



## Ohio Administrative Code

### Rule 145-1-38 Purchase of service credit by payroll deduction.

Effective: January 1, 2021

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(1) A member of the public employees retirement system who is participating in the traditional pension plan may purchase service credit by post-tax payroll deduction, pursuant to this rule, rule 145-2-18 of the Administrative Code, section 145.20, 145.201, 145.28, 145.291, 145.292, 145.293, 145.301, 145.302, or 145.31, of the Revised Code, or former section 145.295 or 145.2911 of the Revised Code as they existed prior to January 7, 2013.

(2) A member who is participating in the combined plan may purchase service credit by post-tax payroll deduction pursuant to this rule, rule 145-3-40 of the Administrative Code, section 145.20, 145.201, 145.291, 145.292, 145.293, or 145.302 of the Revised Code, former section 145.295 or 145.2911 of the Revised Code as it existed prior to January 7, 2013, or section 3.11 or 3.12 of the combined plan document.

(3) Under a plan that is in compliance with Internal Revenue Code section 414(h)(2), a member may complete a purchase of service credit by pre-tax payroll deduction with amounts designated by the member's employer as picked-up contributions which is also known as an irrevocable pre-tax payroll deduction agreement as permitted by paragraph (E)(2) of this rule.

(4) A member may purchase service credit in any combination of lump sum payment, partial payment, or post-tax payroll deductions.

(1) Upon a member's request for purchase of service credit by post-tax payroll deduction the retirement system shall prepare a service purchase payment option form that is in compliance with rule 145-1-35 of the Administrative Code and states all of the following:

(a) The service to be purchased;

(b) The total cost of the service credit to be purchased;



(c) Alternate plans of monthly payments.

(2) The member shall complete such service purchase payment option form by marking a plan of payment, stating the amount of service to be purchased, signing the form, and returning the form to the retirement system. The form shall be post-marked prior to the last date listed on the form.

(3) A separate service purchase payment option form shall be completed for each separate type of service credit.

(1) After receipt of the member's service purchase payment option form, the retirement system shall notify the member's employer that payroll deductions shall begin within sixty days.

(2) The employer shall report at least monthly all members who have authorized payroll deductions on one report provided by the retirement system. Payment shall be remitted with this report. If the employer fails to timely file a report or remit payment to the retirement system, the employer shall be subject to the same penalty and interest described in section 145.47 of the Revised Code.

(1) A member may increase or decrease the member's post-tax payroll deduction by written notice to the member's employer.

(2) Except as provided in paragraph (E)(2) of this rule, a payroll deduction shall be terminated:

(a) Within thirty days after a member's written notice to the member's employer;

(b) Upon termination of employment;

(c) Upon termination of participation in the plan under which the payroll deduction commenced.

(3) Except as provided in paragraph (E)(2) of this rule, a payroll deduction shall be suspended for any period that the payroll deduction exceeds the member's net pay.

(4) A member may request to purchase the remainder of a service purchase that is being made by post-tax payroll deduction. Upon receipt of such request, the retirement system shall provide the



member with a statement of the balance due for the remaining service credit available. A member shall notify the member's employer to terminate deductions upon payment of the balance due.

(E) The retirement system shall accept new elections to purchase service credit by pre-tax payroll deduction, as described in paragraph (A)(3) of this rule, only if such election is received by the retirement system or post-marked on or before December 31, 2011.

(1) A member who, on December 31, 2011, is purchasing service credit through a pre-tax deduction agreement may make an irrevocable election, on a form provided by the retirement system and received by the retirement system not later than March 31, 2012, to have the deduction agreement terminated. The member may purchase the balance of the service credit by any other method permitted by the retirement system.

(2) A member who does not elect to terminate the pre-tax deduction agreement shall continue under the agreement for the duration of the purchase period. A member who is purchasing service credit under a pre-tax deduction agreement may not purchase the period of service subject to the agreement through any other method while the agreement is in effect. The member and employer shall not:

(a) Decrease or increase such payroll deduction;

(b) Terminate such payroll deduction unless the member has terminated employment, terminated participation in the plan under which the payroll deduction commenced, is reported by the employer as laid off for at least six consecutive months, or all of such service credit has been purchased by such payroll deduction; or

(c) Make a partial payment as defined in rule 145-1-35 of the Administrative Code.