

# Rules

August 12, 2021

## OP&F

742-8-08 Penalties and interest on contributions (No change)

## SERS

3309-1-18 Payment of contributions

3309-1-35 Health care

## HPRS

5505-3-07 Deferred retirement option plan

742-8-08

**Penalties and interest under section 742.353 of the Revised Code.**

(A) Pursuant to division (C) of section 742.353 of the Revised Code, the penalties assessed under sections 742.351 and 742.38 of the Revised Code shall be as follows:

- (1) If a form, report, or statement is at least one but not more than fifteen days past due, one hundred dollars;
- (2) If a form, report, or statement is at least sixteen but not more than sixty days past due, five hundred dollars;
- (3) If a form, report, or statement is at least sixty-one but not more than one hundred eighty days past due, one thousand dollars;
- (4) If a form, report, or statement is at least one hundred eighty-one days past due, three thousand dollars.

The total of the penalties paid by an employer under this paragraph in a calendar year shall not exceed twenty thousand dollars.

(B) Any amount due from an employer under paragraphs (A) of this rule shall be collected from the county auditor in the same manner as is provided in section 742.35 of the Revised Code.

(C) Employers with no more than five members that still have penalties remaining after the application of the penalty structure in paragraph (A) of this rule shall pay an amount not to exceed one thousand five hundred dollars for each failure to transmit the notice or reports in accordance with sections 742.351 and 742.38 of the Revised Code. Such employers shall be eligible to participate in the payment plan outlined in rule 742-7-15 of the Administrative Code to the extent that they require an additional amount of time to repay penalties and interest.

Five Year Review (FYR) Dates: 7/22/2021 and 07/22/2026

CERTIFIED ELECTRONICALLY

---

Certification

07/22/2021

---

Date

Promulgated Under: 111.15  
Statutory Authority: 742.10, 742.353  
Rule Amplifies: 742.353  
Prior Effective Dates: 12/27/2005 (Emer.), 01/20/2006 (Emer.), 03/20/2006 (Emer.), 05/05/2006, 06/30/2011, 07/21/2016

3309-1-18

**Payment of contributions.**

(A) For purposes of this rule:

- (1) "Employer" has the same meaning as in section 3309.01 of the Revised Code.
- (2) "Contribution report" means payroll data for each pay date that has been cleared of any errors or warnings.
- (3) "Surcharge" means the employer minimum compensation contribution amount determined pursuant to section 3309.491 of the Revised Code.

(B) Payments due under section 3309.47 of the Revised Code shall be remitted to the school employees retirement system by the fifth business day following the pay date.

(C) Contribution reports shall be submitted to the retirement system by the fifth business day following the pay date.

(D) Payments due under section 3309.51 of the Revised Code and paid by an employer directly to the employers' trust fund shall be remitted by the fifth business day following the pay date.

(E) Payments due to the employers' trust fund pursuant to section 3309.51 of the Revised Code and received from the amounts allocated under Chapter 3317. of the Revised Code, section 3314.08 of the Revised Code, and section 3326.33 of the Revised Code shall be remitted each month and attributed to that month.

(F) Annually, the retirement system shall issue a final school year statement that reconciles the estimated employer payments received with the employer payments owed. Within thirty days of the statement's issuance, the employer shall directly pay to the employers' trust fund any balance owed, or the retirement system shall directly refund to the employer any overpayments made. The retirement system shall not issue a refund to an employer whose reports or payments are delinquent.

(G) Surcharge payments due to the employers' trust fund shall be collected in one of the following ways:

- (1) An employer who does not receive amounts allocated under section 3314.08 or 3326.33 of the Revised Code may choose to pay its surcharge directly to the employers' trust fund. An employer who chooses this option must pay its surcharge within thirty days after receipt of the certified amount due from the retirement system.
- (2) For those employers who do not choose the direct pay option under paragraph (G)(1) of this rule, as well as employers who receive amounts allocated

under section 3314.08 or 3326.33 of the Revised Code, the retirement system shall include surcharge payments in the estimated payments certified to the superintendent of public instruction pursuant to section 3309.51 of the Revised Code.

- (H) For any payments made pursuant to paragraphs (B), (D), (F) and (G)(1) of this rule, payment remittance information shall be submitted in the manner specified by the retirement system no later than the date the payment is remitted.
- (I) The retirement system may extend a due date for an employer upon a finding that good cause has been shown.
- (J) For purposes of section 3309.571 of the Revised Code, "days" refers to "business days."
- (K) An employer shall repay the retirement system for any amounts paid by the retirement system as the result of employer errors in reporting or certifying information to the retirement system.

Effective:

Five Year Review (FYR) Dates: 2/1/2024

---

Certification

---

Date

Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.47, 3309.49, 3309.491, 3309.51, 3309.55,  
3309.571  
Prior Effective Dates: 07/01/2010, 01/07/2013, 12/04/2014, 02/27/2017  
(Emer.), 05/15/2017, 05/03/2019

3309-1-35

**Health care.**

## (A) Definitions

As used in this rule:

- (1) "Benefit recipient" means an age and service retirant, disability benefit recipient, or a beneficiary as defined in section 3309.01 of the Revised Code, who is receiving monthly benefits due to the death of a member, age and service retirant or disability benefit recipient.
- (2) "Member" has the same meaning as in section 3309.01 of the Revised Code.
- (3) "Age and service retirant" means a former member who is receiving a retirement allowance pursuant to section 3309.34, 3309.35, 3309.36 or 3309.381 of the Revised Code. A former member with an effective retirement date after June 13, 1986 must have accrued ten years of service credit, exclusive of credit obtained after January 29, 1981 pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code.
- (4) "Disability benefit recipient" means a member who is receiving a benefit or allowance pursuant to section 3309.35, 3309.39, 3309.40 or 3309.401 of the Revised Code.
- (5) "Dependent" means an individual who is either of the following:
  - (a) A spouse of an age and service retirant, disability benefit recipient, or member,
  - (b) A biological, adopted or step-child of an age and service retirant, disability benefit recipient, member, deceased age and service retirant, deceased disability benefit recipient, or deceased member or other child in a parent-child relationship in which the age and service retirant, disability benefit recipient, member, deceased age and service retirant, deceased disability benefit recipient, or deceased member has or had custody of the child, so long as the child:
    - (i) Is under age twenty-six, or
    - (ii) Regardless of age is permanently and totally disabled, provided that the disability existed prior to the age and service retirant's, disability benefit recipient's, or member's death and prior to the child reaching age twenty-six. For purposes of this paragraph "permanently and totally disabled" means the individual is unable to engage in any substantial gainful activity by reason of any

medically determinable physical or mental impairment which can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than twelve months.

- (6) "Health care coverage" means any of the following group plans offered by the system:
- (a) A medical and prescription drug plan;
  - (b) Limited wraparound coverage, which provides limited benefits that wrap around an individual health insurance plan; or
  - (c) An excepted benefit health reimbursement arrangement, which provides reimbursement of medical expenses incurred under an individual health insurance plan.
- (7) "Premium" means a monthly amount that may be required to be paid by a benefit recipient to continue enrollment for health care coverage for the recipient or the recipient's eligible dependents.
- (8) "Employer" and "public employer" have the same meaning as in section 3309.01 of the Revised Code.

(B) Eligibility

- (1) A person is eligible for health care coverage under the school employees retirement system's health care plan so long as the person qualifies as one of the following:
- (a) An age and service retiree or the retiree's dependent,
  - (b) A disability benefit recipient or the recipient's dependent,
  - (c) The dependent of a deceased member, deceased age and service retiree, or deceased disability benefit recipient, if the dependent is receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code,
  - (d) The dependent child of a deceased member, deceased disability benefit recipient, or deceased age and service retiree if the spouse is receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code and the spouse elects to be covered.
- (2) Eligibility for SERS health care coverage shall terminate when the person ceases to qualify as one of the persons listed in paragraph (B)(1) of this rule, except

that a dependent described in paragraph (A)(5)(b)(i) of this rule shall cease to qualify on the first day of the calendar year following the dependent's twenty-sixth birthday.

- (3) Except for a dependent described in paragraph (A)(5)(b) of this rule, eligibility for SERS health care coverage shall terminate when the person is not enrolled in medicare part B and on or after January 1, 2016 commences employment that provides access to a medical plan with prescription coverage through the employer, or if employees of that employer in comparable positions have access to a medical plan available through the employer, provided the medical plan with prescription drug coverage available through the employer is equivalent to the medical plan with prescription coverage at the cost available to fulltime employees as defined by the employer. For purposes of this paragraph, employer means a public or private employer.
- (4) On or after January 1, 2021, eligibility for SERS health care coverage shall terminate when a person listed in paragraph (B)(1) of this rule becomes eligible for medicaid and is ineligible for medicare. For purposes of this rule, a benefit recipient and their dependent(s) shall be presumed to be eligible for medicaid if their gross monthly SERS benefit is less than the percentage of the federal poverty level used by the Ohio department of medicaid to determine medicaid eligibility under agency 5160 and division 5160:1 of the Administrative Code. Upon request, a benefit recipient presumed to be eligible for medicaid must provide SERS with satisfactory proof of ineligibility for medicaid in their state of residence within ninety days from the date of SERS' request.
- (5) Eligibility for SERS health care coverage shall terminate when a person eligible for medicare part B fails to:
  - (a) Enroll in medicare part B during the person's initial enrollment period or special enrollment period under 42 U.S.C. 1395p that includes a date on or after January 1, 2019. If the failure to enroll occurred on or after January 1, 2019 and prior to January 1, 2022, the person must enroll in medicare part B during the general enrollment period ending March 31, 2022; or
  - (b) Enroll in medicare part B during the general enrollment period available under 42 U.S.C. 1395p immediately following a loss of medicare part B coverage that began on or after January 1, 2019. If the loss of medicare part B coverage began on or after January 1, 2019 and prior to January 1, 2022, the person must enroll in medicare part B during the general enrollment period ending March 31, 2022.

(C) Enrollment

- (1) Except as otherwise provided in this rule, an eligible benefit recipient may enroll in school employees retirement system's health care coverage only at the time the benefit recipient applies for an age and service retirement, disability benefit, or monthly benefits pursuant to section 3309.45 of the Revised Code.
  - (2) An eligible spouse of an age and service retiree or disability benefit recipient may only be enrolled in the system's health care coverage at the following times:
    - (a) At the time the retiree or disability benefit recipient enrolls in school employees retirement system's health care coverage.
    - (b) Within thirty-one days of the eligible spouse's:
      - (i) Marriage to the retiree or disability benefit recipient; or
      - (ii) Involuntary termination of health care coverage under another plan, including a medicare advantage plan, or medicare part D plan.
    - (c) Within ninety days of becoming eligible for medicare.
  - (3) An eligible dependent child of an age and service retiree, disability benefit recipient, or deceased member may be enrolled in the system's health care coverage at the following times:
    - (a) At the time the retiree, disability benefit recipient, or surviving spouse enrolls in school employees retirement system's health care coverage.
    - (b) Within thirty-one days of the eligible dependent child's:
      - (i) Birth, adoption, or custody order; or
      - (ii) Involuntary termination of health care coverage under another plan, including a medicare advantage plan, or medicare part D plan.
    - (c) Within ninety days of becoming eligible for medicare.
- (D) Cancellation of health care coverage
- (1) Health care coverage of a person shall be cancelled when:
    - (a) The person's eligibility terminates as provided in paragraph (B)(2) of this rule;
    - (b) The person's eligibility terminates as provided in paragraph (B)(3) of this rule;

- (c) The person's eligibility terminates as provided in paragraph (B)(4) of this rule;
- (d) The person's eligibility terminates as provided in paragraph (B)(5) of this rule;
- ~~(d)~~(e) The person's health care coverage is cancelled for default as provided in paragraph (F) of this rule;
- ~~(e)~~(f) The person's health care coverage is waived as provided in paragraph (G) of this rule;
- ~~(f)~~(g) The person's health care coverage is cancelled due to the person's enrollment in a medicare advantage plan or medicare part D plan as provided in paragraph (H) of this rule;
- ~~(g)~~(h) The health care coverage of a dependent is cancelled when the health care coverage of a benefit recipient is cancelled; or
- ~~(h)~~(i) The person's benefit payments are suspended for failure to submit documentation required to establish continued benefit eligibility under division (B)(2)(b)(i) of section 3309.45 of the Revised Code, division (F) of section 3309.39 of the Revised Code, division (D) of section 3309.41 of the Revised Code, or division (D) of section 3309.392 of the Revised Code.

(E) Effective date of coverage

- (1) The effective date of health care coverage for persons eligible for health care coverage as set forth in paragraph (B) of this rule shall be as follows:
  - (a) For a disability benefit recipient or dependent of a disability benefit recipient, health care coverage shall be effective on the first of the month following the determination and recommendation of disability to the retirement board or on the benefit effective date, whichever is later.
  - (b) For an age and service retirant or dependent of an age and service retirant, health care coverage shall be effective on the first of the month following the date that the retirement application is filed with the retirement system or on the benefit effective date, whichever is later.
  - (c) For an eligible dependent of a deceased member, deceased disability benefit recipient, or deceased age and service retirant, health care coverage shall be effective on the effective date of the benefit if the appropriate

application is received within three months of the date of the member's or retirant's death, or the first of the month following the date that the appropriate application is received if not received within three months of the date of the member's or retirant's death.

(F) Premiums

- (1) Payment of premiums for health care coverage shall be by deduction from the benefit recipient's monthly benefit. If the full amount of the monthly premium cannot be deducted from the benefit recipient's monthly benefit, the benefit recipient shall be billed for the portion of the monthly premium due after any deduction from the monthly benefit.
- (2) Premium payments billed to a benefit recipient shall be deemed in default after the unpaid premiums for coverage under this rule and supplemental health care coverage under rule 3309-1-64 of the Administrative Code reach a total cumulative amount of at least three months of billed premiums. The retirement system shall send written notice to the benefit recipient that payments are in default and that coverage will be cancelled on the first day of the month after the date of the notice unless payment for the total amount in default is received prior to the date specified in the notice. If coverage is cancelled due to a recipient's failure to pay premium amounts in default, the recipient shall remain liable for such amounts due for the period prior to cancellation of coverage.
- (3) After cancellation for default, health care coverage can be reinstated as provided in paragraph (I) of this rule, or upon submission of an application for reinstatement supported by medical evidence acceptable to SERS that demonstrates that the default was caused by the benefit recipient's physical or mental incapacity. "Medical evidence" means documentation provided by a licensed physician of the existence of the mental or physical incapacity causing the default. Health care coverage reinstated after termination for default shall be effective on the first of the month following the date that the application for reinstatement is approved and payment for the total amount in default is received.
- (4) A person enrolled in SERS' health care plan cannot receive a premium subsidy unless that person is:
  - (a) A dependent child.
  - (b) An age and service retirant:
    - (i) An age and service retirant with an effective retirement date before August 1, 1989; or

- (ii) An age and service retiree with an effective retirement date on or after August 1, 1989 and before August 1, 2008 who had earned fifteen years of service credit; or
  - (iii) An age and service retiree with an effective retirement date on or after August 1, 2008 who had earned twenty years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, and who:
    - (a) Was eligible to participate in the health care plan of his or her employer at the time of retirement or separation from SERS service; or
    - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding retirement or separation from SERS service.
- (c) A disability benefit recipient:
- (i) A disability benefit recipient with an effective benefit date before August 1, 2008; or
  - (ii) A disability benefit recipient with an effective benefit date on or after August 1, 2008 who:
    - (a) Was eligible to participate in the health care plan of his or her employer at the time of separation from SERS service; or
    - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding separation from SERS service.
- (d) A spouse:
- (i) A spouse or surviving spouse of an age and service retiree or disability benefit recipient with an effective retirement date or benefit date before August 1, 2008 who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code;
  - (ii) A spouse or surviving spouse of an age and service retiree or disability benefit recipient with an effective retirement date or

benefit date on or after August 1, 2008 who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, and who:

- (a) Was eligible to participate in the health care plan of his or her employer at the time of retirement or separation from SERS service; or
  - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding retirement or separation from SERS service.
- (iii) A surviving spouse of a deceased member who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, with an effective benefit date before August 1, 2008; or
- (iv) A surviving spouse of a deceased member who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, with an effective benefit date on or after August 1, 2008, and the member;
  - (a) Was eligible to participate in the health care plan of his or her employer at the time of death or separation from SERS service; or
  - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding the member's death or separation from SERS service.
- (e) For purposes of determining eligibility for a subsidy under paragraph (F) (4) of this rule, when the last contributing service of an age and service retirant, disability benefit recipient, or member was as an employee as defined by division (B)(2) of section 3309.01 of the Revised Code, the health care plan participation requirement shall be if the individual would have been eligible for the public employer's health care plan if the individual were an employee as defined by division (B)(1) of section 3309.01 of the Revised Code.

- (f) Any other individual covered under a SERS health care plan shall be eligible for a premium subsidy under the standard set forth for spouses.
- (g) In all cases of doubt, the retirement board shall determine whether a person enrolled in a SERS health care plan is eligible for a premium subsidy, and its decision shall be final.

(G) Waiver

- (1) A benefit recipient may waive health care coverage by completing and submitting a SERS waiver form to SERS.
- (2) The health care coverage of a benefit recipient's dependent may be waived as follows:
  - (a) For non-medicare eligible dependents, the benefit recipient may waive their coverage by completing and submitting a signed written request to SERS on their behalf.
  - (b) For medicare eligible dependents, the dependent may waive their coverage by completing and submitting a signed written request to SERS.

(H) Medicare advantage or medicare part D

SERS shall cancel the health care coverage of a benefit recipient or dependent who enrolls in a medicare advantage or medicare part D plan that is not offered by the system.

(I) Reinstatement to SERS health care coverage

- (1) An eligible benefit recipient, or dependent of a benefit recipient with health care coverage, whose coverage has been previously waived or cancelled may be reinstated to SERS health care coverage by filing a health care enrollment application as follows:
  - (a) The application is received no later than ninety days after becoming eligible for medicare. Health care coverage shall be effective the later of the first day of the month after becoming medicare eligible or receipt of the enrollment application by the system;
  - (b) The application is received no later than thirty-one days after involuntary termination of coverage under medicaid. Health care coverage shall be effective the later of the first day of the month after termination of

coverage or receipt of proof of termination and the enrollment application by the system; or

- (c) The application is received no later than thirty-one days after involuntary termination of coverage under another plan, medicare advantage plan, or medicare part D plan with proof of such termination. Health care coverage shall be effective the later of the first day of the month after termination of the other plan or receipt of proof of termination and the enrollment application by the system.
- (2) An eligible person whose coverage was cancelled pursuant to paragraph (D)(1)(h) of this rule shall be reinstated to SERS health care plan when benefit payments are reinstated.
- (3) An eligible person whose coverage was cancelled pursuant to paragraph (D)(1)(b) of this rule may be reinstated to SERS health care plan when they no longer have access to the medical plan of an employer by filing a health care enrollment application within thirty-one days of the employment ending.
- (4) An eligible benefit recipient or dependent of a benefit recipient with health care coverage, whose coverage has been previously cancelled and who is enrolled in medicare parts A and B or medicare part B only on December 31, 2007 may be reinstated to SERS health care coverage by filing a healthcare enrollment application during the period of time beginning October 1, 2007 and ending November 30, 2007. Health care coverage shall be effective January 1, 2008.
- (5) An eligible benefit recipient or dependent of a benefit recipient with health care coverage, whose coverage has been previously cancelled pursuant to paragraph (H) of this rule and who is enrolled in medicare parts A and B or medicare part B only on June 30, 2009 may be reinstated to SERS health care coverage by filing a health care enrollment application during the period of time beginning May 21, 2009 and ending July 15, 2009.
- (6) An eligible benefit recipient who had an effective retirement or benefit date on or after August 1, 2008, who qualifies for a premium subsidy under paragraph (F) (4) of this rule, and whose coverage has previously been waived as provided in paragraph (G) of this rule, may be reinstated to school employees retirement system health care coverage by submitting a complete health care enrollment application on or before December 14, 2012. Health care coverage shall be effective January 1, 2013.
- (7) An eligible benefit recipient for whom SERS is transferring funds to another Ohio retirement system in accordance with paragraph (G) of rule 3309-1-55 of

the Administrative Code may be reinstated to SERS health care coverage by submitting a health care enrollment application during open enrollment periods for health care coverage starting January 1, 2015 or January 1, 2016.

(J) Medicare part B

- (1) A person who is enrolled in SERS' health care shall enroll in medicare part B at the person's first eligibility date for medicare part B. A person who fails to enroll in or maintain medicare part B coverage shall be ineligible for SERS health care coverage in accordance with paragraph (B)(5) of this rule.
- (2)
  - (a) The board shall determine the monthly amount paid to reimburse an eligible benefit recipient for medicare part B coverage. The amount paid shall be no less than forty-five dollars and fifty cents, except that the board shall make no payment that exceeds the amount paid by the recipient for the coverage.
  - (b) As used in paragraph (J) of this rule, an "eligible benefit recipient" means:
    - (i) An eligible person who was a benefit recipient and was eligible for medicare part B coverage before January 7, 2013, or
    - (ii) An eligible person who is a benefit recipient, is eligible for medicare part B coverage, and is enrolled in SERS' health care.
- (3) The effective date of the medicare part B reimbursement to be paid by the board shall be as follows:
  - (a) For eligible benefit recipients who were a benefit recipient and were eligible for medicare B coverage before January 7, 2013 the later of:
    - (i) January 1, 1977; or
    - (ii) The first of the month following the date that the school employees retirement system received satisfactory proof of coverage.
  - (b) For eligible benefit recipients not covered under paragraph (J)(3)(a) of this rule, the later of:
    - (i) The first month following the date that the school employees retirement system received satisfactory proof of coverage, or

(ii) The effective date of SERS health care.

(4) The board shall not:

(a) Pay more than one monthly medicare part B reimbursement when a benefit recipient is receiving more than one monthly benefit from this system; nor

(b) Pay a medicare part B reimbursement to a benefit recipient who is eligible for reimbursement from any other source.

Effective:

Five Year Review (FYR) Dates: 2/1/2024

---

Certification

---

Date

Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.69  
Prior Effective Dates: 01/01/1977, 03/20/1980, 07/20/1989, 01/02/1993,  
08/10/1998, 11/09/1998, 06/13/2003, 01/02/2004,  
03/01/2007, 09/28/2007 (Emer.), 12/24/2007,  
08/08/2008, 01/08/2009, 05/22/2009 (Emer.),  
08/10/2009, 06/11/2010, 07/01/2010 (Emer.),  
09/26/2010, 08/14/2011, 09/30/2012, 01/07/2013  
(Emer.), 03/08/2013, 01/01/2014, 07/12/2014,  
12/04/2014, 08/13/2015, 10/13/2016, 05/03/2019,  
01/02/2020, 06/05/2020

5505-3-07

**Deferred retirement option plan.**

- (A) As provided for in section 5505.50 of the Revised Code, the date of the initial implementation of the deferred retirement option plan (DROP) shall be June 15, 2006.
- (B) 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.
- (C) A DROP participant may apply for disability retirement pursuant to sections 5505.18 and 5505.58 of the Revised Code and rule 5505-3-02 of the Administrative Code.
- (1) HPRS shall void an application for disability retirement upon an event that terminates the member's DROP participation as defined by section 5505.55 of the Revised Code.
  - (2) A DROP participant who qualifies for disability retirement and elects to receive benefits pursuant to division (A)(1) or (B) of section 5505.58 of the Revised Code shall be age and service retired and not subject to the requirements of section 5505.18 of the Revised Code or rule 5505-3-03 of the Administrative Code.
  - (3) A DROP participant who qualifies for disability retirement and elects to receive benefits pursuant to division (A)(2) of section 5505.58 of the Revised Code shall be disability retired and subject to the requirements of section 5505.18 of the Revised Code and rule 5505-3-03 of the Administrative Code.
  - (4) A member that is receiving disability retirement benefits pursuant to division (A)(2) of section 5505.58 of the Revised Code that returns to active service will be considered an active member and must submit a new application for DROP. Amounts previously forfeited pursuant to section 5505.58 of the Revised Code shall not be accrued to the members benefit.
  - (5) A member whose participation in DROP terminates as a result of qualifying for disability pursuant to section 5505.58 of the Revised Code shall not forfeit the interest credited under division (C) of section 5505.54 of the Revised Code except as provided in division (A)(2) of section 5505.58 of the Revised Code.

(D) Interest shall continue to accrue pursuant to division (C) of section 5505.54 of the Revised Code after a member's participation in DROP ceases.

(E)

(1) As described in division (B)(1) of section 5505.56 of the Revised Code, "on or after the first day of the fourth year" and "earlier than four years" shall mean after three years have elapsed since the DROP effective date as described in paragraph (B) of this rule.

(2) As described in division (B)(2) of section 5505.56 of the Revised Code, "on or after the first day of the third year" and "earlier than three years" shall mean after two years have elapsed since the DROP effective date as described in paragraph (B) of this rule.

(F)

(1) Provided that the other candidacy eligibility criteria are met, a member participating in DROP shall be eligible to be elected as an employee member of the retirement board, but shall not be eligible to be elected as a retirant member of the retirement board.

(2) A retirement board trustee who ceases participation in DROP shall no longer be eligible to be an employee member of the board of trustees. The trustee's position on the board of trustees shall be vacant upon the effective date of the DROP termination.

(G) Surviving spouses and beneficiaries

(1) Pursuant to section 5505.59 of the Revised Code, a member may not name a spouse as a beneficiary.

(2) A surviving spouse or beneficiary shall select a method of distribution of any amount due to such person pursuant to section 5505.59 of the Revised Code within sixty days of notification from HPRS. If a method of distribution is not made within sixty days, the amounts due will be distributed as a lump sum payment.

(H) DROP termination

(1) Active service in the state highway patrol is terminated upon separation pursuant to section 124.32 of the Revised Code.

- (2) Subject to paragraph (H)(1) of this rule, a member shall be considered in the active service of the state highway patrol while receiving benefits pursuant to section 124.385 of the Revised Code.
- (I) Pursuant to section 5505.54 of the Revised Code, interest on DROP account balances shall be calculated at the Barclays U.S. government/credit intermediate ~~index, less a thirty-five basis point account maintenance fee.~~ The interest rate shall be established at June thirtieth and December thirty-first for the following six-month period. Effective October 1, 2021, the rate of interest shall not exceed five percent or be lower than two percent.
- (J) Effective October 1, 2021, the state highway patrol retirement system shall calculate interest on the DROP participant's DROP balance on the last day of each month.

Effective:

Five Year Review (FYR) Dates: 5/18/2022

---

Certification

---

Date

Promulgated Under: 111.15  
Statutory Authority: 5505.50  
Rule Amplifies: 5505.041, 5505.50, 5505.51, 5505.52, 5505.54,  
5505.56  
Prior Effective Dates: 09/28/2010, 08/08/2011, 07/18/2013, 05/18/2017