



Preparing for:

- Retirement
- Entering Deferred Retirement Option Plan (DROP)
- Terminating DROP

Overview

Members of the Highway Patrol Retirement System (HPRS) who are considering retirement or entering the Deferred Retirement Option Plan (DROP) should become familiar with some important steps prior to selecting a date. We strongly urge prospective retirees to communicate with the retirement system personnel to clarify such areas as retirement options, purchase of prior or interrupted service credits, employment restrictions after retirement, and health care benefits.

An important note: final pension calculations cannot be computed until the application is received identifying the type of retirement and plan selected and all necessary payroll data is obtained.

Retirement Benefits Application

This can be obtained on the HPRS website, directly from the HPRS office, or by calling HPRS for the application to be mailed. The Retirement Benefits Application must be notarized and should be submitted to the HPRS office at least two weeks before retirement. With the exception of deferred or disability retirement, benefits become effective the day following the last day of work.

Retirement Exit Interview

Please contact HPRS to schedule an exit interview after submitting your application. The purpose of the exit interview is to go over your pension and benefits information. Spouse attendance is encouraged. The exit interview usually takes approximately an hour. You will need to bring your financial institution routing number(s) and account number(s) with you to the exit interview.

Pension checks

Pension benefit checks are processed by the 10th of each month. Benefit recipients must have their pension check electronically deposited to a financial institution. You may elect multiple checking or savings accounts for your deposit.

EXAMPLE: a portion of your pension can be deposited in a savings account and the rest in a checking account. The wire transfers to the bank(s) you designate are credited on the 20th of each month or the following business day if the 20th falls on a weekend or holiday. You will need to submit your financial institution(s) routing number(s) and account number(s) at your retirement exit interview.

If you retire before the 10th of the month, your first pension check will be for the part of the month in which you retire.

EXAMPLE: if your retirement becomes effective on the 5th day of a 30 day month, you will receive a pension check for 25 days (instead of the full month). If retirement occurs after the 10th of the month, your first pension benefit check will be processed the month following your retirement and will include one full month and the partial retirement month's check.

Deferred Retirement Option Plan (DROP) Application

This can be obtained on the HPRS website, directly from the HPRS office, or by calling HPRS for the application to be mailed. The application must be notarized and submitted to HPRS prior to entering the DROP. A member's election to participate in DROP is effective the later of:

- (1) The first day of the employer's payroll immediately following the board's receipt of the notice of election;
- (2) The first day of the employer's payroll designated by the member in the notice of election as long as the designated payroll is within thirty days of the board's receipt of the notice of election; or
- (3) The first day of the employer's payroll immediately following the member's eligibility to participate in DROP.

EXAMPLE: pay period ending date Saturday, February 14, pay period beginning date is Sunday, February 15. On the application you will enter the Saturday date and your DROP retirement will begin on Sunday. The DROP application must be received in the HPRS office by the Friday prior to the pay period ending date, if you select this option. Refer to OAC 5505-3-7.

Re-employment after Retirement

Retirants of HPRS who are re-employed with another agency that requires the withholding of employee contributions payable to any of the other four Ohio public retirement systems within sixty (60) days of their HPRS retirement date or DROP termination date are subject to the following:

1. If re-employment occurs before the end of thirty (30) days from your retirement date or DROP termination date, two month's pension must be forfeited.
2. If re-employment occurs between thirty-one (31) and sixty (60) days from your retirement date or DROP termination date, one month's pension must be forfeited.

Once HPRS receives notification from one of the Ohio public retirement systems, HPRS will contact the retirant, in writing and advise the amount that is to be reimbursed to HPRS. Except for retirants granted a disability retirement, there are no other re-employment restrictions applicable to HPRS retirants.

Prior Service Credit

Members may choose to purchase prior service or interrupted military leave service using a lump sum payment, rollover funds from Ohio Deferred Compensation (contact Ohio Deferred Compensation for paperwork), or a payment plan through payroll deduction. All prior service credit does not need to be purchased at the same time, but purchase must be completed before retirement. A member may use Academy, Ohio Police & Fire (OP & F), and military service credit in meeting the 20 or 25 year minimum years of service necessary for retirement.

Retirement Plans

Service Retirement

You can retire and start receiving a full pension after you reach age 48 if you have at least 25 years of service or after you reach age 52 if you have at least 20 years of service. For those hired on or after January 1, 2020, the minimum retirement age is 52 with 20 years of qualifying service. A member can purchase military, prior OP & F, and prior Ohio PERS (only service as a cadet at the academy) in meeting the 20 or 25 years of service credit necessary for retirement. The total number of years purchased for prior military service shall not exceed the lesser of five (5) years or the member's total accumulated number of years in the service of the OSHP.

Other Ohio state pension systems' full time service credit can be purchased as well, but it will not count toward meeting the 20 or 25 years needed for retirement. It will be added to your OSHP time in the calculation of your pension benefits, which will increase the amount of your monthly pension.

Reduced Retirement

Any member who attains the age of 48 through 51, and has accumulated a minimum of 20 years of service credit, but less than 25 years or contributing HPRS service credit, is eligible to retire and receive a permanently reduced lifetime pension based on the following schedule:

<u>Attained Age</u>	<u>Reduced Pension</u>
48	75 percent of service retirement pension
49	80 percent of service retirement pension
50	86 percent of service retirement pension
51	93 percent of service retirement pension

Once a member elects to receive a permanently reduced lifetime pension in accordance with the schedule provided and has received a payment, the member may not change his/her election.

Deferred Retirement

1. A member (hired before January 1, 2020) who has accumulated 25 or more years of contributing HPRS service credit but has not yet reached age 48 is eligible to retire with a deferred retirement. Pension benefits are payable when the member reaches age 48. EXAMPLE: A member that reaches 25 years of service but is only age 46 can retire from the Patrol. However, the member will not start receiving pension benefits until age 48.
2. A member who has accumulated at least 20 years contributing HPRS service credit is eligible to retire with a deferred retirement. Pension benefits are payable when the member reaches age 52 or at least age 48 and elects a **reduced benefit**.

Other Pensions

A member who has accumulated a minimum of 15 years, but less than 20 years of contributing HPRS service credit, who voluntarily resigns or is discharged from the OSHP for any reason other than dishonesty, cowardice, intemperate habits, or conviction of a felony, is eligible to receive a pension equal to 1.5 percent of final average salary multiplied by the number of years of service. Such a pension commences on or after the attainment of age 55, if contributions have remained on deposit. If the member withdraws any part of his/her contributions, all rights to a deferred pension are forfeited. This is not considered retirement. The member is not eligible for health care benefits or COLA and does not have voting rights in board elections.

Additional Service Credit

Total service credit is the total number of years, or part thereof, of contributing service, purchased service credit and any additional service credit approved by the board. All service credit purchased or granted is subject to board rules. The cost to purchase service credit for which members are eligible must be paid to the HPRS prior to retirement. A request for cost estimate and submission of required documents should be submitted at least sixty days prior to the intended purchase date. The interest rate, compounded annually, is equal to the assumed actuarial rate of return. The membership is notified well in advance of any rate change.

Additional service credit that can be purchased any time prior to retirement in accordance with board rules includes:

1. Prior full-time service credit with the HPRS that had been canceled by withdrawal of contributions can be repurchased by paying the amount of withdrawn contributions, plus compound interest, for the period between the date of withdrawal and date of payment.
2. Military service prior to OSHP service may be purchased to a maximum of five (5) years (ten (10) years if a prisoner of war), by making a payment based on the salary rate of the first year of employment following termination of military service and the rate of contribution in effect when the military service began, plus compound interest from the date of discharge to date of payment. Purchase of military service credit requires cost computations based upon data from your DD214. Contact HPRS if information is needed to obtain a replacement DD214. All computations have many variables; therefore, the cost cannot be compared with other purchasers of military service credit. All that is needed is a copy of the member's DD214 and a payable date for the cost estimate.
3. Interrupted Military service may be purchased to a maximum of seven years. To be eligible for this credit, the member must have been re-employed by the OSHP within ninety days of discharge. The member must pay into HPRS an amount equal to the total contributions he/she would have paid had the service not been interrupted. The repayment may be made any time prior to retirement, however interest is charged after the repayment amount exceeds the lesser of five years or three times the member's period of interrupted service.
4. Service credit for prior full-time employment as a member of Public Employees' Retirement System (PERS), Ohio Police & Fire Pension Fund (OP&F), State Teachers' Retirement System (STRS), School Employees' Retirement System (SERS) and Cincinnati Retirement System (CRS) can be purchased by paying into the HPRS the amount refunded from these state or municipal retirement systems, plus compound interest from the date of refund to the date of payment. This service must be processed at least sixty days prior to retirement, and the cost must be computed from data certified by one of these

other retirement systems. A form must be requested from HPRS and completed before a cost can be computed. Service time that has not been refunded can be transferred into HPRS.

5. Service credit can be granted for time during which a member was receiving benefits under Ohio Workers' Compensation Laws, and was not receiving a salary from the OSHP. This is granted at no cost to the member for a period of time not to exceed three years for any one work related injury or illness. A form must be requested from HPRS and completed by the member and certified by the OSHP payroll section.

Benefit Payment Plans

Benefit payments vary in amount depending on length of service, final average salary, age, and plan of payment selection. The final average salary is determined by taking the average of the five highest years of salary. Salary includes base rate of pay plus longevity, hazard duty, shift differential, and professional achievement pay.

At the time the member files an application with HPRS, a payment plan must be selected. The member may elect to receive benefits payable throughout his/her lifetime (Single Life Annuity), in a lesser amount throughout the member's life but continuing after death to a designated beneficiary (Joint and Survivor Annuity), or for a specified number of years (Life Annuity Certain and Continuous). A member may also elect the Partial Lump Sum (PLUS) Option.

Single Life Annuity (SLA)

This plan of payment pays the highest lifetime amount to which the member is entitled and does not consider marital status. A member receives a life pension based on the sum of 2.5% of the member's final average salary (FAS) multiplied by the first 20 years of total service credit, plus 2.25% of the member's FAS multiplied by the number of years, and fraction of a year, of total service credit in excess of 20 years but not in excess of 25 years, plus 2% of the member's FAS multiplied by the number of years, and fraction of a year, in excess of 25 years; provided that in no case shall the pension exceed 79.25% (34 years) of the member's FAS.

Joint and Survivor Annuity (JSA)

This benefit payment is based on the actuarial equivalent of a single life annuity, but the payment is reduced because it is based on the combined life expectancies of the member and designated beneficiary. Under this plan, the member designates that upon his/her death, a certain percent of the member's monthly allowance will be continued to a designated beneficiary for life. For example, a member may designate that his/her spouse should receive 25% of his/her pension upon the member's death. Up to four beneficiaries may be named under this plan; birth certificates for both the member and beneficiary(s) are required.

Life Annuity Certain and Continuous

This benefit payment is an annuity payable throughout the member's life or for a guaranteed period whichever is greater. The member may select between five to twenty years as a guaranteed period. If the member dies before the end of the guaranteed period, the same amount will be payable to the beneficiary for the remainder of the guaranteed period. If the nominated beneficiary and member both die before the expiration of the guaranteed period, then the present value of the remaining payments will be paid to the estate of the person last receiving the allowance. If multiple beneficiaries are selected and the member dies before the end of the guaranteed period, the beneficiaries will receive the present value of the remaining payments. This plan cannot be changed once pension payments begin.

Partial Lump Sum (PLUS)

The PLUS allows a member the opportunity to withdraw cash or rollover a portion of his/her retirement account into a qualified tax plan (such as Ohio Deferred Compensation) from his/her pension account. The member would receive a reduced monthly pension for life. It is important that you understand the tax implications if PLUS is selected. Under federal tax laws, lump-sum payments paid directly to you are subject to a mandatory 20% federal tax withholding. In addition, you may be subject to a 10% penalty for early withdrawal. A PLUS payment is also subject to Ohio state income tax. In most instances, these taxes and penalties do not apply to rollovers to qualified tax plans. It is recommended that you contact a tax consultant for more information and, if necessary, obtain instructions on how to file a quarterly estimate.

To be eligible for PLUS, upon retirement a member must have attained age 52 with at least 20 years of total service. The lump sum amount designated by a member may not be less than six times the monthly single life pension and not more than sixty times the monthly single life pension. Lump sum payments paid directly to you must be electronically deposited into a banking institution and are irrevocable.

NOTE: The PLUS Option can be taken in addition to one of the other three options (Single Life, Joint & Survivor or Life Certain & Continuous).

Deferred Retirement Option Plan (DROP)

The DROP allows a member to begin accruing an amount equal to a retirement benefit but continue to work for OSHP. A member is eligible for DROP once he/she is eligible to retire. By electing to participate in DROP, a member continues to work for OSHP with no change in status and would still be eligible for promotions, salary increases, etc. However, even though the member is still working, no additional service credit will be accrued, and any salary increases or promotions that occur during the DROP period will not increase the annual pension benefit. Instead, upon entering DROP, the pension benefit is calculated based on the amount of service credit at that time. Then, instead of receiving the actual pension payment, the member accrues the benefit in a tax deferred account until the member terminates employment.

While in DROP and working for OSHP, the member will continue to make bi-weekly contribution to HPRS, and that amount will also be accrued in the member's DROP account. The HPRS board establishes the employee contribution rate which can only be set between 10% - 14% of pay. The DROP participant retains 10% in his/her account; anything over 10% is deposited in the system's account. All amounts in the DROP account will accrue interest. The interest rate is subject to change and is calculated at the Barclays U.S. Government/Credit Intermediate Index on June 30th and December 31st of each year for the following six-month period, with a minimum interest of 2% and a maximum of 5% credited monthly.

Once OSHP service is terminated the member may elect a distribution option for the DROP account such as lump sum, partial lump sum, a series of payments, etc. A member may also rollover all or part of the DROP account to another tax deferred account such as Ohio Deferred Compensation or other investment account.

The minimum participation period in the DROP depends on age, three years for those entering before age 52 and two years for those entering at age 52 or older. A member may participate in the DROP for a maximum of eight years or until age 60, whichever comes first. If a member discontinues DROP before the required minimum number of years, he/she will receive the total amount of the contributions, less accumulated interest, on the day following the day in which he/she would have attained the minimum participation period. Special provisions have been made for those members entering disability status. If a member becomes disabled as the result of a job-related injury or illness while participating in the DROP, he/she will be able to withdraw all DROP contributions, including accumulated interest; OR the member may request to have the disability calculated as though he/she continued in active service without participating in the DROP. If the disability results from a non job-related injury or illness, the member may withdraw DROP contributions, including accumulated interest without penalty. In the event a member dies while participating in the DROP, the accumulation in that account is payable to the surviving beneficiary or the estate.

DROP Termination Application

This can be obtained on the HPRS website, directly from the HPRS office, or by calling HPRS for the application to be mailed. The DROP Termination Application must be notarized and should be submitted to HPRS office at least two weeks before your last day of work. Monthly benefits paid to you begin the day following the last day of work.

Retirement Exit Interview: Please contact HPRS to schedule an exit interview after submitting your application. The purpose of the exit interview is to go over your benefits information. Spouse attendance is encouraged. The exit interview usually takes approximately an hour. You will need to bring your financial institution routing number(s) and account number(s) with you to the exit interview.

DROP Distribution Request

This can be obtained on the HPRS website, directly from the HPRS office, or by calling HPRS for the application to be mailed. The DROP Termination Application must be notarized and submitted to HPRS. DROP distributions will be processed per the application within 30-90 days from last day of work and/or the receipt of the application.

Plan changes

If a member marries or remarries after he/she has selected a plan of payment, a new plan of payment may be selected up to a year after the marriage date. The benefit will then be recalculated based on the new plan. Forms to cancel or select a new optional plan can be obtained from HPRS.

If a Joint and Survivor Annuity is selected, the member can decide within one year of receiving his/her first payment, to cancel this plan and convert to the Single Life Annuity plan with the written consent of the beneficiary. If the beneficiary dies before the member does, the Joint Survivor Annuity will automatically revert to a Single Life Annuity after a copy of the beneficiary's death certificate has been received by HPRS. If the designated beneficiary is a spouse and a divorce, dissolution, or annulment occurs, the member may elect to be paid on the single life annuity plan, with the written consent of the ex-spouse or with a court order. The cancellation of a beneficiary shall become effective the month following receipt of document or cancellation form. No payment or adjustment shall be made to compensate for the period of time the lesser Joint and Survivor Annuity was paid.

If Life Annuity Certain and Continuous is selected and the beneficiary dies before the member, a new beneficiary may be elected for the remaining guaranteed period.

Estimates

Pension and/or the purchase of prior service cost estimates can be requested by calling HPRS or obtaining the form on the HPRS website and submitting to HPRS. Consider estimates for more than one projected retirement date to compare pension differences. A pension estimate or estimate to purchase credit does not obligate the member in any way.

Cost of Living Allowance

Retirees, surviving spouses of retirees that retired or entered DROP before May 11, 2018, disabled dependent children, and designated beneficiaries are eligible to receive their first annual Cost of Living Allowance (COLA) the month following their 60th birthday or after benefits have been received for twelve months, whichever is later. The base pension used in the first calculation of an additional benefit shall remain as the COLA base for all future COLA increases.

Members who receive a pension based on earning service credit between fifteen and twenty years are not eligible for COLA's.

Health Care Benefits

In accordance with Chapter 5505.28 of the Ohio Revised Code, HPRS may offer health care benefits to eligible recipients. Health care is not a guaranteed benefit. **Refer to OAC 5505-7-04 for full eligibility rules.**

A retiree is eligible for health care benefits once he/she begins receiving pension payments. A spouse is eligible for applicable benefits once the retiree begins receiving a pension.

Eligible retirees and surviving spouses are provided with a Health Reimbursement Arrangement (HRA). The HRA is different for pre-Medicare and Medicare. **Please refer to the HPRS website at www.ohprs.org for detailed information.**

Because health care benefits are not statutorily required, the board annually reviews the various benefits and determines the need for any change in premiums and HRA allowance.

Life Insurance

This optional life insurance policy is administrated by MetLife and is a continuation of the policy through OSHP. If you select coverage, premiums will be deducted automatically from your monthly pension check. In the case of a deferred retirement, premium payments are made payable to "MetLife" and mailed to the HPRS office. The HPRS office coordinates with OSHP to determine the effective month premiums are paid through the HPRS office. Please note: HPRS only coordinates payments. MetLife is responsible for eligibility and plan terms or changes thereto.

OSHP Employee Benefits

The HPRS is not responsible for the final payoff of unused leave, conversion of health care coverage (COBRA plan) or life insurance offered to active members, deferred compensation arrangements, plaques and certificates, purchase of service weapons, and scheduling of retirement photos. Any information concerning your vacation and sick leave payment or conversion is handled by the OSHP Employees Benefit Department at GHQ.

Ohio Public Employees Deferred Compensation (OPEDC)

If you are a participant in Ohio Deferred Compensation and are planning your retirement, please contact OPEDC at 1.877.644.6457 for information about your options for retirement.

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