

HIGHWAY PATROL RETIREMENT SYSTEM

MEMBER HANDBOOK



ABOUT THE SYSTEM

In 1941, the Ohio General Assembly established the State Highway Patrol Retirement System (HPRS) for troopers and communications personnel employed by the Highway Patrol. Today, membership in HPRS is limited to troopers with arrest authority and cadets in training at the Highway Patrol Training Academy.

The system provides age and service, disability, survivor, and death benefits, as well as health care benefits for retirees and eligible dependents.

HPRS receives funds from three sources: 1) employee contributions, 2) employer contributions, and 3) investment returns. These funds are used to pay benefits and expenses of the system.

All funds are placed in income-producing investments that follow the guidelines in [Ohio Revised Code Chapter 5505](#). The HPRS Board of Trustees (board) makes investment decisions based on the recommendations of the chief investment officer and outside investment consultants.

Each year a detailed financial statement, the *Annual Comprehensive Financial Report*, is prepared for all interested parties and also posted on the HPRS website, www.ohprs.org. This comprehensive report is based on audited records and contains a detailed listing of all investments.

ADMINISTRATION OF THE SYSTEM

The HPRS Board of Trustees

The general administration and management of the system (HPRS) are vested in the board under Chapter 5505 of the Ohio Revised Code. The eleven-member board consists of the following:

- Superintendent of the Ohio State Highway Patrol (OSHP)
- Governor's appointee
- House and Senate appointee
- State Treasurer appointee
- Five elected employee members
- Two elected retired members

The five employee members are elected to four-year terms by the active members. Each year, prior to July 31, an election is held to fill the expiring term. Any active contributing member (including DROP) is eligible to become an employee member candidate, and all active contributing members (including DROP) are eligible to vote in the employee member election process. Any retirant who is an Ohio resident is eligible to become a retirant member candidate, and all retirants are eligible to vote in the retirant member election process.

The superintendent of the OSHP serves by virtue of his/her office. The legal advisor of the retirement board is the Ohio Attorney General. Annually, a chairperson and vice-chairperson are elected by the board. All regular board and trustee committee meetings are considered to be public meetings. Members of the board serve without compensation; however, they will suffer no loss because of

absence from regular employment while engaged in official board duties and shall be reimbursed for actual and necessary expenses in accordance with retirement board policy.

Other Fiduciaries

The retirement board is responsible for the selection of an executive director. The executive director is responsible for the day-to-day administration of the system.

The board selects an actuary who conducts actuarial valuations to determine the adequacy of the funding of benefit liabilities accrued under the system.

The board also selects an independent investment consultant firm that provides investment advice to the board and staff and assists in managing the system's investment portfolio and managers.

An independent auditing firm conducts internal audits of the system annually.

Membership

All sworn officers and cadets in training at the academy are required to become members of the retirement system. The beginning date of membership in the system for sworn officers hired prior to June 30, 1991, is the commission date. All cadets entering the academy after that date become members of HPRS upon entering the academy.

All members must submit a membership application form provided by the retirement system which provides for the designation of a beneficiary. A member may change beneficiaries at any time by the submission of another "Beneficiary Designation" form. A new form should be submitted after a name change or change in marital status. The most recent dated form will be considered the most current.

Active membership continues provided contributions are withheld for payment to the retirement system, or during any other period established by board rule.

Release of Records

By law, certain retirement system records for individual members and beneficiaries are confidential. Information about these accounts cannot be released without written authorization. An authorization must state what information may be released and to whom; furthermore, the member or beneficiary must sign the authorization and indicate the last four digits of his/her social security number. Medical records may be released upon written authorization only to the member's physician, attorney, or agent and to the retirement board's physician.

CONTRIBUTIONS

Employee

The employee contribution rate is set by the retirement board annually. The percentage shall be not less than 10.0% and no more than 14.0% of a member's base salary plus shift, hazard duty, longevity, professional achievement pay, and any other payment the retirement board deems salary. The board may adjust this rate as it considers necessary to meet the amortization period requirement of the Ohio

Revised Code and must base its determination of the necessary rate on the annual actuarial valuation required by the Ohio Revised Code. Employee contributions are not withheld from over-time, doubleback, reportback, standby pay, bonus pay, or payment received for unused leave. These employee contributions are set aside in the "Employee Savings Fund" then transferred to the "Pension Reserve Fund" upon retirement, "Survivor Benefit Fund" upon death, or refunded upon receipt of an application from the former member after he/she has terminated employment. Members may access their statement of accumulated contributions via the secure login area on the HPRS website at www.ohprs.org.

There are no provisions in the law that allow for partial refunds or loans from a member's account.

Employer

The employer contribution rate is set by statute, currently set at 26.5%. These contributions are set aside in the "Employer's Accumulation Fund" and are transferred as needed to the "Pension Reserve Fund" or "Survivor Benefit Fund." Employer and employee contributions and investment income provide the revenue for benefits.

REFUNDS

Termination of Employment

Upon termination of service, a member may withdraw his/her accumulated employee contributions or may "roll over" an eligible portion of his/her contributions to an IRA or other qualified plan. The former member must complete a refund application which can be found at www.ohprs.org.

All contributions made prior to January 1985 are not taxable since they were taxed when the contributions were originally earned. All contributions after January 1985 (not previously taxed) are subject to IRS tax regulations.

If a member chooses to receive a refund of contributions the following will apply:

The member will receive 80% of the non-taxed contributions if the total is over \$200.00. The IRS requires 20% of the contributions to be withheld in the year the refund is received. If the contributions are \$200.00 or less, no taxes will be withheld; however, the member will be liable to report the contribution amount in preparing his/her income tax return for the year received.

Within 60 days of receiving the refund of contributions, the former member may choose to rollover up to 100% of these non-taxed contributions to an IRA or another employer plan that accepts rollovers. If the former member chooses to rollover 100%, he/she must provide the 20% previously withheld by HPRS for tax purposes. If the 20% withheld is not included in the rollover it may be treated as income on his/her income tax return for the effected year.

If a member receives a refund before the year of age 59 ½ and did not rollover, the member may be required to pay an extra 10% of the taxable portion of the refund.

HPRS does not withhold any portion of your refund for state tax purposes. All former members are encouraged to consult a tax professional.

If a member chooses a direct rollover of contributions the following will apply:

HPRS will only rollover the taxable contributions to an IRA or other employer plan that accepts the rollover. Non-taxable contributions are not eligible for rollover. If rollover occurs, the non-taxed contributions will not be taxed until the contributions are removed from the IRA or the employer plan.

A member must submit a "Refund, Transfer or Rollover of Accumulated Retirement Contributions" form to HPRS to withdraw or rollover accumulated contributions. The withdrawal or rollover process requires up to 90 days from the receipt of the application in the HPRS office. There is no interest paid on employee contributions, and the employer contributions are not refundable.

If a member terminates employment with OSHP and becomes a member of Ohio Public Employees Retirement System (OPERS), State Teacher's Retirement System (STRS), School Employee's Retirement System (SERS) or Ohio Police and Fire Pension Fund (OP&F) and chooses a direct transfer of contributions to the new retirement system, the following will apply:

HPRS can make a direct transfer of accumulated contributions to OPERS, STRS, SERS and OP&F upon completion of a "Request to Transfer Service Credit from HPRS" form by the member. The member would not have to pay interest for this credit.

Please note: OPERS will not accept transfers until the member is within 90 days of retirement. OPERS will only accept transferred service credit if the member has more credit with OPERS than with HPRS.

Payment of Member Contributions

If a member dies before retirement, and there are no eligible survivors to receive a benefit, accumulated contributions are paid to such person or persons nominated by a "Beneficiary Designation" form as filed with HPRS. If there is no such person or persons designated, accumulated contributions are refunded to the estate.

Garnishment

A member's account or a retirant's benefit generally is not subject to garnishment, attachment, bankruptcy, or any other legal process or assignment. If HPRS is making a payment by refund or monthly benefit, HPRS is required to honor a federal tax levy, state court order for withholding pursuant to ORC Section 5505.26, or state court order for support withholding.

Support Withholding Orders

A refund or monthly benefit payment from HPRS may be subject to a support withholding order for alimony or child support payments. Support must have been granted in the original decree of divorce. The funds cannot be attached for division of property. HPRS will only begin and cease support withholding by a court order issued to HPRS.

The retirement system is not subject to a "qualified domestic relations order" (QDRO) issued under federal law which only applies to private pension plans.

A domestic relations court may issue a Division of Property Order (DOPO) that allows HPRS to make direct payments to a former spouse either from the monthly benefit of a member or from a lump sum withdrawal. The lump sum withdrawal can only be issued if the member terminates employment and requests to withdraw his/her employee contributions.

SERVICE CREDIT

Total service credit is the total years of contributing service, or part thereof, purchased service credit and any additional service credit approved by the board. All service credit purchased or granted is subject to board rule. The cost to purchase service credit for which members are eligible must be paid to the system prior to retirement or enrollment in DROP. 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. Statute permits HPRS to implement an employer payroll deduction plan for the purchase of service credit.

Definition of Service Credit

Service credit is calculated in calendar days so that one year equals 365 days. The typical state employee work schedule includes 260 working days and 105 days off. Therefore, working days are adjusted pursuant to board rules to equal a full year of credit.

Payroll Deduction for the Purchase of Prior Service

A member may choose to purchase service credit that was earned prior to becoming a member of HPRS. This type of service credit includes credit earned at OPERS, STRS, SERS or OP&F. The member may request the prior retirement system transfer his/her contributions to HPRS. If the member refunded his/her contributions from the prior retirement system, the member would need to pay HPRS an amount equal to the refund plus interest. In either case, a member should consult HPRS about his/her prior retirement system to complete the transfer or purchase. A member may also purchase service credit for time spent serving in the military. See "Other Service Credit" below for further information.

Both types of prior service may be purchased through payroll deduction by requesting the appropriate form from HPRS. The payroll deduction process takes approximately two months to begin. The member may only purchase one type of service at a time, taking up to a maximum of five years for each one year of service credit purchased. There is a minimum deduction of \$50 per pay (excluding the third pay month).

All payroll deductions for the purchase of service credit are made with after tax dollars.

Any purchase of service must be completed prior to retirement or enrollment into DROP.

Prior OSHP Service

A member forfeits his/her credit after ceasing employment with OSHP (unless it is transferred to another retirement system). However, that credit may be restored in the following circumstances:

1. A member who terminates service and leaves his/her contributions on account at HPRS will receive full credit for previous service upon re-employment.
2. If a member terminated employment and received a refund of contributions, full credit for prior service will be granted upon re-employment and repayment of the contributions plus interest. This service can be purchased in total or in part any time prior to retirement or enrollment in DROP in accordance with board rule.

Interrupted Service

There are certain circumstances when a member can obtain service for leave that interrupts the member's service with OSHP. The most common "interrupted service" is military service that requires the member to take leave from OSHP. Interrupted service credit can be purchased and used in meeting the minimum number of years of service necessary for retirement. Interrupted service includes the following:

1. Service credit with another agency can be purchased when such employment was requested by the governor. In order to receive this credit, the member must be re-employed by OSHP within 30 days following termination of other employment. Also, a 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 must begin within 90 days after his/her re-employment to OSHP and payment completed within a period equal to that of his/her leave of absence.
2. Service credit is granted for military service in the armed forces not to exceed a total of seven years. To be eligible for this credit, the member must have been honorably discharged and be re-employed by OSHP within 90 days of discharge. Also, a member must pay into the retirement system an amount equal to the total contributions he/she would have paid had the service not been interrupted. If payment is made before the lessor of five (5) years or a period that is three (3) times the period of service in the uniformed services, there is no interest charged. Any service time purchased outside of this window is charged a compounded interest rate.
3. Service credit is granted at no cost to the member for the period of time a member received disability benefits from HPRS if the member is later reinstated by OSHP.
4. Service credit can be granted for the time during which a member was receiving benefits under Ohio worker's compensation laws and was not contributing to the system. This service credit time is granted at no cost to the member for a period of time not to exceed three (3) years for any one work related injury or illness.

Other Service Credit

This service credit may be purchased or transferred any time prior to retirement or enrollment in DROP.

1. Military service prior to OSHP service may be purchased up to a maximum of five (5) years. The cost of this service is computed by taking the salary rate of the first year of employment under

HPRS 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. This service credit may be used in meeting the 20 or 25 years of minimum service necessary for retirement.

2. Credit for time served as a cadet at the training academy (hired before June 30, 1991) by making payment in the amount of withdrawn contributions from OPERS, plus compound interest from the date of withdrawal to date of payment. This service credit may be used in meeting the 20 or 25 years of minimum service necessary for retirement. If the contributions to OPERS were not withdrawn, they can be transferred directly to HPRS. All members hired on or after June 30, 1991, made contributions to HPRS; therefore, the member was granted service and does not need to purchase the credit for cadet time.
3. Service credit for prior full-time employment as a member of OPERS, STRS, SERS, and OP&F and the Cincinnati Retirement System may 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. Any service purchased is refunded to the member upon retirement if such additional credit does not increase the computed pension amount or to the estate of an active member if the additional credit does not increase benefits to survivors.
4. Service credit for prior full-time employment as a member of OPERS, STRS, SERS, OP&F, and the Cincinnati Retirement System may be directly transferred to HPRS if the contributions have remained on deposit with the other retirement system.

RETIREMENT

Applications for any type of retirement may be obtained by contacting the HPRS administrative offices or accessing the HPRS website. Except for disability retirement, applications should be submitted not less than two weeks prior to the effective date. Pension benefits are payable monthly to the retiree throughout his/her lifetime. With the exception of deferred or disability retirement, benefits become effective the day following the last day of service.

All members who have at least 20 years of contributing HPRS service, must retire no later than such member's 60th birthday.

Types of Retirement

Service Retirement

A member is eligible to start receiving a full pension at age 48 if the member has at least 25 years of service on or at age 52 with 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. Qualifying service also refers to purchased military, prior Ohio Police and Fire, and Ohio Public Employees Retirement System (only service as academy cadet time) 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. Refer to the following chart to determine percentage of final average salary.

Years of Service	<u>Age at Retirement</u>							
	<u>48</u>	<u>49</u>	<u>50</u>	<u>51</u>	<u>52</u>	<u>53</u>	<u>54</u>	<u>55-60</u>
20					50.00	50.00	50.00	50.00
21					52.25	52.25	52.25	52.25
22					54.50	54.50	54.50	54.50
23					56.75	56.75	56.75	56.75
24					59.00	59.00	59.00	59.00
25	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25
26	63.25	63.25	63.25	63.25	63.25	63.25	63.25	63.25
27	65.25	65.25	65.25	65.25	65.25	65.25	65.25	65.25
28	67.25	67.25	67.25	67.25	67.25	67.25	67.25	67.25
29	69.25	69.25	69.25	69.25	69.25	69.25	69.25	69.25
30	71.25	71.25	71.25	71.25	71.25	71.25	71.25	71.25
31		73.25	73.25	73.25	73.25	73.25	73.25	73.25
32			75.25	75.25	75.25	75.25	75.25	75.25
33				77.25	77.25	77.25	77.25	77.25
34 (Max)					79.25	79.25	79.25	79.25

Deferred Retirement

1. A member who has accumulated at least **15 years but less than 20 years** of contributing HPRS service credit who voluntarily resigns or who is discharged from 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% of final average salary multiplied by the number of years of service. Such a pension commences after turning 55 years of age. Contributions must remain with HPRS. If a member withdraws any part of his/her contributions, all rights to a deferred pension are forfeited.
2. A member who has accumulated at least **20 years** of contributing HPRS service credit but has not yet reached the age requirement is eligible to retire with a deferred retirement. Pension benefits would not become payable until he/she is at least 48 and would receive a reduced retirement.
3. A member who has accumulated at least **20 years** of contributing HPRS service credit but not yet reached the age requirement is eligible to retire with a deferred retirement. A non-reduced pension benefit based at least 50% would become fully payable once the member turns 52.
4. A member who has accumulated at least **25 years** of contributing HPRS service credit but has not yet reached age requirement is eligible to retire with a deferred retirement. Pension benefits would not become payable until he/she turns 48 years of age and would receive the maximum amount for the contributing HPRS service credit.

5. A member who is hired **after January 1, 2020 and accumulated at least 20 years** of contributing HPRS service credit but has not yet reached the age requirement of 52 is eligible to retire with a deferred retirement. A non-reduced pension benefit based on at least 50% would become fully payable once the member turns 52.

Reduced Retirement

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

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

Once a member elects to receive a reduced pension in accordance with the schedule provided and has received a payment, the member may not change his/her election. Refer to the following chart to determine percentage of final average salary. The pension factors already include the reduction.

<u>Years of Service</u>	<u>Age at Retirement</u>			
	<u>48</u>	<u>49</u>	<u>50</u>	<u>51</u>
20	37.50	40.00	43.00	46.50
21	39.19	41.80	44.94	48.59
22	40.88	43.60	46.87	50.69
23	42.56	45.40	48.81	52.78
24	44.25	47.20	50.74	54.87

Disability Retirement

Any member, except while in training as a cadet, who becomes totally and permanently incapacitated for duty in the employment of OSHP, is eligible to apply for a disability retirement. The process may take three to six months from receipt of application, depending on the individual circumstances of the application. Disability retirement applications are processed for review and judgment by the board as soon as practicable after the required medical evaluation reports are received by HPRS.

A disability benefits application packet provided by HPRS may be filed by a member, a person acting on behalf of a member, or the superintendent of the OSHP. In order for the application packet submission to be considered complete, the applicant must submit the following: (1) a completed application for disability benefits, on a form approved by the board, listing the disabling condition(s); (2) attending physician medical evaluation form and statement, on a form approved by the board, supporting the disabling condition(s) listed in the application; (3) employer determination and completed form of applicant's inability to perform his/her job duties and responsibilities; and (4) all medical reports and documentation that relate to the disabling conditions listed in the application. An incomplete application packet will not be accepted and will not be considered filed.

Upon receipt of a completed application packet, HPRS will schedule the applicant for an examination by at least one independent medical examiner. Payment of any fees connected to the acquisition of records or the preparation of reports of the attending physicians will be the responsibility of the member. Payment of any fees connected with the preparation of reports of the independent medical examiner and board's medical advisor will be the responsibility of HPRS.

On the basis of these examinations, consultation with the board's medical advisor, review of the entire disability record, and after committee review, the board determines whether the member is totally incapacitated for duty and that such incapacity is permanent. The law does not provide for partial disabilities. The board shall determine the duty status and the effective date of any disability pension benefits. Disabilities are classified as either **in-the-line-of-duty** or **not-in-the-line-of-duty**.

1. In-the-Line-of-Duty

If the member's disability was incurred in-the-line-of-duty, the member's pension is normally calculated based on 25 years of service. If the member has more than 25 years of service, the pension is calculated based on actual service credit. For example, a member with 18 years of service who is found disabled will have his/her pension calculated based on 25 years. In contrast, a member who has 28 years of service that is found disabled will be given credit for all 28 years.

If the member's incapacitation is the result of heart disease or any cardiovascular disease of a chronic nature not revealed upon entry into OSHP, the member is presumed to have incurred the disease in-the-line-of-duty as a member unless the contrary is shown by competent evidence.

2. Not-in-the-Line-of-Duty

To be eligible for retirement on account of a disability incurred not-in-the-line-of-duty, the member must have accrued a minimum of five years of service credit since becoming a member. If the member's disability was incurred not-in-the-line-of-duty, the member's pension is normally calculated based on 12 years of service unless, like detailed above, the member has more than 12 years of service. If a member has more than 12 years of service, the pension is based on actual service credit.

If a member is on disability retirement and is under the age of 60, he/she may be required to obtain ongoing treatment and submit reports related to that treatment. The member may also be required, at the board's discretion, to be reevaluated by the board's designated physician. All disability retirants are required to submit an annual statement of earnings describing employment and the amount earned in connection with that employment.

Up to age 60, if the retirant is found to be no longer disabled, the board will terminate the disability retirement, and the member is entitled to full reinstatement with OSHP. The disability retirant may also request that the board terminate disability retirement if he/she believes he/she is no longer incapacitated.

PLANNING RETIREMENT

This section of the handbook was designed to assist members as they approach retirement eligibility. Members who are thinking about retirement should plan in advance thus eliminating future problems and making the transition to retirement easier.

As you approach retirement, it is in your best interest to communicate with HPRS so your questions can be answered before you finalize retirement plans. Documents necessary for the purchase of military service (DD-214) and/or other retirement service credit should be submitted well in advance of your retirement notification to OSHP. To properly process the necessary forms, HPRS must receive your application at least two weeks prior to your last workday. If you need any additional guidance as to pension amounts and/or selection of an option, additional time should be allocated. HPRS cannot respond to questions on OSHP procedure, deferred compensation, sick leave conversion, or other final pay-off arrangements, but can provide direction on who to contact and additional questions to ask.

Employment After Retirement

Retirants of HPRS who are re-employed in any capacity requiring the withholding of employee contributions payable to any of the other Ohio public retirement systems are subject to the following:

1. If re-employment occurs before the end of 30 days following his/her pension allowance eligibility, two month's pension allowance must be forfeited.
2. If re-employment occurs between 31 days and the end of 60 days following the pension allowance eligibility date, one month's pension allowance must be forfeited.

If a re-employed retirant has received a pension allowance to which he is not entitled, reimbursement must be made to HPRS in a manner prescribed by the board.

A disability retirant is not permitted to be re-employed as a law enforcement officer as defined in OAC 5505-3-03.1.

There are no other re-employment restrictions applicable to retirants of HPRS.

Computing Pension Factor (PF)

When eligible for retirement, the pension factor is determined by total service including purchased credit for military service, prior service credit as a contributing member in any of the other four state retirement plans prior to employment with OSHP, or service credit earned while receiving benefits under Bureau of Workers' Compensation.

The Pension Factor (PF) is determined from total service credit as follows:

2.5%	Per year for the first 20 years
2.25%	Per year or part thereof for the next 5 years
2.00%	Per year or part thereof for service over 25 years – to a maximum of 79.25%

A year is considered to be 365 days. Partial years are computed by dividing the number of membership days by 365 and rounding to five decimal places.

Example: 27 Years and 230 days

<u>Years</u>		<u>PF</u>	<u>Total PF</u>
20	x	2.5%	50.00%
5	x	2.25%	11.25%
2.63014	x	2.0%	5.26028%
27.63014 Years			66.51028% PF

Final Average Salary (FAS)

The Final Average Salary (FAS) is the average of the five (5) highest salary years as a contributing member to HPRS and is not necessarily the five most recent years. A year is a rolling 365 days and not based solely on a calendar year. Salary calculations include base rate of pay, longevity, hazard duty, shift differential, and professional achievement pay. It does not include payment for unused leave, overtime, double back, report back, standby, or bonus pay.

FAS is determined by dividing the employee contribution amount by the percent of contribution rate in effect. The average of the five (5) highest years constitutes FAS for pension computations. This amount is then multiplied by your pension factor (percent). HPRS personnel can assist you in calculating your pension estimate given a projected retirement date.

<u>Year</u>	<u>Employee Retirement Contributions</u>	<u># Pay Periods</u>	<u>Percent Rate of Contributions</u>	<u>Yearly Salary</u>
Year 1 (Partial)	\$4,846.20	12	14.000%	\$34,615.44
Year 2	\$10,815.00	26	14.000%	\$77,250.00
Year 3	\$11,139.59	26	14.000%	\$79,568.50
Year 4	\$10,654.23	26	13.000%	\$81,955.56
Year 5	\$10,973.85	26	13.000%	\$84,414.23
Year 6 (Partial)	\$6,086.36	14	13.000%	\$46,817.54
Total=				\$404,621.27

Divide the salary total by the five (5) years for an FAS of \$80,924.26.

Using the previous example for the PF and the FAS estimates, the pension estimate calculation is as follows:

FAS (\$80,924.26) times the PF (66.51028%) = \$53,822.96 for a Single Life Annuity Pension benefit of \$4,485.25 gross per month. This is only an estimate; the actual amount will be adjusted based on a Benefits Specialist review and receipt of your final contributions. A Pension Estimate calculator can be accessed anytime on our website at www.ohprs.org.

PAYMENT PLANS

Benefit payments vary in amount depending on your length of service, final average salary, age, and plan of payment selection.

At the time you file your retirement application for age and service retirement or DROP (Deferred Retirement Option Plan), you must select one of several plans of payment. You may elect to receive benefits payable throughout your lifetime (Single Life Annuity) or in a lesser amount throughout your life but continuing after your death to a beneficiary (or beneficiaries) such as your spouse (Joint and Survivor Annuity or Life Annuity Certain and Continuous). You also have the option of choosing a Life Annuity Certain and Continuous or Partial Lump Sum. Note: The only option provided by law for a disability retiree is a Single Life Annuity. These plans are briefly described below. HPRS staff can assist you in making plan decisions which fit you best. If you are married, a valid marriage certificate is required.

Single Life Annuity (SLA)

This plan of payment pays the highest amount to which you are entitled. The pension is paid to you for life but ceases upon death. It is calculated by multiplying your computed pension factor (PF) times your final average salary (FAS). Your pension factor is computed by multiplying 2.5% times your first 20 years of service, plus 2.25% times the next 5 years, plus 2.0% times the years of service over 25 years, to a maximum of 34 years of service or 79.25%.

Joint and Survivor Annuity (JSA)

This benefit payment is the actuarial equivalent of a Single Life Annuity, but the payment is reduced because it is based on the combined life expectancies of you and your designated beneficiary. You "fund" or pay for this plan by receiving a monthly pension which is smaller than the one you would receive under the Single Life Annuity plan. Under this plan, you designate that upon your death, a certain percent of your pension be continued to a designated beneficiary for the remainder of his/her life. You can designate any percentage over 10% you want to go to your beneficiary. The higher the percent selected the greater the reduction in pension and the greater the allowance to the beneficiary. You may name up to four beneficiaries under this plan, and birth certificates for both the member and any beneficiary are required.

Life Annuity Certain and Continuous

This benefit payment is an annuity payable throughout your life or for a guaranteed period to a beneficiary, whichever is greater. If you die before the end of the guaranteed period, the same amount will be payable to your beneficiary for the remainder of the specified period. You may select between 5 to 20 years. For instance, if you select 10 years, your beneficiary is guaranteed the full amount of your pension for those 10 years. If you live past that 10-year period, you will continue to receive your pension for life, but no amount will be paid to your beneficiary after your death. The nominated beneficiary may not be changed after retirement.

Partial Lump Sum

A member who is at least 52 with 20 years of total service may elect to receive a partial lump sum payment upon retirement. The partial lump sum can be any amount between six (6) and sixty (60) times the calculated pension. If a partial lump sum is selected, the member must select a single life annuity. The single life annuity will be reduced by the partial lump sum.

Plan Changes

If you had selected a Joint and Survivor Annuity, you may cancel within one year of receiving your first payment and convert to the Single Life Annuity plan with the written consent of your beneficiary. If you had selected a Joint and Survivor Annuity plan and your beneficiary dies before you do, HPRS will convert your plan of payment to the Single Life Annuity plan after you submit a copy of the beneficiary's death certificate. If your designated beneficiary is a spouse and a divorce, dissolution, or annulment occurs, you may convert to the Single Life Annuity plan with the written consent of your ex-spouse or with a court order. If you chose a Single Life Annuity plan at retirement and later marry or remarry, your benefit may be recalculated under the Joint and Survivor Annuity plan to provide for your new spouse. After marriage, a selection of a Joint and Survivor Annuity must be made within one year of the marriage. If you select the Life Annuity Certain and Continuous plan, you cannot convert to any other plan, even if the beneficiary dies.

Forms to cancel or select a new optional plan may be obtained from HPRS.

DEFERRED RETIREMENT OPTON PLAN (DROP)

The DROP program was established in 2006 and affords eligible members a one-time election to "DROP in" upon attainment of unreduced retirement eligibility. The primary features of DROP include:

- During participation in DROP, members continue to make contributions based upon the member contribution rate. While participating in DROP, 100% of members' contributions, up to 10% of payroll, are deposited to their DROP account.
- 100% of the member's computed benefit (based upon service and salary at time of DROP), including any scheduled post-retirement increases, is credited to the member's DROP account.
- The DROP account is credited with interest based upon a rate of return calculated at the Barclays U.S. government/credit intermediate index, with a minimum of 2% and a maximum of 5%. The interest rate is established on June 30th and December 31st for the following six-month period.
- A member who "DROPs in" must stay in DROP for a minimum period of time based on age at time of "DROPing in". There is a minimum participation period of three (3) years for members who "DROP in" prior to age 52, and two (2) years for members who "DROP in" on or after age 52. After a maximum of eight (8) years in the DROP program or attaining age 60, the member who entered the DROP program must retire.
- If a member "DROPs in", the member's annual benefit when the member "DROPs out" (i.e., retires) is based upon the benefit calculations at time of the "DROP in", including any post-retirement increases that may have accrued during the DROP participation period.

- Once a member elects to participate in DROP, his/her contributions are committed for the minimum period (2 or 3 years). If the member voluntarily discontinues DROP participation prior to the minimum participation period, the member will not receive any interest accumulated in the DROP account but will receive all accumulated pension benefits and pension contributions deposited into the DROP account at the end of the minimum participation period.

EXAMPLE:

Assume you have a FAS of \$80,924.26 and a PF of 66.51028% (27.63014 years), your annual pension calculation will be approximately \$53,822.96. The following chart shows your approximate DROP accumulation at the end of different time periods:

<u>End of Year</u>	<u>Pension</u>	<u>Employee Contribution</u> <u>(10% of Salary and 3% pay raise)</u>	<u>Total</u>
Year 1	\$53,822.96	\$8,694.67 (\$86,946.66)	\$62,517.63 + Interest
Year 2	\$107,645.92	\$17,650.18 (\$89,555.06)	\$125,296.10 + interest
Year 3	\$161,468.88	\$26,874.36 (\$92,241.72)	\$188,343.24 + interest
Year 5	\$269,114.80	\$46,161.19(\$97,859.25)	\$315,275.99 + interest
Year 8	\$430,229.60	\$77,315.94 (\$106,933.45)	\$507,545.54 + interest

A DROP calculator can be accessed on the HPRS website at www.ohprs.org. When considering entering DROP, you are encouraged to contact HPRS for information about your specific circumstances.

SURVIVOR BENEFITS

Surviving spouse and dependent children pension amounts are established by statute. Upon the death of a contributing member, survivor benefits become effective the day following death. Upon the death of a retirant, his/her pension benefits are payable through the current month. Survivor pension benefits become effective the first day of the first month following the death of the retirant. Survivors receiving a pension benefit may be eligible for health care coverage.

Eligible Survivors

A surviving spouse is considered to be the wife or husband as set forth in a statutory valid certificate of marriage or as recognized by judgment of a court.

- A. A surviving spouse is eligible to receive pension benefits for the remainder of his/her life.
 1. A surviving spouse of a member who retired or entered DROP before May 11, 2018, will receive an amount equal to 50% of the retiree's pension benefit or \$900.00/month, whichever is greater.
 2. A surviving spouse of a member who retired or entered DROP on or after May 11, 2018, will receive a set amount (\$900.00/month in 2018), but this amount increases annually by a

COLA amount set by the board. The survivor benefit is in addition to any amount selected through a Joint and Survivor Annuity (JSA).

3. A surviving spouse of an active member who is not eligible for retirement will receive a set amount (\$900.00/month in 2018), but this amount increases annually by a COLA amount set by the board.
 4. A surviving spouse of an active member who is eligible for retirement but has not elected to enter DROP or retire will receive a 50% JSA calculated on what the member's pension would have been had he/she retired the day after death. In addition, the surviving spouse will receive the established survivor benefit set for that year.
- B. A surviving child is considered to be the child by birth or the legally adopted child of the member or retirant.
1. A surviving child is eligible for benefits until attainment of age 18 or marriage; however, survivor benefits will continue until age 23 if such dependent child is a student enrolled and attending a high school, vocational or trade school, college or university in a program designed to complete in each school year the equivalent of at least two-thirds of the full-time curriculum. Benefits are \$150 per month.
 2. A surviving child who is physically or mentally incompetent and who was totally dependent on the deceased member or retirant at the time of death is eligible for benefits until recovery or death. Benefits are \$150 per month.

If a deceased member or retirant leaves no spouse or surviving children but leaves parent(s) depending solely upon him/her for support, such parent(s) is eligible for benefits during the life of such parent(s) or until dependency ceases or until remarriage, whichever occurs first. Each such parent is eligible to receive \$150 per month.

Surviving spouses and dependent children may be eligible for health care benefits. Please contact HPRS for further details.

Survivors of members whose deaths were duty related might be entitled to certain death benefits afforded to police and fire personnel.

For a member who retires or enters DROP on or after May 11, 2018, if that member marries or remarries after he/she retires, there is no established surviving spouse benefit. The retiree will still have the option of changing to a JSA to provide similar or even increased benefits to the future potential spouse.

COST OF LIVING (COLA)

Age and service retirants with at least 20 years of service are eligible to receive a cost-of-living allowance (COLA) the month following their sixtieth (60th) birthday or twelve months after they retire, whichever is later. The thirteenth (13th) month will be the first month COLA is applied, providing the board approves one for that year. The board establishes an annual COLA between 0% and 3% and must be based on compliance with the amortization period requirement of section [5505.121](#) of the

Ohio Revised Code. The board's determination shall be based on the annual actuarial valuation required by section [5505.12](#) of the Ohio Revised Code. If the board determines that an increase may be made, the increase shall not exceed three percent (3%) of the eligible person's pension. The base pension used in the first calculation for the additional COLA amount shall remain as the COLA base for all future increases.

Surviving spouses of members who retired or entered DROP before May 11, 2018, and disabled dependent children are eligible for COLA increases at age 60 or after thirteen (13) months if the surviving beneficiary is 59 or older. Designated beneficiaries and surviving spouses who are receiving additional benefits under Joint and Survivor Annuity or Life Annuity Certain and Continuous are eligible for a COLA the month after their sixtieth (60th) birthday or the thirteenth (13th) month, whichever is later.

For each person 65 years of age or older who is receiving a pension not greater than 185% of the federal poverty level for a family of two persons, as revised annually by the United States Department of Health and Human Services, a three percent (3%) COLA will be applied.

HEALTH CARE

Since July 1, 1974, HPRS has made health care available for eligible retirees and dependents. Health care benefits are not statutorily guaranteed. Each year, the board reviews claim cost experiences for the previous several years to establish premium rates, any necessary co-payments for the retirant, spouse or dependent children, and any other changes in plan design for the following calendar year.

A retirant may obtain or cancel health care coverage for his spouse and/or eligible dependent children under age 26 by notifying HPRS in writing. Open enrollment is during the month of November. A spouse is considered to be the wife or husband as set forth in a statutorily valid certificate of marriage or as recognized by judgment of a court. Dependent children are considered to be the natural, adopted, or stepchild of the retirant. The established premium for all authorized coverage is deducted from the retirant's monthly benefit check.

A surviving spouse who remarries is not eligible to cover his/her new spouse under the HPRS health care plan and is required to obtain coverage through the new spouse, if available.

Health care coverage is available only to those retirants receiving an age and service (at least 20 years of qualifying service credit) or disability pension.

HPRS currently provides comprehensive medical and prescription drug coverage for non-Medicare eligible recipients. Medicare eligible members are provided a Health Reimbursement Arrangement (HRA). Complete descriptions of benefits, premiums, and eligibility can be found on the HPRS website at www.ohprs.org under the Members/Health Care tab.

**Because eligibility rules change from time to time, refer to OAC 5505-7-04 for full eligibility rules. **

Dental/Vision Coverage

HPRS currently offers dental and vision coverage. Any required premiums are deducted from the benefit recipient's monthly benefit check. Each November, there is an open enrollment period for obtaining or canceling dental and/or vision coverage. Enrollment must continue for at least one year.

Medicare Benefits

Medicare becomes available at age 65 whether a person is retired or still working. It also becomes available prior to age 65 if a person has been receiving disability benefits for two years or suffers from chronic kidney disease. Applications for Medicare are automatically included when a person applies for social security benefits. Each person is covered on the basis of his/her work record or that of his/her spouse. Recipients must enroll in Medicare Part A, if available, at no cost and purchase Medicare Part B to be eligible for HPRS health care benefits. The cost of Medicare Part B is either deducted from your Social Security check or by direct payment to Social Security if you do not receive a check.

HPRS currently offers a Health Reimbursement Arrangement (HRA) for eligible members. Additional information can be found on the HPRS website at www.ohprs.org.

Wellness Program

HPRS offers a wellness program to eligible retirants and spouses. Anyone over the age of 40 can receive a comprehensive wellness exam, including stress testing every two years. In addition, every four years, body screening can be performed. Screenings include CT coronary artery calcium scoring, carotid artery ultrasound screening, abdominal aortic aneurysm ultrasound screening, CT lung screening (for current or former smokers only) and bone density screening (for members not eligible for the lung screening). There is no charge for the wellness program.

TAXES

Federal income tax laws and Internal Revenue Service (IRS) regulations are constantly changing; therefore, HPRS cannot give tax advice. All questions relating to federal income taxes should be referred to the IRS office or a tax consultant. Retirement income is normally subject to federal and state income tax regulations. HPRS may, at the direction of the retirant or survivor, withhold federal and Ohio tax. HPRS does not withhold taxes for any other state. HPRS may withhold for Ohio school district income tax if requested.

OTHER BENEFITS

HPRS Death Benefit Payment

Upon the death of a retirant, a surviving spouse is eligible to receive a one-time \$5,000 cash benefit from HPRS. If there is no surviving spouse, the benefit is payable to a beneficiary designated by the retirant or the retirant's estate.

Death Benefit Fund

This fund provides special benefits to the eligible survivors of public safety officers who die as a result of a duty-related cause. These benefits provide for the continuation of the member's salary, and all increases the deceased member would have been eligible to receive until eligibility ceases. The Death Benefit is administered by the Board of Trustees of the Ohio Police and Fire Pension Fund.

Tuition Free Schooling

Under ORC Section 3333.26, all children under the age of 26 of public safety officers who die as a result of a duty-related cause are eligible to attend any state supported school tuition-free for up to four academic years at the undergraduate level. The contact for this program is the Ohio Board of Regents at 614-752-9535.

Life Insurance

MetLife (formerly John Hancock) life insurance coverage for all service, reduced, and deferred retirants continues with the active-duty policy in the amount of \$125,000.00 after retirement until the retirant's 55th birthday and \$75,000.00 until the retirant's 60th birthday. When the full coverage period ends, the face amount is reduced to \$15,000.00.

AFTER RETIREMENT

Pension Checks

Pension checks are normally deposited on the 20th of each month unless the 20th falls on a weekend or holiday and then the deposit is made the following business day. All pension payments must be made by ACH (Automated Clearing House) delivery. Because pension payments are processed early each month, any changes that might affect your payment amount (change in tax status, changes in health care that might change your premiums like adding or deleting coverage, etc.) must be received by the beginning of the month to be processed in that month's payment.

Retirees' Association and Message Notifications

All retirants may be members of the Ohio State Highway Patrol Retirees' Association (OSHPRA) by paying \$1.00 per month dues. A Dues Deduction authorization form must be submitted to HPRS. Membership will continue unless written notice is received by HPRS to discontinue the membership deduction. Surviving widows of OSHPRA members are considered to be lifetime members at no cost.

All members are eligible to receive an automated phone and/or email notification of serious illnesses or deaths of active or retired members and upcoming events sponsored by the association. Visit the OSHPRA website at www.oshpretiree.org for more information regarding this organization.

Ohio State Troopers Retirees Association

All retirants may be members of the Ohio State Troopers Retirees' Association (OSTRA) by paying \$2.00 per month dues. A Dues Deduction authorization form must be submitted to HPRS.

Membership will continue unless written notice is received by HPRS to discontinue the membership deduction. For information regarding this organization visit the OTC website at www.ohiotroopers.org.

State Troopers of Ohio

All retirants may become patrons of State Troopers of Ohio with a monthly contribution of \$5.00. A Donation Form must be submitted to HPRS. The monthly contribution will continue unless written notice is received by HPRS to discontinue. For information regarding this organization visit the STO website at www.troopertotrooper.com/STO.

All members, retirants, and other benefit recipients are urged to contact HPRS for any need's relative to retirement and benefits.

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