

application for benefits under division (C)(1) of this section.

(H) If the benefits due and paid under division (C) of this section are in a total amount less than the member's accumulated account that was transferred from the teachers' savings fund, school employees retirement fund, and public employees retirement fund, to the survivors' benefit fund, then the difference between the total amount of the benefits paid shall be paid to the beneficiary under section 3307.562 of the Revised Code.

Sec. 3307.67. (A) Except as provided in divisions (D) and (E) of this section, the state teachers retirement board shall annually increase each allowance or benefit payable under the STRS defined benefit plan. Through July 31, 2013, the increase shall be three per cent. On and after August 1, 2013, the increase shall be two per cent. No allowance or benefit shall exceed the limit as annually determined pursuant to section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 415, as amended, and regulations adopted pursuant thereto but before August 1, 2013. The limit may be adjusted in accordance with rules adopted by the board.

(B) The first increase is payable to all persons becoming eligible ~~for as follows:~~

(1) For an allowance or benefit after June 30, 1971 beginning on or after July 1, 1971, but before August 1, 2013, upon such persons receiving an allowance or benefit for twelve months;

(2) For an allowance or benefit beginning on or after August 1, 2013, that was immediately preceded by a disability benefit effective before that date but terminated on or after it, upon the date that would have been the disability benefit's next anniversary date;

(3) For an allowance or benefit beginning on or after August 1, 2013, except for an allowance or benefit that was immediately preceded by a disability benefit granted prior to that date that has been terminated described in division (B)(2) of this section, the first increase is payable upon such persons receiving an allowance or benefit for sixty months.

The increased amount is payable for the ensuing twelve-month period or until the next increase is granted under this section, whichever is later. Subsequent increases shall be determined from the date of the first increase paid to the former member in the case of an allowance being paid a beneficiary under an option, or from the date of the first increase to the survivor first receiving an allowance or benefit in the case of an allowance or benefit being paid to the subsequent survivors of the former member.

The date of the first increase under this section becomes the anniversary date for any future increases.

The allowance or benefit used in the first calculation of an increase under this section shall remain as the base for all future increases, unless a new base is established.

(C) If payment of a portion of a benefit is made to an alternate payee under section 3307.371 of the Revised Code, increases under this section granted while the order is in effect shall be apportioned between the alternate payee and the benefit recipient in the same proportion that the amount being paid to the alternate payee bears to the amount paid to the benefit recipient.

If payment of a portion of a benefit is made to one or more beneficiaries under "option 4" under division (A)(4) of section 3307.60 of the Revised Code, each increase under this section granted while the plan of payment is in effect shall be divided among the designated beneficiaries in accordance with the portion each beneficiary has been allocated.

The apportioned increases under this section shall begin with increases granted on or after

October 27, 2006.

(D) The board shall not make the increases it would otherwise make during the period July 1, 2013, through June 30, 2014, to persons granted an allowance or benefit prior to July 1, 2013. The board shall not increase any allowance or benefit granted on July 1, 2013, until July 1, 2015.

(E) The board may adjust the increase payable under this section if the board's actuary, in its annual actuarial valuation required by section 3307.51 of the Revised Code or in other evaluations conducted under that section, determines that an adjustment does not materially impair the fiscal integrity of the retirement system or is necessary to preserve the fiscal integrity of the system.

(F) The board shall make all rules necessary to carry out this section.

Sec. 3307.71. (A)(1) Except as provided in this section, section 3305.05, or section 3305.051 of the Revised Code, a member or former member of the state teachers retirement system participating in the STRS defined benefit plan who has at least one and one-half years of contributing service credit in this system, the public employees retirement system, the school employees retirement system, the Ohio police and fire pension fund, or the state highway patrol retirement system after the withdrawal and cancellation of service credit in this system may restore all or part of such service credit by repayment of the amount withdrawn. To this amount shall be added interest at a rate per annum, compounded annually, to be determined by the state teachers retirement board. Interest shall be payable from the first of the month of withdrawal through the month of repayment.

(2) If the accumulated contributions were withdrawn under section 3307.561 of the Revised Code, service credit may be restored only if the member or former member accrued one and one-half years of service credit after the withdrawal and cancellation of service credit in this system.

(B) A member may choose to purchase only part of such credit in any one payment. The cost for restoring partial service shall be calculated as the proportion that it bears to the total cost at the time of purchase and is subject to the rules established by the board. If a former member is eligible to buy the service credit as a member of the Ohio police and fire pension fund, the state highway patrol retirement system, or the city of Cincinnati Retirement System, the former member is ineligible to restore that service credit under this section.

(C) The total payment to restore canceled service credit shall be credited as follows:

~~(1) The amount that equals contributions made pursuant to section 3307.26 of the Revised Code, plus any interest on the contributions paid by the member pursuant to this section, to the member's account in the teachers' savings fund;~~

~~(2) The amount that equals the amount paid under section 3307.563 of the Revised Code, to the employers trust fund;~~

~~(3) The remainder of the payment to restore canceled service credit, to the guarantee fund~~

To the member's account in the teachers' savings fund, the portion of the payment that consists of contributions made under section 3307.26 of the Revised Code, any interest on the contributions received by the member under division (A) of section 3307.563 of the Revised Code, and any interest paid under division (A)(1) of this section;

(2) To the employers trust fund, the portion of the payment that consists of any amounts received by the member under division (A)(3)(b) of section 3307.563 of the Revised Code and any interest paid under division (A)(1) of this section.

Sec. 3307.763. (A) If the conditions described in division (B) of section 3307.762 of the