



## Ohio Revised Code

### Section 3307.514 Study to determine percentage of electing employee's compensation to be contributed by public institution of higher education.

Effective: April 6, 2017

Legislation: House Bill 520 - 131st General Assembly

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(A) As used in this section:

- (1) "Compensation" has the same meaning as in section 3307.01 of the Revised Code except that in the case of an electing employee, "compensation" means the amount that would be the electing employee's compensation if the electing employee was a member of the state teachers retirement system.
  - (2) "Compensation ratio" means the ratio for the most recent full fiscal year for which the information is available of the total compensation of all electing employees to the sum of the total compensation of all the retirement system's members in the STRS defined benefit plan and the total compensation of all electing employees.
  - (3) "Electing employee" means a participant in an alternative retirement plan provided pursuant to Chapter 3305. of the Revised Code who would otherwise be a member of the retirement system.
  - (4) "Historical liability" means the portion of the retirement system's total unfunded actuarial accrued pension liability attributed to the difference between the following:
    - (a) The cumulative contributions received under division (D) of section 3305.06 of the Revised Code on behalf of electing employees since the establishment of the alternative retirement plan;
    - (b) The cumulative contributions toward the unfunded actuarial accrued liability of the retirement system that would have been made if the electing employees had been members of the retirement system in the STRS defined benefit plan.
- (B) The state teachers retirement board shall contract with an independent actuary to complete an actuarial study to determine the percentage of an electing employee's compensation to be contributed



by a public institution of higher education under division (D) of section 3305.06 of the Revised Code. The initial study must be completed and submitted by the board to the department of higher education not later than December 31, 2016. A subsequent study must be completed and submitted not later than the last day of December of every fifth year thereafter.

(C) For the initial study required under this section, the actuary shall determine the percentage described in division (B) of this section as follows:

(1) The actuary shall calculate a percentage necessary to amortize the historical liability over an indefinite period.

(2) The actuary shall calculate a percentage necessary to amortize over a thirty-year period the amount resulting from multiplying the compensation ratio by the difference between the following:

(a) The unfunded actuarial accrued pension liability of the STRS defined benefit plan;

(b) The historical liability.

(3) The percentage to be contributed under division (D) of section 3305.06 of the Revised Code shall be one-fourth of the sum of the percentages calculated under divisions (C)(1) and (2) of this section, not to exceed four and one-half per cent.

(4) To make the calculations and determinations required under divisions (C)(1) and (2) of this section, the actuary shall use the most recent annual actuarial valuation under section 3307.51 of the Revised Code that is available at the time the study is conducted.

(D) For any study conducted after the initial study required under this section, the actuary shall determine the percentage described in division (B) of this section as follows:

(1) The actuary shall calculate a percentage necessary to amortize over a thirty-year period the amount resulting from multiplying the compensation ratio by the difference between the following:

(a) The unfunded actuarial accrued pension liability of the STRS defined benefit plan under the



annual actuarial valuation under section 3307.51 of the Revised Code that is most recent at the time the study is conducted;

(b) The historical liability determined under division (C) of this section.

(2) The percentage to be contributed under division (D) of section 3305.06 of the Revised Code shall be one-fourth of the sum of the percentages calculated under divisions (C)(1) and (D) (1) of this section but not less than one-fourth of the percentage determined under division (C)(1) of this section, except that the percentage shall not exceed four and one-half per cent.