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ORDINANCE NO. _____ -2008

ENANCTING new Sections 203-1-S3 and 203-7-B of the Cincinnati Municipal Code, "Employees' Retirement System", and **AMENDING** Sections 203-1-A, 203-1-C2, 203-1-M3, 203-33, 203-41, 203-43, 203-44 and 203-117 of Chapter 203 of the Cincinnati Municipal Code, "Employees' Retirement System", to enable current or future City employees to purchase additional creditable service under the Cincinnati Retirement System for years of prior employment served in the federal government or an eligible out of state government or locality.

WHEREAS, in order to provide a benefit for current City employees and to provide incentives for individuals to obtain future employment with the City of Cincinnati, Council desires to amend the Cincinnati Municipal Code ("CMC") to enable current or future City employees to purchase additional creditable service under the Cincinnati Retirement System ("CRS") for time served in the federal government or an eligible out of state government or locality; and

WHEREAS, in order to make such a purchase of additional service credit, the member must have been a member of the CRS for at least 18 consecutive months at the time of that the member either makes payment or begins making payments for the creditable; and

WHEREAS, in order to make such a purchase of additional service credit, the member must be an employee after the enactment of this ordinance, which would prevent any former employee or retired employee from buying any Out of State or Federal Service Credit pursuant to this provision; now, therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio:

Section 1. That new Section 203-1-S3 of Chapter 203 of the Cincinnati Municipal Code, "Employees' Retirement System", is hereby enacted follows:

Section 203-1-S3. Out of State and Federal Service Credit.

"Out of State and Federal Service Credit" means the total amount of creditable service that a member becomes entitled to by purchasing such creditable service under this Retirement System pursuant Section 203-7-B.

Section 2. That new Section 203-7-B of Chapter 203 of the Cincinnati Municipal Code, "Employees' Retirement System", is hereby enacted follows:

Sec. 203-7-B. Purchase of Out of State or Federal Service Credit.

(a) A member of the Retirement System shall be permitted to obtain creditable service under this Retirement System if (i) the member has "Eligible Out of State Service" or "Eligible Federal Service" (as defined below), (ii) the member satisfies all of the requirements of subsection (b) below. The amount of such creditable service and the purposes for which it can be used under this Retirement System are described in subsection (c) below.

(b) A member meets the requirements of this subsection if all of the following requirements are met:

(i) The member is an employee, as defined in Section 203-1-E of this Chapter, after the effective date of this section.

(ii) The member has been a member for at least 18 consecutive months at the time of that the member either makes payment or begins making payments for the creditable service.

(iii) The member is an employee at the time of payment for the creditable service.

(c) In order to become entitled to additional creditable service under this section, the member must deposit in this system an amount equal to 100 percent of the amount determined by the actuary chosen by the Retirement System, to be necessary to fund the additional service retirement allowance and <u>all</u> other <u>benefits (including, without limitation, medical benefits)</u> that will be payable under the Retirement System on account of the member's purchase of creditable service under this section. Payment by the member may be made in any combination of the following methods:

(i) After-tax payroll deduction by the member.

(ii) Payroll deduction by the member pursuant to a pick-up plan that meets the requirements of IRC Section 414(h)(2).

(iii) The member making a rollover contribution <u>(including a direct rollover)</u> to the Retirement System from an "Eligible Retirement Plan", as defined in Section 203-117.

(iv) any other direct payment in cash to the Retirement System.

Any employee desiring to exercise the option to purchase creditable service under this Section shall make application to the Board, which application shall be accompanied by a non-refundable $250 application fee for the cost of the actuarial study required to

determine the cost. If the employee purchases creditable service, the $250 fee shall be applied toward the cost of such purchase.

At the time of application, an employee shall provide payroll records or other proof of "Eligible Out of State Service" or "Eligible Federal Service", in a form and manner acceptable to the Board

For this purpose, a rollover contribution is a contribution to this Retirement System that, in accordance with IRC Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3) or 457(e)(16) and procedures established by the Board, a member makes by delivering, or causing to be delivered to the Retirement System, assets in cash which constitute such rollover contribution.

(d) The minimum number of years of creditable service required under the provisions of Section 203-44 for hospital, surgical and medical care benefits cannot be supplied by the purchase of creditable service under the provisions of this section; however, creditable service purchased under the provisions of this Section will be applied to years of city service in excess of the minimum of 15 years of service in order to determine the percentage of premiums to be paid by the Retirement System on behalf of a retired member.

(e) The number of years purchased under this section shall not exceed the lesser of five years or the member's total accumulated number of years of membership service.

(f) For purposes of this Section:

(i) "Eligible Out of State Service" shall include employment as a common law employee of a state other than Ohio (another state), a political subdivision of another state, an agency or instrumentality of another state, or the District of Columbia, provided that such employment will not be used in the calculation of any retirement benefit currently being paid or payable in the future to the member under any other retirement program except social security.

(ii) "Eligible Federal Service" shall include employment as a common law employee of the United States and its possessions and territories, or an agency or instrumentality of the United States, provided that such employment will not be used in the calculation of any retirement benefit currently being paid or payable in the future to the member under any other retirement program except social security. At the time the creditable service is purchased, the

member shall certify this requirement to the Board on a form furnished by the Board.

(g) At the time that Out of State of Federal Service Credit is purchased under this Section, the member shall certify to the Board, on a form furnished by the Board, that the prior employment or service as an elected official will not be used in the calculation of any retirement benefit currently being paid or payable in the future to the member under any other retirement program except social security. In accordance with Section 203-133, the Board shall otherwise have full authority to administer the terms of this Section. All decisions of the Board made in regard to the administration of this Section shall be final, including without limitation (i) determinations of the Board in regard to the question of whether or not records supplied by a member provide proper verification of Eligible Out of State Service or Eligible Federal Service, and (ii) determinations of whether other service constitutes Eligible Out of State Service or Eligible Federal Service.

Section 3. That Section 203-1-A of Chapter 203 of the Cincinnati Municipal Code, “Employees’ Retirement System”, is hereby amended as follows:

Sec. 203-1-A. Accumulated Contributions.

"Accumulated contributions" shall mean the sum of the following amounts, together with regular interest thereon as provided in Section 203-1-R.:

(i) All the amounts deducted from the compensation of a member and credited to the member's individual account;

(ii) Any amounts paid by a member pursuant to Section 203-7 to purchase creditable service for a period of prior service in the police and fire division;

(iii) Any amounts paid by a member pursuant to Section 203-7-A to purchase creditable service for a period of prior non-contributing service.

(iv) Any State Retirement System member contributions transferred to this Retirement System pursuant to the election of a member and a transfer agreement entered into pursuant to Section 203-8, including any interest thereon transferred by the State Retirement System;

(v) Any amount paid by a member pursuant to Section 203-21 to purchase creditable service for a period of prior service when he or she was not a member, including any interest thereon paid by the member;

(vi) Any amount paid by a member pursuant to Section 203-23 to purchase creditable service for a period of prior service when he or she was on a contract basis, including any interest thereon paid by the member;

(vii) Any amount paid by a member pursuant to Sections 203-27A or 203-28 to purchase creditable service for a period of military service, including any interest thereon paid by the member;

(viii) Any amount paid by a member pursuant to Section 203-29 to purchase creditable service for a period of prior service, including any interest thereon paid by the member;

(ix) Any amount paid by a member pursuant to Section 203-31 to purchase creditable service for a period of academic leave, including any interest thereon paid by the member; and

(x) Any amount paid by a member pursuant to Section 203-7-B to purchase Out of State or Federal Service Credit.

Section 4. That Section 203-1-C2 of Chapter 203 of the Cincinnati Municipal Code, "Employees' Retirement System", is hereby amended as follows:

Sec. 203-1-C2. Creditable Service.

"Creditable service" shall mean the sum of a member's:

(a) membership service,
(b) prior service for which credit is allowable as provided in Section 203-17,
(c) State Retirement System Credit purchased under Section 203-8, and
(d) Out of State or Federal Service Credit purchased under Section 203-7-B.

Section 5. That Section 203-1-M3 of Chapter 203 of the Cincinnati Municipal Code, “Employees’ Retirement System”, is hereby amended as follows:

Sec. 203-1-M3. Membership Service.

"Membership service" shall mean service as an employee since last becoming a member and such other service rendered subsequent to August 1, 1931, for which credit is allowed under the provisions of this chapter. Membership service shall not include any State Retirement System Service Credit obtained under Section 203-8 <u>or any Out of State or Federal Service Credit purchased under Section 203-7-B</u>.

Section 6. That Section 203-33 of Chapter 203 of the Cincinnati Municipal Code, “Employees’ Retirement System”, is hereby amended as follows:

Sec. 203-33. Service Retirement Allowance; Vesting.

(a) Any member may be entitled to a service retirement allowance, as provided herein, after reaching age 60 with 5 years of creditable service or with 30 years of creditable service regardless of age. The 5 years of creditable service required for a service retirement allowance after reaching age 60 shall only apply to persons who enroll or re-enroll in the retirement system on or after January 1, 1969.

A member having completed 5 years of creditable service on or after January 1, 1989, or in the case of a member who serves at the pleasure of the appointing authority, after completion of 5 years of creditable service on or after January 1, 1989, shall be entitled upon reaching age 60 to a service retirement allowance; provided, however, that the entire accumulated contributions of the member remain to the member's credit in the retirement system.

If said member has a retirement loan outstanding at the time of leaving service, the loan must be paid in full prior to reaching age 60, or within one year of leaving city service, whichever comes first. If loan repayment is not as stipulated herein, the following options exist:

(i) the member can have the balance of contributions refunded directly as specified in Section 203-57;

(ii) the member can have the balance of contributions rolled over into another qualifying plan, including the Public Employees Retirement System as specified in Section 203-59;

(iii) a member having at least 25 years of service and being at least age 55, can take a reduced retirement as specified in Section 203-35.

Application for retirement shall be made before the member leaves the service or within one year thereafter, except application may be made after said one year with the approval of the board of trustees.

(b) The service retirement allowance described in ** 1 ** subsection (** 2 ** c) shall apply for:

(i) persons hired on or after July 12, 1998,

(ii) persons who:

(A) were hired prior to July 12, 1998,

(B) retire after May 1, 1999, and

(C) in accordance with Ordinance Number 130-1999, elected by October 1, 1999 to be provided benefits under the formula described in ** 3 ** subsection (** 4 ** c),

(iii) persons who:

(A) in accordance with Ordinance Number 130-1999, elected by October 1, 1999 to be provided benefits under the formula described in ** 5 ** subsection (** 6 ** e), and

(B) pursuant to the provision of paragraph (** 7 ** d) below, cease to be entitled to benefits under that paragraph.

(c) The service retirement allowance described in this subsection (** 8 ** c) shall consist of:

(i) An annuity which shall be the actuarial equivalent of the accumulated contributions of the member at the time of retirement or in the case of a member who retired after 5 years, at the time of reaching age 60;

(ii) A pension which together with the annuity, shall be equal to the sum of:

(A) 2.50 percent of the average highest compensation multiplied by the number of years of membership service and number of years of Out of State and Federal Service Credit; and

(B) For each year of a member's State Retirement System Service Credit, the lesser of 2.50 percent or member's State Retirement System Benefit Percentage for that year (as defined in paragraph (h) below), multiplied by his average highest compensation; and

(iii) If the member has a prior service certificate in full force and effect, an additional pension which shall be equal to 2.50 percent of the average highest compensation multiplied by the number of years of service certified on the prior service certificate.

(** 9 ** d) The service retirement allowance described in ** 10 ** subsection (e) shall apply for persons who were hired prior to July 12, 1998, retire after May 1, 1999, and, in accordance with Ordinance Number 130-1999, have elected to be provided benefits under the formula described below. If a member has satisfied the foregoing requirements, the member shall nevertheless cease to have the provision of ** 11 ** subsection (e) apply to determine his retirement allowance; and shall instead have the provisions of ** 12 ** subsection (c) applied to determine the amount of his retirement allowance, if any of the following applies to the member:

(i) The member ceases to ** 13 ** be a member prior to retirement and withdraws all of the member's accumulated contributions.

(ii) The member elects to transfer all of the member's accumulated contributions to a State Retirement System, as provided in Section 203-8 or otherwise.

(iii) The member ceases to ** 14 ** be a member in service prior to retirement and does not have five or more years of creditable service at the time he ceases to be a member in service.

(iv) The member elects (or has ever elected) under the provisions of paragraph (** 15 ** i) below, to have the provisions of ** 16 **subsection (c) above apply.

(e) The service retirement allowance described in this subsection (** 17 ** e) shall consist of:

(i) An annuity which shall be the actuarial equivalent of the accumulated contributions of the member at the time of retirement, or in the case of a member who retired after 5 years, at the time of reaching age 60;

(ii) A pension which together with the annuity, shall be equal to the sum of:

(A) 2.22 percent of the average highest compensation multiplied by the number of years of membership service; and

(B) For each year of a member's State Retirement System Service Credit, the lesser of 2.22 percent or member's State Retirement System Benefit Percentage for that year (as defined in paragraph (** 18 ** j) below), multiplied by his average highest compensation; and

(iii) If the member has a prior service certificate in full force and effect, an additional pension which shall be equal to 2.22 percent of the average highest compensation multiplied by the number of years of service certified on the prior service certificate.

(** 19 **f) The service retirement allowance for persons who retired prior to January 1, 1978, shall consist of the amount determined in accordance with the calculation formula in effect and applicable to the member at the time of the member's retirement.

(** 20 ** g) In no event shall the service retirement allowance provided herein be greater than 90% of the average highest compensation for those members retiring after April 1, 1993. Average highest compensation, for those retiring on or after April 14, 1999, shall be calculated or recalculated in accordance with the provisions of Section 203-1-A3 contained herein, notwithstanding the provisions of Section 203-1-A3 contained in Ordinance No. 264-2000.

(** 21 ** h) In no event shall the service retirement allowance provided herein, exceed the limit established by Section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 USCA 15, as amended.

(** 22 ** i) An employee whose service retirement allowance would be calculated as described in subsection (** 23 ** e) shall be permitted to make an election to have his or her service retirement allowance calculated as described subsection (** 24 ** c) if, according to the terms of the Fair Labor Standards Act (FLSA), the employee moves from the non-exempt status of being eligible for FLSA overtime pay, to the exempt status of not being eligible for FLSA overtime pay. Any such employee shall have 60 days from such change in FLSA status to make the election. Such election shall be irrevocable once made, regardless of future changes to the employee's FLSA status. An employee who elects to have his or her service retirement allowance based on the pension calculation formula described in ** 25** subsection (c) herein, shall have his or her with "average highest compensation" calculated in accordance with the corresponding provisions of Section 203-1-A3(a).

(** 26 ** j) For purposes of this Section, a member's State Retirement System Benefit Percentage shall be the percentage multiplier that was in effect under the terms of the State Retirement System to determine the pension or other retirement allowance of the member under that system for each separate year of service credit that is being transferred to this Retirement System.

The member's State Retirement System Benefit Percentage shall be determined using the percentage multiplier that was in effect for the calculation of the member's pension or other retirement allowance on of the last date that member was in the employment of an employer covered by the relevant State Retirement System. Accordingly, and not by way of limitation, increases in the benefit multiplier of a State Retirement System shall not be taken into account for purposes of determining a member's State Retirement System Benefit Percentage if such increases became effective after the date that the member ceased to be employed by an employer under the relevant State Retirement System.

By way of example, a member's State Retirement System Benefit Percentage can be currently located in the following Sections of the Ohio Revised Code:

(a) PERS - Section 45.33(A)(5)(b).

(b) STRS - Section 3307.58(B)(2)(a)(i).

(c) SERS - Section 3309.36(B)(1)(b).

(d) PFPF - Section 742.37(C).

(e) HPRS - Section 5505.17.

If a member previously terminated employment with an employer under a State Retirement System, the member's State Retirement System Benefit Percentage shall be determined based on the similar provisions of the State Retirement System as in effect upon the member's previous termination of employment.

Section 7. That Section 203-41 of Chapter 203 of the Cincinnati Municipal Code, "Employees' Retirement System", is hereby amended as follows:

Sec. 203-41. Disability Retirement Allowance.

Any member in service who is disabled as the result of an accident which occurs in the performance of duties as an employee or any member in service having completed 10 years of <u>creditable</u> service, or having completed 5 years of <u>creditable</u> service on or after January 1, 1974, who is disabled by reason of an accidental or nonaccidental cause shall be retired by the board upon the application of the member or the head of his

department not less than 30 and no more than 90 days next following the date of filing such application, on a disability retirement allowance, provided the medical director after a medical examination of such member shall certify that such member is mentally or physically incapacitated for the further performance of duty, and such incapacity is likely to be permanent, and such member should be retired; provided further, where the findings of the medical director are disputed, the board may employ not more than two additional competent disinterested physicians to make a physical examination of such applicant and report their medical findings to the board. In all disputed cases the decision of the board shall be final.

In the event of extenuating circumstances, the board may waive the requirement that a member be in service, provided that it can be proved that the disability existed before the member's contributing service was terminated.

The death of a member who has applied for retirement due to disability prior to final determination by the board under this section shall not affect the right of the applicant to a disability retirement, and the board shall proceed to act upon the application for disability retirement as though the individual were still alive and shall take subsequent action following that determination as though the individual had died immediately after having been granted disability retirement.

(a) Upon retirement for disability on or after January 1, 1978, a member shall receive service retirement allowance if the member has attained the age of 60, or at any age with 30 years of creditable service; otherwise the member shall receive a disability retirement allowance which shall consist of:

(1) An annuity which shall be the actuarial equivalent of accumulated contributions at the time of retirement; and

(2) A pension which together with the annuity shall provide a total retirement allowance equal to 90 percent of the average highest compensation by the number of years of creditable service; provided that, if the total retirement allowance so obtained does not exceed one-quarter of the average highest compensation, the formula shall be 90 percent of the sum obtained by multiplying 2 percent of the average highest compensation by the number of years which would be creditable if service continued to age 60; but the total retirement allowance in such case shall in no event exceed one-fourth of the average highest compensation.

(3) In no event shall the disability retirement allowance provided for herein, exclusive of any additional annuity purchased in accordance with Section 203-81, be less than $90 per month in the case of employees having 25 years of service, or an amount per month equal to the sum of $3.60 multiplied by the number of full years of creditable service in the case of employees having less than 26 years of creditable service.

(4) In no event shall the disability retirement allowance provided for herein, exceed the limit established by Section 415 of the "Internal Revenue Code of1986," 100 Stat. 2085, 26 U.S.C.A. 415, as amended.

(b) Persons who retired on disability retirement prior to January 1, 1978, shall receive a disability retirement allowance which shall consist of the amount determined in accordance with the calculation formula in effect at the time of the member's disability retirement.

Section 8. That Section 203-43 of Chapter 203 of the Cincinnati Municipal Code, “Employees’ Retirement System”, is hereby amended as follows:

Sec. 203-43. Hospital, Surgical and Medical Care Benefits.

(a) In addition to other benefits provided in this chapter, the health care benefits described in this Section shall be provided to the following persons:

(i) A Qualified Member (as defined in paragraph (c) below) who retires with 15 years of creditable service,

(ii) A Qualified Member (as defined in paragraph (c) below) who retires after reaching age 60 with 5 years of creditable service,

(iii) Persons receiving the benefits of a retirement optional allowance under Section 203-63 of this chapter, provided that the member satisfied the requirements of paragraph (i) or (ii) above at the time the member retired.

(iv) A surviving spouse, eligible dependent child and orphan, receiving survivor benefits as provided in Section 203-49 of this chapter.

(b) The benefits to be provided under this Section are:

(i) Hospital, surgical and medical insurance coverage of the type and to the extent as is provided for city employees by the agreement between the city and licensed insurance underwriter providing such coverage; and

(ii) Basic dental and vision insurance coverage under a policy or policies to be approved by the council and purchased and paid for by the city retirement system.

In addition, the board may provide the option to purchase supplemental dental and vision insurance coverage of the type and to the extent as is provided for city employees. The cost of such supplemental dental and vision insurance coverage, if provided, shall be assessed to each such retired member and each surviving spouse, eligible dependent child and orphan receiving survivor benefits as provided in Section 203-49 of this chapter.

When the hospital, surgical and medical benefits provided by agreement between the city and a licensed insurance underwriter are reduced for retirees, their surviving spouse, their dependents or orphans, or optionees because of their eligibility for the hospital and medical benefits under federal social security laws, the board shall pay such fees as are required by social security legislation to the social security administration, or to the individual, in accordance with the applicable federal statutes and regulations pertaining to the manner in which payment of the cost of Medicare is to be made, and in such an amount that is in accordance with Section 203-121 herein.

When a retired member is not subject to the hospital, surgical and medical insurance coverage provided for by agreement between the city and the licensed insurance underwriter providing such coverage, but is eligible for the hospital and medical benefits under federal social security laws, the board shall pay such fees as are required by social security legislation to the social security administration, or to the individual, in accordance with the applicable federal statutes and regulations pertaining to the manner in which payment of the cost of Medicare is to be made, and in such an amount that is in accordance with Section 203-121 herein.

(c) For purposes of this Section, a Qualified Member is a member who was a member in service on or before January 9, 1997. The following rules shall apply for purposes of determining whether a member was a member in service on or before January 9, 1997:

(i) If the member terminates membership due to a withdrawal of accumulated contributions (as provided in Section 203-11(d)) or a transfer of service credit and accumulated contributions to a State Retirement System (as provided in Sections 203-8 and 203-7-A), the member shall not be considered to have been a member in service for any period attributable to the withdrawn or transferred contributions, irrespective of whether the member is subsequently granted credit for such period of service pursuant to Section 203-29, Section 203-8 or any similar provisions of this Retirement System.

(ii) A member shall not be considered to have been a member is service for any period of creditable service of a member that is attributable to State Retirement System Service Credit <u>or Out of State and Federal Service Credit</u>.

(iii) If a member ceases (or ceased) to be an employee, the member shall not be considered to have been a member in service for any period of employment that precedes the date he ceases (or ceased) to be an employee, unless the member does not withdraw all or any part of his accumulated contributions and one of the following requirements is met:

(A) The member had fifteen years of creditable service (exclusive of any creditable service that is attributable to State Retirement System Service Credit <u>or Out of State and Federal Service Credit</u>) at the time he previously ceased to be an employee.

(B) The member did not have fifteen years of creditable service (exclusive of any creditable service that is attributable to State Retirement System Service Credit <u>or Out of State and Federal Service Credit</u>) at the time he previously ceased to be an employee, and the following requirements are met:

(I) the member was reemployed prior to the date of this Ordinance,

(II) the member was granted membership service for the prior period of employment pursuant to Section 203-11(c),

(III) the member is an employee as of the date of this Ordinance, and

(IV) the member does not cease to be an employee after the date of this Ordinance with less than fifteen years of creditable service (exclusive of any creditable service that is attributable to State Retirement System Service Credit <u>or Out of State and Federal Service Credit</u>).

(iv) Notwithstanding the foregoing, if a member is granted service credit for a period of military absence pursuant to Sections 203-27 or 203-27A, to the extent required by federal law, the member shall be considered to have been a member in service during the period of military absence.

Section 9. That Section 203-44 of Chapter 203 of the Cincinnati Municipal Code, "Employees' Retirement System", is hereby amended as follows:

Sec. 203-44. Hospital, Surgical and Medical Care Benefits For Service Commenced On and After January 9, 1997.

(a) In addition to other benefits provided in this chapter, the health care benefits described in this Section shall be provided to the following persons:

(i) A member who:

(A) retires under this Retirement System,

(B) has 15 years of creditable service at the time the member retired or otherwise ceased to be a member in service,

(C) is not entitled to benefits under Section 203-43.

(ii) Persons receiving the benefits of a retirement optional allowance under Section 203-63 of this chapter, provided that the member satisfied the requirements of clause (i) above at the time the member retired.

For purposes of clause (a)(i) above, years of creditable service shall be determined without regard to any creditable service purchased under Section 203-7-A and Section 203-7-B.

Except as provided in Section 203-43, a retired member who has less than 15 full years of creditable service at the member's retirement date, regardless of age shall not be eligible for any payment of hospital, surgical, medical, dental or vision insurance coverage under this chapter. Accordingly, the provisions of Section 203-33 of this Chapter, which provide for retirement allowances after vesting, shall not entitle persons so vested to the payment of hospital, surgical, medical, dental or vision insurance coverage under the provisions of this Section unless such persons are members who also qualify for such benefits under the provisions of this Section.
Each surviving spouse, eligible dependent child and orphan of a retired member receiving survivor benefits as provided in Section 203-49 of this chapter shall be entitled to the benefits set forth in Section 203-43 of this chapter, even if this section would have applied to the deceased member.

(b) The benefits to be provided under this Section are:

(i) Hospital, surgical and medical insurance coverage of the type and to the extent as is provided for city employees by the agreement between the city and licensed insurance underwriter providing such coverage to the extent and only to the extent set forth below; and

(ii) Basic dental and vision insurance coverage under a policy or policies to be approved by the council and purchased and paid for by the city retirement system, to the extent and only to the extent set forth below. In addition, the board may provide the option to purchase supplemental dental and vision insurance coverage of the type and to the extent as is provided for city employees.

In addition, the board may provide the option to purchase supplemental dental and vision insurance coverage of the type and to the extent as is provided for city employees. The cost of supplemental dental and vision insurance coverage, if provided, shall be assessed to each such retired member and shall also be assessed to persons receiving the benefits of a retirement optional allowance under Section 203-63 of this chapter.

(c) Except for supplemental dental and vision insurance coverage, the percentage of cost, or premiums, to be paid by the city retirement system on behalf of the retired member or other persons entitled to benefits under this Section shall be based on a formula consisting of the sum of (i) the number of the member's full years of membership service, and (ii) the member's age at the earlier of his retirement date or the date that he ceased to be a member in service, with each such full year of membership service and each such year of age at retirement date counting as one point each. Years of age at retirement shall mean years of age at the birthday immediately preceding the earlier of his retirement date or the date that he ceased to be a member in service. The number of full years of membership service and the years of age at retirement date shall be added together and shall result in the payment of hospital, surgical and medical insurance coverage in the following percentage amounts:

100% of full cost or full premiums for 90 points
75% of full cost or full premiums for 80 to 89 points
50% of full cost or full premiums for 70 to 79 points
25% of full cost or full premiums for 60 to 69 points
25% of employee portion of cost or employee portion of premiums if less than 60 points

For the purpose of determining the points of a member under this subsection (c), years of membership service shall include purchased prior service credit purchased under the provisions of Sections 203-7, 203-7-A, 203-7-B, 203-8, 203-23, 203-27, 203-27A, 203-28, and 203-29 of this chapter, No other purchased prior service credit shall be eligible for inclusion in the calculation of points under the provisions of this subsection (c).

(d) If a member leaves the city service prior to retirement and is entitled to a deferred retirement allowance upon reaching age 60, if such member is entitled to benefits under this Section, no benefits shall be provided to the member until the member reaches age 65 or the Medicare eligibility age in effect on such member's 65th birthday, if such Medicare eligibility age is greater than 65 years at that time.

(e) When the hospital, surgical and medical benefits provided by agreement between the city and a licensed insurance underwriter are reduced for retirees, the retiree's widow, widower, dependents or orphans, or optionees because of their eligibility for the hospital and medical benefits under federal social security laws, the board shall pay such fees, in such proportion as set forth in this section for such retirees as to whom this section applies, as are required by social security legislation to the social security administration or to the individual, in accordance with the applicable federal statutes and regulations pertaining to the manner in which payment of the cost of Medicare is to be made.

When a retired member is not subject to the hospital, surgical and medical insurance coverage provided for by agreement between the city and the licensed insurance underwriter providing such coverage, but is eligible for the hospital and medical benefits under federal social security laws, the board shall pay such fees as are

required by social security legislation, in such proportion as set forth in this section for such retirees as to whom this section applies, to the social security administration or to the individual in accordance with the applicable federal statutes and regulations pertaining to the manner in which payment of the cost of Medicare is to be made, and in such an amount that is in accordance with Section 203-121 herein.

Section 10. That Section 203-117 of Chapter 203 of the Cincinnati Municipal Code, "Employees' Retirement System", is hereby amended as follows:

Sec. 203-117. Eligible Rollover Distributions.

Notwithstanding the terms of any other provision of this Retirement System that would limit an eligible distributee's election under this section, an eligible distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly, in a direct rollover, to an eligible retirement plan specified by the eligible distributee, subject to the following definitions and terms:

(a) An "Eligible Rollover Distribution" is any payment from the Retirement System other than:

(** 27 ** i) any payment that is one of a series of substantially equal periodic payments (not less frequently than annually) made over any one of the following periods: The life of the member (or the joint lives of the member and the member's designated beneficiary), the life expectancy of the member (or the joint life and last survivor expectancy of the member and the member's designated beneficiary), or a specified period of ten years or more;

(** 28 ** ii) any portion of a payment that is required to be distributed under IRC Section 401(a)(9);

(** 29 ** iii) ** 30 ** <u>any hardship distribution to a member</u>; and

<u>(iv) for any Eligible Distributee, a payment that is (or if the total of such payments in any calendar year are reasonably expected to be) less than $200</u>.

<u>Notwithstanding the foregoing, a portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in IRC Section 408(a) or (b), or to a qualified defined contribution plan described in IRC Section 401(a) or 403(a), or an annuity contract or custodial account described in IRC Section 403(b), that agrees to separately account for amounts so transferred, including separately</u>

accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(b) An "Eligible Retirement Plan" is ** 31 ** any of the following:

(i) any individual retirement account described in IRC Section 408(a);

(ii) any individual retirement annuity described in IRC Section 408(b);

(iii) an employee's trust described in IRC Section 401(a) and exempt from tax under IRC Section 501(a);

(iv) any annuity plan described in IRC Section 403(a);

(v) an annuity contract described in IRC Section 403(b)(1), or a custodial account described in IRC Section 403(b)(7); and

(vi) an "eligible" deferred compensation plan under IRC Section 457(b) that is maintained by an employer described in IRC Section 457(e)(1)(A) and which agrees to separately account for amounts transferred into such plan.

With respect to a beneficiary who is not the surviving spouse of a member, the foregoing definition of an Eligible Retirement Plan shall be limited to an individual retirement account or annuity described in IRC Section 408(a) or (b).

(c) An "Eligible Distributee" includes (i) any member or former member, (ii) any surviving spouse of a member or former member, or (iii) a former spouse of a member or former member who is the alternate payee under a qualified domestic relations order that satisfies the requirements of IRC Section 414(p). Any surviving spouse or alternate payee is an eligible distributee solely with regard to his or her individual interest in any eligible rollover distribution.

(d) A "Direct Rollover" is a payment by the Retirement System to an eligible retirement plan specified by an eligible distributee; but an eligible distributee may not elect to have an eligible rollover distribution paid to more than one eligible retirement plan. If an eligible rollover distribution is greater than $500, the eligible distributee will have the option of electing to have a portion (but not less than $500) transferred to an eligible retirement plan in a direct rollover and to have the remainder paid directly to the eligible distributee.

(e) In addition to the foregoing, the term "Eligible Rollover Distribution" shall include a distribution to a beneficiary who is not the surviving spouse of the member, provided that the beneficiary would be considered a beneficiary of the member in accordance with IRC Section 401(a)(9)(E) and all other requirements of IRC Section 402(c)(11) are met.

The amendments to subsections (b) and (c) are effective January 1, 2002 to reflect prior administration of the Retirement System to comply with applicable federal income tax law.

Section 11. That this ordinance shall be an emergency measure necessary for the preservation of the public peace, health, safety and general welfare and shall, subject to the terms of Article II, Section 6 of the Charter, be effective immediately. The reason for the emergency is the immediate need to enable current or future City employees to purchase additional creditable service under the Cincinnati Retirement System for years of prior employment served in the federal government or an eligible out of state government or locality.

Passed: _____, 2008

_____
Mayor

Attest: _____
Clerk

New language underscored. Deleted language indicated by asterisk.

** 1 ** this

** 2 ** b

** 3 ** this paragraph

** 4 ** b

** 5 ** paragraph

** 6 ** c

** 7 **	c
** 8 **	b
** 9 **	c
** 10 **	this paragraph (c)
** 11 **	this paragraph (c)
** 12 **	paragraph (b)
** 13 **	a
** 14 **	a
** 15 **	g
** 16 **	paragraph (b)
** 17 **	c
** 18 **	h
** 19 **	d
** 20 **	e
** 21 **	f
** 22 **	g
** 23 **	c
** 24 **	b
** 25 **	division (b)
** 26 **	h
** 27 **	1
** 28 **	2
** 29 **	3

** 30 ** any distribution to the extent that it is excludable from gross income under Section 72 of the IRC (e.g., as a return of after-tax contributions of a member or former member). In addition, for any eligible distributee, if the payment is (or if the total of such payments in any calendar year are reasonably expected to be) less than $200, such payment or payments will not be considered an eligible rollover distribution and therefore will not be eligible for a direct rollover.

** 31 ** an individual retirement account or an individual retirement annuity as described, respectively, in Sections 408(a) and (b) of the IRC, an annuity plan described in Section 403(a) of the IRC, or a qualified trust described in Section 401(a) of IRC that accepts the eligible distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution with respect to an eligible distributee who is a surviving spouse, an eligible retirement plan is limited to an individual retirement account or individual retirement annuity.