



Ohio Public Employees Retirement System

277 East Town Street Columbus, Ohio 43215-4642 1-800-222-PERS (7377) www.opers.org

TO: Ohio Municipal League
FROM: Tom Sherman, OPERS Government Relations Officer
DATE: December 6, 2006
SUBJECT: Purchase of Elected Official Service Credit

Important Notice Regarding Purchase of Elected Official Service Credit

The cost to purchase "elected official" service credit is scheduled to increase January 1, 2007. To preserve the lower rate for elected official service earned through 2006, members must make a partial payment or submit a payroll deduction authorization form to OPERS prior to December 31, 2006 or within 30 days from the date a cost statement from OPERS is mailed, whichever is later. Call OPERS at 1-800-222-7377 to request a cost statement.

Background

Current law authorizes elected officials and certain gubernatorial appointees to purchase an additional 0.35 years of service credit for each year served as an elected official or appointee (see RC section 145.201). The cost to purchase the 35% additional service credit is based in part on the employee contribution rate in effect at the time of purchase. Contribution rates are scheduled to increase from 9.0% to 9.5% effective January 1, 2007, which will increase the cost of purchasing elected official service credit when the service credit is purchased after that date.

In order to preserve the lower cost calculation for service earned through 2006, elected officials need to request a cost estimate and make partial payment or submit a payroll deduction authorization form to OPERS on or before December 31, 2006 or within 30 days from the date a cost statement from OPERS is mailed, whichever is later.

Note, if you already commenced a service purchase for elective service earned prior to December 31, 2005, regardless of the method of payment, the cost to purchase that credit was locked in at the 2005 contribution rate of 8.5%. In doing so, future purchases of elective service credit for 2006 and 2007 will be billed at the contribution rate in effect at the time the service was rendered.

An important change in federal tax law permits the use of deferred compensation money [457(b)] and funds from a tax deferred annuity [403(b)] to purchase this credit even if the elected official has not terminated employment with the employer under which contributions were made to the plan.

Call OPERS at 1-800-222-7377 to request a cost statement. If you have any questions or need any additional information, please contact Tom Sherman, Government Relations Officer, at 614-222-2924 or Chris Lowe, Legal/Legislative Research Analyst, at 614-225-1153.