



Ohio Administrative Code

Rule 3309-1-54 Purchase of service credit by payroll deduction.

Effective: October 11, 2018

(A) A member of the school employees retirement system may purchase service credit by payroll deduction pursuant to agency-level 3309 of the Administrative Code and section 3309.021, 3309.022, 3309.26, 3309.261, 3309.301, 3309.31, 3309.41, 3309.473, 3309.474, 3309.73, 3309.731, or 3309.75 of the Revised Code.

(1) Payroll deduction purchase plans received before January 1, 2019, and whose starting date is before January 1, 2019, shall be paid with amounts designated by the member's employer as picked-up contributions under a plan in compliance with section 414(h)(2) of the Internal Revenue Code of 1986, 26 U.S.C. 414(h)(2). Prior to the purchase of service credit with amounts designated as picked-up contributions, the member's employer shall have adopted and filed with the retirement system a resolution authorizing the purchase of service credit for its employees by payroll deduction with amounts designated as picked-up and paid to the retirement system by the employer.

(2) Payroll deduction purchase plans with a starting date on or after January 1, 2019 may not be paid with amounts designated by the member's employer as picked-up contributions under a plan in compliance with section 414(h)(2) of the Internal Revenue Code.

(B)

(1) Upon a member's request to purchase service credit, the retirement system shall prepare and forward to the member payroll deduction purchase plan documents, which shall include a cost estimate and a payroll deduction authorization form. The payroll deduction authorization form shall set forth:

(a) The type and amount of service to be purchased;

(b) The employer's payroll cycle;



(c) The number of payments in which the service is to be purchased;

(d) The amount of each payment; and

(e) The starting date of the payments.

(2)

(a) The member shall complete and sign the employee portion of the payroll deduction authorization form and forward it to the member's employer;

(b) The payroll officer of the member's employer shall complete the employer's portion of the payroll deduction authorization form; and

(c) The retirement system must receive the completed authorization form and first payment before the expiration of the cost estimate.

(C)

(1) A separate payroll deduction authorization form shall be completed for each separate type of service credit to be purchased;

(2) Only one service credit purchase plan at a time may be in place for each separate type of service credit;

(3) The maximum number of months over which service may be purchased under a payroll deduction purchase plan shall be one hundred twenty;

(4) The allocation of each payment toward interest and purchase of service credit shall be uniform for the period of the payroll deduction purchase plan;

(5) If a payroll deduction purchase plan is terminated early, the member shall be granted service credit based on the total amount allocated toward the purchase of service that was remitted to the



retirement system under the payroll deduction purchase plan.

(D)

(1) The employer shall begin payroll deduction on the starting date set forth on the payroll deduction authorization form.

(2) The employer shall remit the amounts withheld directly to the retirement system on the employer's payroll cycle basis;

(3) Notwithstanding paragraph (E)(2) or (F)(2) of this rule, if a completed payroll deduction authorization form is returned to the retirement system, but at any point thereafter the employer fails to remit the amounts to be withheld to the retirement system for three consecutive months, the retirement system shall terminate the payroll deduction purchase plan.

(E)

When a member is purchasing service credit under a payroll deduction purchase plan as provided for in paragraph (A)(1) of this rule:

(1) The member cannot:

(a) Decrease or increase the amount of the payroll deduction;

(b) Terminate the payroll deduction unless the member has terminated employment or purchased all of the service credit set forth on the payroll deduction authorization form; or

(c) Make a direct payment to the retirement system to purchase the service credit.

(2) The member's employer shall not decrease, increase, or terminate the payroll deduction unless the member has terminated employment or purchased all of the service credit set forth on the payroll deduction authorization form.



(F) When a member is purchasing service credit under a payroll deduction purchase plan as provided for in paragraph (A)(2) of this rule:

(1) The member can:

(a) Terminate a payroll deduction plan at any time by providing written notice to the member's employer and by notifying the retirement system;

(b) Make a direct payment to the retirement system to purchase the remaining service credit. To purchase the remainder of service credit, the member must first terminate the payroll deduction purchase plan and then submit a request to the retirement system for a statement of the balance due.

(2) The member's employer shall not decrease, increase, or terminate the payroll deduction purchase plan unless the member has terminated the payroll deduction purchase plan, terminated employment, or purchased all of the service credit set forth in the payroll deduction authorization form.

(G) A member who has had one or more prior payroll deduction purchase plans for a type of service credit may establish a new payroll deduction purchase plan for the same type of service credit. The new plan's commencement date must be six or more months after the first deduction under the most recent payroll deduction purchase plan for the same type of credit.

(H) Upon receipt of payments transferred pursuant to section 145.311 or 3307.711 of the Revised Code, the school employees retirement system shall restore the former member's service credit for which payment is transferred.