section 742.353 of the Revised Code. The board shall maintain the information submitted under this division and division (A)(2) of this section in the member's file.

(C) For purposes of determining under division (D) of this section whether a member of the fund is disabled, the board shall adopt rules establishing objective criteria under which the board shall make the determination. The rules shall include standards that provide for all of the

following:

(1) Evaluating a member's illness or injury on which an application for disability benefits is based;

(2) Defining the occupational duties of a police officer or firefighter;

(3) Providing for the board to assign competent and disinterested physicians and vocational evaluators to conduct examinations of a member;

(4) Requiring a written report for each disability application that includes a summary of findings, medical opinions, including an opinion on whether the illness or injury upon which the member's application for disability benefits is based was caused or induced by the actual performance of the member's official duties, and any recommendations or comments based on the medical opinions;

(5) Providing for the board to consider the member's potential for retraining or reemployment.

(D) This division does not apply to members of the fund who have elected to receive benefits and pensions in accordance with division (A) or (B) of section 742.37 of the Revised Code or from a police relief and pension fund or a firemen's relief and pension fund in accordance with the rules of that fund in force on April 1, 1947.

~~(1)~~ As used in this division ~~(D)(1) of this section~~:

~~(a)~~ "Totally disabled" means a member of the fund is unable to perform the duties of any gainful occupation for which the member is reasonably fitted by training, experience, and accomplishments. Absolute helplessness is not a prerequisite of being totally disabled.

~~(b)~~ "Permanently disabled" means a condition of disability from which there is no present indication of recovery.

(1) A member of the fund who is permanently and totally disabled as the result of the performance of the member's official duties as a member of a police or fire department shall be paid annual disability benefits in accordance with division (A) of section 742.39 of the Revised Code. In determining whether a member of the fund is permanently and totally disabled, the board shall consider standards adopted under division (C) of this section applicable to the determination.

(2) A member of the fund who is permanently and partially disabled as the result of the performance of the member's official duties as a member of a police or fire department shall, if the disability prevents the member from performing those duties and impairs the member's earning capacity, receive annual disability benefits in accordance with division (B) of section 742.39 of the Revised Code. In determining whether a member of the fund is permanently and partially disabled, the board shall consider standards

adopted under division (C) of this section applicable to the determination.

(3) A member of the fund who is permanently disabled as a result of heart disease or any cardiovascular or respiratory disease of a chronic nature, which disease or any evidence of which disease was not revealed by the physical examination passed by the member on entry into the department or another examination specified in rules the board adopts under section 742.10 of the Revised Code, is presumed to have incurred the disease while performing the member's official duties, unless the contrary is shown by competent evidence. The board may waive the requirement that the absence of disease be evidenced by a physical examination if competent medical evidence of a type specified in rules adopted under section 742.10 of the Revised Code is submitted documenting that the disease was not evident prior to or at the time of entry into the department.

(4) A member of the fund who has ~~completed~~ five or more years of ~~active~~ service ~~in a police or fire department~~ credit and has incurred a permanent disability not caused or induced by the actual performance of the member's official duties as a member of the department, or by the member's own negligence, shall if the disability prevents the member from performing those duties and impairs the member's earning capacity, receive annual disability benefits in accordance with division (C) of section 742.39 of the Revised Code. In determining whether a member of the fund is permanently disabled, the board shall consider standards adopted under division (C) of this section applicable to the determination.

(5) The board shall notify a member of its final action awarding a disability benefit to the member within thirty days of the final action. The notice shall be sent by certified mail, return receipt requested. Not later than ninety days after receipt of notice from the board, the member shall elect, on a form provided by the board, either to accept or waive the disability benefit award. If the member elects to waive the disability benefit award or fails to make an election within the time period, the award is rescinded. A member who later seeks a disability benefit award shall be required to make a new application, which shall be dealt with in accordance with the procedures used for original disability benefit applications.

A person is not eligible to apply for or receive disability benefits under this division, section 742.39 of the Revised Code, or division (C)(2), (3), (4), or (5) of former section 742.37 of the Revised Code unless the person is a member of the fund on the date on which the application for disability benefits is submitted to the fund.

With the exception of persons who may make application for increased benefits as provided in division (D)(2) or (4) of this section or division

(C)(3) or (5) of former section 742.37 of the Revised Code on or after July 24, 1986, or persons who may make application for benefits as provided in section 742.26 of the Revised Code, no person receiving a pension or benefit under this section or division (C) of former section 742.37 of the Revised Code may apply for any new, changed, or different benefit.

Sec. 742.39. (A) A member of the Ohio police and fire pension fund determined to be eligible for a disability benefit under division (D)(1) of section 742.38 of the Revised Code shall be paid annual disability benefits, payable in twelve monthly installments, in an amount equal to seventy-two per cent of the member's average annual salary. If, as of July 2, 2013, the member had fifteen or more years of service credit, the average annual salary shall be determined using three years of contributions. If, as of that date, the member had less than fifteen years of service credit, the average annual salary shall be determined using five years of contributions.

(B) A member of the fund determined to be eligible for a disability benefit under division (D)(2) of section 742.38 of the Revised Code shall be paid annual disability benefits, payable in twelve monthly installments. If the member has fewer than twenty-five years of ~~active~~ service ~~in a police or fire department~~ credit, the benefit shall be in an amount fixed by the board of trustees of the Ohio police and fire pension fund. The board may increase or decrease the benefit whenever the board determines that the impairment of the member's earning capacity warrants an increase or decrease based on the standards adopted under division (C) of section 742.38 of the Revised Code applicable to the determination, but in no event shall the benefit exceed sixty per cent of the member's average annual salary.

A member who has ~~completed~~ twenty-five or more years of ~~active~~ service ~~in the department~~ credit shall receive annual disability benefits, payable in twelve monthly installments, in an amount equal to a percentage of the member's average annual salary. The percentage shall be the sum of two and one-half per cent for each of the first twenty years ~~the member was in the active~~ of service ~~of the department~~ credit, plus two per cent for each of the twenty-first to twenty-fifth years ~~the member was in the active~~ of service ~~of the department~~ credit, plus one and one-half per cent for each year in excess of twenty-five years ~~the member was in the active~~ of service ~~of the department~~ credit. The annual disability benefit shall not exceed seventy-two per cent of the member's average annual salary.

In calculating a benefit under this division, a member's average annual salary shall be determined using three years of contributions if, as of July 2, 2013, the member had fifteen or more years of service credit. If, as of that date, the member had less than fifteen years of service credit, the average

annual salary shall be determined using five years of contributions.

(C) A member of the fund determined to be eligible for a disability benefit under division (D)(4) of section 742.38 of the Revised Code shall be paid annual disability benefits, payable in twelve monthly installments, in an amount to be fixed by the board. The board may increase or decrease the benefits whenever the board determines that the impairment of the member's earning capacity warrants an increase or decrease based on the standards adopted under division (C) of section 742.38 of the Revised Code applicable to the determination, but in no event shall a benefit paid to the member exceed sixty per cent of the member's average annual salary.

(D) Each of the following persons who on July 1, 1999, is receiving annual benefits of less than six thousand six hundred dollars shall have the benefits increased to that amount effective July 1, 1999:

(1) A person receiving annual benefits described in division (A) of this section;

(2) A person receiving annual benefits described in division (C) of this section based on an award made prior to September 16, 1998.

(E) Benefits payable under this section continue until death unless adjusted under division (D)(5) of section 742.38 of the Revised Code or adjusted or terminated under division (C)(3) of section 742.40 of the Revised Code.

Sec. 742.44. Except as provided in section 742.14 of the Revised Code, at any time prior to filing an application for retirement under division (C)(1) of section 742.37 of the Revised Code, a member who has attained the requisite age and is eligible to retire under that division may elect to participate in the deferred retirement option plan established under section 742.43 of the Revised Code.

To make an election, an eligible member shall complete and submit to the Ohio police and fire pension fund a form prescribed by the fund. At this time the member may, but is not required to, elect under section 742.3711 of the Revised Code to have the member's monthly pension calculated as a retirement allowance payable throughout the member's life or a retirement allowance under option 2 in division (A) of section 742.3711 of the Revised Code. Unless rescinded during a period specified in rules adopted under section 742.43 of the Revised Code, the election is irrevocable from the date it is received by the fund until the employee ceases to participate in the plan as provided in section 742.444 of the Revised Code.

A member is not required to specify the number of years or portion of a year the member will participate in the plan but must agree to terminate active service in a police or fire department and begin receiving the

member's pension not later than the date that is eight years after the effective date of the election to participate in the plan or be subject to the forfeiture provisions of division (C) of section 742.444 of the Revised Code.

The effective date of an election made under this section is the first day of the employer's first payroll period immediately following the board's receipt of the notice of election.

Sec. 742.442. For each member who elects to participate in the deferred retirement option plan, the Ohio police and fire pension fund shall determine under division (C)(1) of section 742.37 of the Revised Code the monthly pension amount that would be payable to the member had the member elected to receive a pension under that division. In determining the pension amount, the fund shall use the member's total service credit and average annual salary as of the last day of the employer's payroll period immediately prior to the effective date of the member's election to participate in the plan. The pension amount shall be calculated as a retirement allowance payable for the member's life, except that, if at the time of electing to participate in the plan the member selected the plan of payment in option 2 of division (A) of section 742.3711 of the Revised Code, the pension shall be calculated using that plan of payment.

A member who participates in the plan is not eligible to make an election under division ~~(B)~~(D) of section 742.3716 of the Revised Code.

Sec. 742.443. (A) During the period beginning on the effective date of an election to participate in the deferred retirement option plan and ending on the date participation ceases, a member's monthly pension amount determined under section 742.442 of the Revised Code shall accrue to the member's benefit. ~~To~~ If the member is eligible for increases under section 742.3716 of the Revised Code, to this amount shall be added any benefit increases the member would be eligible for under ~~division (C) of~~ that section ~~742.3716 of the Revised Code~~ had the member, on the effective date of the member's election, retired under division (C)(1) of section 742.37 of the Revised Code.

(B)(1) The amounts contributed under section 742.31 of the Revised Code by a member ~~participating~~ who, before July 2, 2013, elects to participate in the deferred retirement option plan shall accrue to the member's benefit as follows:

(a) During the period beginning on the first day of the first payroll period after the election's effective date and ending on the earlier of the date that is two years thereafter or the date the member ceases participation in the plan, fifty per cent of the member's contributions for that period;

(b) During the period beginning on the date that is two years and one

day after accruals begin under this division and ending on the earlier of the date that is three years thereafter or the date the member ceases participation in the plan, seventy-five per cent of the member's contributions for that period;

(c) During the period beginning on the date that is three years and one day after accruals begin under this section and ending on the date the member ceases participation in the plan, one hundred per cent of the member's contributions for that period.

(2) The amounts contributed under section 742.31 of the Revised Code by a member who, on or after July 2, 2013, elects to participate in the deferred retirement option plan shall accrue to the member's benefit as follows:

(a) During the period beginning on the first day of the first payroll period after the election's effective date and ending on the earlier of the date that is three years thereafter or the date the member ceases participation in the plan, fifty per cent of the member's contributions for that period;

(b) During the period beginning on the date that is three years and one day after accruals begin under this division and ending on the earlier of the date that is five years thereafter or the date the member ceases participation in the plan, seventy-five per cent of the member's contributions for that period;

(c) During the period beginning on the date that is five years and one day after accruals begin under this section and ending on the date the member ceases participation in the plan, one hundred per cent of the member's contributions for that period.

(3) The Ohio police and fire pension fund shall credit the portion of a member's contributions that are not accrued to the member's benefit under division (B)(1) or (2) of this section to the police officers' contribution fund or firefighters' contribution fund, as appropriate.

(C) During the period beginning on the election's effective date and ending on the day before the date distributions under division (B)(3) of section 742.444 of the Revised Code are completed, the amounts described in divisions (A) and (B)(1) of this section shall earn interest at an annual rate established by the board of trustees of the fund and compounded annually using a method established by rule adopted under section 742.43 of the Revised Code.

Sec. 742.444. (A) A member's participation in the deferred retirement option plan ceases on the occurrence of the earliest of the following:

(1) Termination of the member's active service in a police or fire department;

(2) The last day of the eight-year period that begins on the effective date of the member's election to participate in the plan;

(3) Acceptance by the member of a disability benefit awarded by the board of trustees of the Ohio police and fire pension fund, unless the acceptance is revoked by the member in accordance with rules adopted by the board;

(4) The member's death.

(B) If a member terminates active service in a police or fire department not later than eight years after the effective date of the member's election to participate in the plan, all of the following apply:

(1) The member shall notify the Ohio police and fire pension fund of the date of termination on a form prescribed by the fund. The member is not eligible to make another election under section 742.44 of the Revised Code.

(2) ~~If~~ (a) For a member whose election to participate in the plan is effective before July 2, 2013, the member's termination of active service occurs on or after the date that is the first day of the fourth year after the effective date of the election to participate in the plan, the entire amount that has accrued to the member's benefit under the deferred retirement option plan shall be distributed to the member pursuant to the member's selection under division (B)(3) of this section. If the member's termination of active service occurs before the date that is four years after the effective date of the election to participate, the member shall forfeit the total amount of the interest credited under division (C) of section 742.443 of the Revised Code.

(b) For a member whose election to participate in the plan is effective on or after July 2, 2013, if the member's termination of active service occurs on or after the date that is the sixth year after the effective date of the election to participate in the plan, the entire amount that has accrued to the member's benefit under the deferred retirement option plan shall be distributed to the member pursuant to the member's selection under division (B)(3) of this section. If the member's termination of active service occurs before the date that is six years after the effective date of the election to participate, the member shall forfeit the total amount of the interest credited under division (C) of section 742.443 of the Revised Code.

(3) The member shall select one of the following as the method of distribution of the amount to be distributed to the member:

(a) A single payment;

(b) Periodic payments as determined by the board.

The fund shall retain amounts accrued to the benefit of a member under the plan until a form specifying the method of distribution selected is filed with the fund by the member or an authorized representative of the member.

The board shall afford a member who selects periodic payments the opportunity at least once during each calendar year to change the member's selection.

(4) Distribution of the amount accrued to a member's benefit under the deferred retirement option plan shall not commence until the following:

(a) For members whose election to participate in the plan is effective before July 2, 2013, the date that is the first day of the fourth year after the effective date of the election;

(b) For members whose election to participate in the plan is effective on or after July 2, 2013, the date that is the first day of the sixth year after the effective date of the election.

(5) The member shall select a plan of payment under section 742.3711 of the Revised Code for the pension payable to the member under division (C) of section 742.37 of the Revised Code, unless the member selected a plan of payment at the time of electing to participate in the plan. The pension shall commence not later than the first day of the second month following the date the employee ceases to participate in the plan.

(C) If, at the end of the eight-year period that begins on the effective date of a member's election to participate in the plan, the member has failed to terminate active service in a police or fire department, all of the following apply:

(1) No further amounts shall accrue to the member's benefit, and the member shall forfeit all amounts that have accrued to the member's benefit under section 742.443 of the Revised Code. The amounts forfeited shall be treated as if the member had continued in the active service of a police or fire department and not elected to participate in the plan.

(2) The member shall be granted service credit for the period the member was participating in the plan, and when the member's pension is calculated under section 742.37 of the Revised Code, the calculation shall be made as though the member had never participated in the plan.

(3) Further contributions, and service credit for those contributions, shall be credited as provided in sections 742.31 through 742.34 of the Revised Code.

Sec. 742.45. (A) The board of trustees of the Ohio police and fire pension fund may enter into an agreement with insurance companies, health insuring corporations, or government agencies authorized to do business in the state for issuance of a policy or contract of health, medical, hospital, or surgical benefits, or any combination thereof, for those individuals receiving service or disability pensions or survivor benefits subscribing to the plan. Notwithstanding any other provision of this chapter, the policy or contract

may also include coverage for any eligible individual's spouse and dependent children and for any of the eligible individual's sponsored dependents as the board considers appropriate.

If all or any portion of the policy or contract premium is to be paid by any individual receiving a service, disability, or survivor pension or benefit, the individual shall, by written authorization, instruct the board to deduct from the individual's benefit the premium agreed to be paid by the individual to the company, corporation, or agency.

The board may contract for coverage on the basis of part or all of the cost of the coverage to be paid from appropriate funds of the Ohio police and fire pension fund. The cost paid from the funds of the Ohio police and fire pension fund shall be included in the employer's contribution rates provided by sections 742.33 and 742.34 of the Revised Code.

The board may provide for self-insurance of risk or level of risk as set forth in the contract with the companies, corporations, or agencies, and may provide through the self-insurance method specific benefits as authorized by the rules of the board.

(B) Except as otherwise provided in this division, the board shall, beginning the month following receipt of satisfactory evidence of the payment for coverage, pay monthly to each recipient of service, disability, or survivor benefits under the Ohio police and fire pension fund who is eligible for ~~medical insurance~~ coverage under part B of the medicare program established under Title XVIII of "The Social Security Amendments of 1965," 79 Stat. 301 (1965), 42 U.S.C.A. 1395j, as amended, an amount specified by the board or determined pursuant to a formula established by the board that is not less than ninety-six dollars and forty cents, for such coverage, except that the board shall not pay an amount that exceeds the amount paid by the recipient for the coverage.

The board shall pay not more than one monthly premium under this division to an eligible benefit recipient even if the recipient is receiving more than one monthly benefit from the fund. The board shall not pay a monthly premium under this division to an eligible benefit recipient who is receiving reimbursement for the premium from any other source.

(C) The board shall establish by rule requirements for the coordination of any coverage, payment, or benefit provided under this section with any similar coverage, payment, or benefit made available to the same individual by the public employees retirement system, state teachers retirement system, school employees retirement system, or state highway patrol retirement system.

(D) The board shall make all other necessary rules pursuant to the

purpose and intent of this section.

Sec. 742.63. The board of trustees of the Ohio police and fire pension fund shall adopt rules for the management of the Ohio public safety officers death benefit fund and for disbursements of benefits as set forth in this section.

(A) As used in this section:

(1) "Member" means all of the following:

(a) A member of the Ohio police and fire pension fund, including a member of the fund who has elected to participate in the deferred retirement option plan established under section 742.43 of the Revised Code or a member of or contributor to a police or firemen's relief and pension fund established under former Chapter 521. or 741. of the Revised Code;

(b) A member of the state highway patrol retirement system, including a member who is participating in the deferred retirement option plan established under section 5505.50 of the Revised Code;

(c) A member of the public employees retirement system who at the time of the member's death was one of the following:

(i) A county sheriff or deputy sheriff;

(ii) A full-time regular police officer in a municipal corporation or township;

(iii) A full-time regular firefighter employed by the state, an instrumentality of the state, a municipal corporation, a township, a joint fire district, or another political subdivision;

(iv) A full-time park district ranger or patrol trooper;

(v) A full-time law enforcement officer of the department of natural resources;

(vi) A full-time department of public safety enforcement agent;

(vii) A full-time law enforcement officer of parks, waterway lands, or reservoir lands under the control of a municipal corporation;

(viii) A full-time law enforcement officer of a conservancy district;

(ix) A correction officer at an institution under the control of a county, a group of counties, a municipal corporation, or the department of rehabilitation and correction;

(x) A state university law enforcement officer;

(xi) An investigator, as defined in section 109.541 of the Revised Code, or an investigator commissioned as a special agent of the bureau of criminal identification and investigation.

(xii) A drug agent, as defined in section 145.01 of the Revised Code.

(d) A member of a retirement system operated by a municipal corporation who at the time of death was a full-time law enforcement officer

of parks, waterway lands, or reservoir lands under the control of the municipal corporation.

(2) Notwithstanding section 742.01 of the Revised Code, "fire or police department" includes a fire department of the state or an instrumentality of the state or of a municipal corporation, township, joint fire district, or other political subdivision, the state highway patrol, a county sheriff's office, the security force of an institution under the control of the department of rehabilitation and correction, the security force of a jail or workhouse under the control of a county, group of counties, or municipal corporation, the security force of a metropolitan, county, or township park district, the security force of lands under the control of the department of natural resources, department of public safety enforcement agents, the security force of parks, waterway lands, or reservoir lands under the control of a municipal corporation, the security force of a conservancy district, the police department of a township or municipal corporation, and the police force of a state university.

(3) "Firefighter or police officer" includes a state highway patrol trooper, a county sheriff or deputy sheriff, a correction officer at an institution under the control of a county, a group of counties, a municipal corporation, or the department of rehabilitation and correction, a police officer employed by a township or municipal corporation, a firefighter employed by the state, an instrumentality of the state, a municipal corporation, a township, a joint fire district, or another political subdivision, a full-time park district ranger or patrol trooper, a full-time law enforcement officer of the department of natural resources, a full-time department of public safety enforcement agent, a full-time law enforcement officer of parks, waterway lands, or reservoir lands under the control of a municipal corporation, a full-time law enforcement officer of a conservancy district, and a state university law enforcement officer.

(4) "Correction officer" includes, in addition to any correction officer, any correction corporal, sergeant, lieutenant, or captain, and the equivalents of all such persons.

(5) "A park district ranger or patrol trooper" means a peace officer commissioned to make arrests, execute warrants, and preserve the peace upon lands under the control of a board of park commissioners of a metropolitan, county, or township park district.

(6) "Metropolitan, county, or township park district" means a park district created under the authority of Chapter 511. or 1545. of the Revised Code.

(7) "Conservancy district" means a conservancy district created under

the authority of Chapter 6101. of the Revised Code.

(8) "Law enforcement officer" means an officer commissioned to make arrests, execute warrants, and preserve the peace upon lands under the control of the governmental entity granting the commission.

(9) "Department of natural resources law enforcement officer" includes a forest officer designated pursuant to section 1503.29 of the Revised Code, a preserve officer designated pursuant to section 1517.10 of the Revised Code, a wildlife officer designated pursuant to section 1531.13 of the Revised Code, a park officer designated pursuant to section 1541.10 of the Revised Code, and a state watercraft officer designated pursuant to section 1547.521 of the Revised Code.

(10) "Retirement eligibility date" means the last day of the month in which a deceased member would have first become eligible, had the member lived, for the retirement pension provided under ~~section 145.33,~~ Chapter 145., 521., or 741., division (C)(1) of section 742.37, or division (A)(1) of section 5505.17 of the Revised Code or provided by a retirement system operated by a municipal corporation.

(11) "Death benefit amount" means an amount equal to the full monthly salary received by a deceased member prior to death, minus an amount equal to the benefit received under section 145.45, 742.37, 742.3714, or 5505.17 of the Revised Code or the benefit received from a retirement system operated by a municipal corporation, plus any increases in salary that would have been granted the deceased member.

(12) "Killed in the line of duty" means either of the following:

(a) Death in the line of duty;

(b) Death from injury sustained in the line of duty, including heart attack or other fatal injury or illness caused while in the line of duty.

(B) A spouse of a deceased member shall receive a death benefit each month equal to the full death benefit amount, provided that the deceased member was a firefighter or police officer killed in the line of duty and there are no surviving children eligible for a benefit under this section. The spouse shall receive this benefit during the spouse's natural life until the deceased member's retirement eligibility date, on which date the benefit provided under this division shall terminate.

(C)(1) If a member killed in the line of duty as a firefighter or police officer is survived only by a child or children, the child or children shall receive a benefit each month equal to the full death benefit amount. If there is more than one surviving child, the benefit shall be divided equally among these children.

(2) If the death benefit paid under this division is divided among two or

more surviving children and any of the children become ineligible to continue receiving a portion of the benefit as provided in division (H) of this section, the full death benefit amount shall be paid to the remaining eligible child or divided among the eligible children so that the benefit paid to the remaining eligible child or children equals the full death benefit amount.

(3) Notwithstanding divisions (C)(1) and (2) of this section, all death benefits paid under this division shall terminate on the deceased member's retirement eligibility date.

(D) If a member killed in the line of duty as a firefighter or police officer is survived by both a spouse and a child or children, the monthly benefit provided shall be as follows:

(1)(a) If there is a surviving spouse and one surviving child, the spouse shall receive an amount each month equal to one-half of the full death benefit amount and the child shall receive an amount equal to one-half of the full death benefit amount.

(b) If the surviving spouse dies or the child becomes ineligible as provided in division (H) of this section, the surviving spouse or child remaining eligible shall receive the full death benefit amount.

(2)(a) If there is a surviving spouse and more than one child, the spouse shall receive an amount each month equal to one-third of the full death benefit amount and the children shall receive an amount, equally divided among them, equal to two-thirds of the full death benefit amount.

(b) If a spouse and more than one child each are receiving a death benefit under division (D)(2)(a) of this section and the spouse dies, the children shall receive an amount each month, equally divided among them, equal to the full death benefit amount.

(c) If a spouse and more than one child each are receiving a benefit under division (D)(2)(a) of this section and any of the children becomes ineligible to receive a benefit as provided in division (H) of this section, the spouse and remaining eligible child or children shall receive a death benefit as follows:

(i) If there are two or more remaining eligible children, the spouse shall receive an amount each month equal to one-third of the full death benefit amount and the children shall receive an amount each month, equally divided among them, equal to two-thirds of the full death benefit amount;

(ii) If there is one remaining eligible child, the spouse shall receive an amount each month equal to one-half of the full death benefit amount, and the child shall receive an amount each month equal to one-half of the full death benefit amount.

(d) If a spouse and more than one child each are receiving a benefit

under division (D)(2)(a) of this section and all of the children become ineligible to receive a benefit as provided in division (H) of this section, the spouse shall receive the full death benefit amount.

(3) Notwithstanding divisions (D)(1) and (2) of this section, death benefits paid under this division to a surviving spouse shall terminate on the member's retirement eligibility date. Death benefits paid to a surviving child or children shall terminate on the deceased member's retirement eligibility date unless earlier terminated pursuant to division (H) of this section.

(E) If a member, on or after January 1, 1980, is killed in the line of duty as a firefighter or police officer and is survived by only a parent or parents dependent upon the member for support, the parent or parents shall receive an amount each month equal to the full death benefit amount. If there is more than one surviving parent dependent upon the deceased member for support, the death benefit amount shall be divided equally among the surviving parents. On the death of one of the surviving parents, the full death benefit amount shall be paid to the other parent.

(F)(1) The following shall receive a monthly death benefit under this division:

(a) A surviving spouse whose benefits are terminated in accordance with division (B) or (D)(3) of this section on the deceased member's retirement eligibility date, or who would qualify for a benefit under division (B) or (D) of this section except that the deceased member reached the member's retirement eligibility date prior to the member's death;

(b) A qualified surviving spouse of a deceased member of or contributor to a police or firemen's relief and pension fund established under former Chapter 521. or 741. of the Revised Code who was a firefighter or police officer killed in the line of duty.

(2) The monthly death benefit shall be one-half of an amount equal to the monthly salary received by the deceased member prior to the member's death, plus any salary increases the deceased member would have received prior to the member's retirement eligibility date. The benefit shall terminate on the surviving spouse's death. A death benefit payable under this division shall be reduced by an amount equal to any allowance or benefit payable to the surviving spouse under section 742.3714 of the Revised Code.

(3) A benefit granted to a surviving spouse under division (F)(1)(b) of this section shall commence on the first day of the month immediately following receipt by the board of a completed application on a form provided by the board and any evidence the board may require to establish that the deceased spouse was killed in the line of duty.

(G)(1) If there is not a surviving spouse eligible to receive a death

benefit under division (F) of this section or the surviving spouse receiving a death benefit under that division dies, a surviving child or children whose benefits under division (C) or (D) of this section are or have been terminated pursuant to division (C)(3) or (D)(3) of this section or who would qualify for a benefit under division (C) or (D) of this section except that the deceased member reached the member's retirement eligibility date prior to the member's death shall receive a monthly death benefit under this division. The monthly death benefit shall be one-half of an amount equal to the monthly salary received by the deceased member prior to the member's death, plus any salary increases the member would have received prior to the member's retirement eligibility date. If there is more than one surviving child, the benefit shall be divided equally among the surviving children.

(2) If two or more surviving children each are receiving a benefit under this division and any of those children becomes ineligible to continue receiving a benefit as provided in division (H) of this section, the remaining eligible child or children shall receive an amount equal to one-half of the monthly salary received by the deceased member prior to death, plus any salary increases the deceased member would have received prior to the retirement eligibility date. If there is more than one remaining eligible child, the benefit shall be divided equally among the eligible children.

(3) A death benefit, or portion of a death benefit, payable to a surviving child under this division shall be reduced by an amount equal to any allowance or benefit payable to that child under section 742.3714 of the Revised Code, but the reduction in that child's benefit shall not affect the amount payable to any other surviving child entitled to a portion of the death benefit.

(H) A death benefit paid to a surviving child under division (C), (D), or (G) of this section shall terminate on the death of the child or, unless one of the following is the case, when the child reaches age eighteen:

(1) The child, because of physical or mental disability, is unable to provide the child's own support, in which case the death benefit shall terminate when the disability is removed;

(2) The child is unmarried, under age twenty-two, and a student in and attending an institution of learning or training pursuant to a program designed to complete in each school year the equivalent of at least two-thirds of the full-time curriculum requirements of the institution, as determined by the trustees of the fund.

(I) Acceptance of any death benefit under this section does not prohibit a spouse or child from receiving other benefits provided under the Ohio police and fire pension fund, the state highway patrol retirement system, the

public employees retirement system, or a retirement system operated by a municipal corporation.

(J) No person shall receive a benefit under this section if any of the following occur:

(1) The person fails to exercise the right to a monthly survivor benefit under division (A) or (B) of section 145.45, division (D), (E), or (F) of section 742.37, or division (A)(3), (4), or (7) of section 5505.17 of the Revised Code; to a monthly survivor benefit from a retirement system operated by a municipal corporation; or to a retirement allowance under section 742.3714 of the Revised Code.

(2) The member's accumulated contributions under this chapter or Chapter 145. or 5505. of the Revised Code are refunded unless the member had been a member of the public employees retirement system and had fewer than eighteen months of total service credit at the time of death.

(3) In the case of a full-time park district ranger or patrol trooper, a full-time law enforcement officer of the department of natural resources, a full-time law enforcement officer of parks, waterway lands, or reservoir lands under the control of a municipal corporation, a full-time law enforcement officer of a conservancy district, a correction officer at an institution under the control of a county, group of counties, or municipal corporation, or a member of a retirement system operated by a municipal corporation who at the time of the member's death was a full-time law enforcement officer of parks, waterway lands, or reservoir lands under the control of the municipal corporation, the member died prior to April 9, 1981, in the case of a benefit under division (B), (C), or (D) of this section, or prior to January 1, 1980, in the case of a benefit under division (E) of this section.

(4) In the case of a full-time department of public safety enforcement agent who prior to June 30, 1999, was a liquor control investigator of the department of public safety, the member died prior to December 23, 1986;

(5) In the case of a full-time department of public safety enforcement agent other than an enforcement agent who, prior to June 30, 1999, was a liquor control investigator, the member died prior to June 30, 1999.

(K) A surviving spouse whose benefit was terminated prior to June 30, 1999, due to remarriage shall receive a benefit under division (B), (D), or (F) of this section beginning on the first day of the month following receipt by the board of an application on a form provided by the board. The benefit amount shall be determined as of that date.

(1) If the benefit will begin prior to the deceased member's retirement eligibility date, it shall be paid under division (B) or (D) of this section and

shall terminate as provided in those divisions. A benefit paid to a surviving spouse under division (D) of this section shall be determined in accordance with that division, even if benefits paid to surviving children are reduced as a result.

(2) If the benefit will begin on or after the deceased member's retirement eligibility date, it shall be paid under division (F) of this section and shall terminate as provided in that division. A benefit paid to a surviving spouse under division (F) of this section shall be determined in accordance with that division, even if benefits paid to surviving children are terminated as a result.

Sec. 742.64. If ~~a~~ any person ~~who~~ is ~~a disability benefit recipient or an alternate payee, as defined in section 3105.80 of the Revised Code, is~~ paid any benefit or payment by the Ohio police and fire pension fund to which the person is not entitled, the person shall repay the fund. If the person fails to repay, the fund shall withhold the amount due from any benefit or payment due the person or the person's beneficiary under this chapter or may collect the amount in any other manner provided by law.

SECTION 2. That existing sections 171.04, 742.01, 742.04, 742.10, 742.14, 742.16, 742.30, 742.301, 742.31, 742.32, 742.33, 742.34, 742.35, 742.37, 742.3711, 742.3716, 742.38, 742.39, 742.44, 742.442, 742.443, 742.444, 742.45, 742.63, and 742.64 and section 742.011 of the Revised Code are hereby repealed.

SECTION 3. (A) The amendments by this act of sections 742.33, 742.34, and 742.35 of the Revised Code regarding the frequency of employer payments to the Ohio Police and Fire Pension Fund apply to police officer employers' contributions and firefighter employers' contributions due the Fund for employee payrolls paid on or after the ninety-first day after the effective date of this section.

(B) Police officer employers' contributions and firefighter employers' contributions to the Ohio Police and Fire Pension Fund for employee payrolls paid during the period beginning on the effective date of this section and ending on the ninety-first day thereafter are due as follows:

(1) One third of the contributions for that period are due not later than December 31, 2013.

(2) One third of the contributions for that period are due not later than December 31, 2014.

(3) One third of the contributions for that period are due not later than

December 31, 2015.

(C) Any applicable penalty determined under section 742.352 of the Revised Code shall be assessed against an employer if the employer fails to make a payment on or before the date the payment is due.

SECTION 4. Sections 1, 2, and 3 of this act take effect January 7, 2013, except that section 742.161, as enacted by this act, and division (B) of section 742.31 of the Revised Code, as amended by this act, take effect one hundred eighty days after the effective date of this section.

_____

Speaker _____ of the House of Representatives.

_____

President _____ of the Senate.

Passed _____, 20____

Approved _____, 20____

_____

Governor.

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 _____