



OPERS SERVICE CREDIT AND MILITARY SERVICE

In addition to the service credit members earn for their active employment in an OPERS-covered position, there are many types of service credit that can be purchased by OPERS members, including credit for active military service. Recently, OPERS has received many questions about the purchase of military service credit and why most military credit (other than service covered by the federal Uniform Services Employment and Reemployment Rights Act or USERRA) does not count toward health care eligibility. In the event that you receive similar questions, the following information will be helpful.

The OPERS Board addressed health care eligibility as part of its reforms of OPERS health care program. One of the Board's goals was to preserve health care coverage not only for current retirees, but also for future retirees. To account for future demographic changes and financial challenges, health care program changes were necessary. This included a determination that certain purchases of service credit, such as military not covered by USERRA, would no longer count towards eligibility for OPERS' health care coverage because those types of service purchases do not include a contribution to the OPERS Employer Accumulation Fund, which is the source of funding for health care coverage offered to retirees. Because of this and other changes, OPERS is able to continue offering a meaningful level of health care coverage to its retirees.

It is also important to remember that retiree health care coverage is not a guarantee. Certainly, OPERS intends to continue to provide coverage as long as resources allow. However, the OPERS Board of Trustees maintains the discretion to review, rescind, modify or change the health care program at any time.

With that said, service credit, or contributing months, represents the period of time during which an individual is employed by a public employer and making contributions to OPERS. It is possible for an OPERS member who serves in the military to acquire service credit in addition to any earned while contributing on current employment.

“Certain purchases of military service credit, such as military not covered by USERRA, would no longer count towards eligibility for OPERS’ health care coverage.”

Generally, service credit may be purchased directly through OPERS in one or more payments or through a member's public employer by payroll deduction.

The types of military service credit available include:

- **Interrupted Military Service (USERRA)**
A member may purchase credit for time spent in the military which interrupted public service. A member must work for an OPERS-covered employer, enter the military, and return to work for the same public employer within three months of discharge or release from the uniformed services.

The cost to purchase this military service is only the employee contributions that would have been paid on the salary that would have been earned had the member not gone into the military. Interest is added if the service is not paid for within a required time period. The employer must make the employer contributions on the earnable salary the member would have earned.

A copy of the discharge or separation (Form DD 214) must be submitted as evidence of the member's military service and discharge. In addition, a Certification of Interrupted Military Service (Form IM-1) must be completed by the employer.

(Continued on page 2.)

● **Purchased Military Service Credit**

An OPERS member may purchase up to five years of active military service or an amount equal to accumulated Ohio service credit, whichever is less. Also, if the OPERS member were captured by the enemy the member may purchase additional credit (up to five years) for time spent as a prisoner of war.

For persons retiring on a joint basis, a maximum of five years of military service may be purchased between the non-uniformed retirement systems, OPERS, STRS, and SERS. The cost is determined by multiplying the greater of either the last 12 months of salary or final average salary by a percentage rate set by the OPERS Board times the service credit to be purchased. It also takes into consideration whether the purchase allows an earlier retirement with an unreduced benefit. Any earnings reported to SERS or STRS are included in the evaluation of the last 12 months of salary or final average salary.

Because the cost is based on current salary, future cost statements could be at a higher amount unless an installment payment or payroll deduction is made. Consequently, after the first partial payment or payroll deduction is made, interest shall be applied to any unpaid balance. A copy of the discharge or separation (Form DD 214) must be submitted as evidence of the member's military service and discharge.

● **Free Military Service Credit**

For military service which occurred prior to Oct. 13, 1994, up to 10 years of free service credit can be granted if the OPERS member left public employment for active duty in the armed forces (after a minimum of one year of contributing OPERS service) and returned to contributing status with OPERS, State Teachers Retirement System (STRS), School Employees Retirement System (SERS), Ohio Police and Fire Pension Fund (OP&F), State Highway Patrol Retirement System (HPRS), or the Cincinnati Retirement System within two years after discharge. The OPERS member must establish one year of service credit upon the member's return to

public employment and furnish OPERS with a copy of a discharge or separation notice.

If free credit is not available based on the dates of military service, members have the option to purchase the credit or obtain it under USERRA provided they meet eligibility requirements.

Important reminder regarding OPERS service credit and retiree health care eligibility

As of Jan. 1, 2014, only the following service credit types apply to health care eligibility:

- Contributing service (which includes plan change service credit)
- Eligible Ohio Retirement System service combined at retirement
- Interrupted military time (USERRA)
- Unreported public service
- Redeposit (refunded/restored) service

But, it is important to remember that even though certain purchases of service credit will no longer count toward establishing eligibility for health care coverage; all service credit earned and purchased applies towards an increased pension benefit. The types of purchases mentioned above contain an employer funded component, which allows OPERS to use such purchases to support health care funding.

Currently members who are off payroll by Nov. 30, 2014, with an effective date of Dec. 1, 2014, must have 10 years of qualified service credit to be eligible for the OPERS health care plan. These 10 years may not include out-of-state and/or military service purchased after Jan. 29, 1981, service credit purchased under a retirement incentive plan, nor service credit purchased after May 4, 1992, for exempt service. Beginning with retirement effective dates of Jan. 1, 2015, members must have 20 years of qualified service credit and be at least age 60, or at least 30 years of qualifying service credit at any age, to be eligible for the OPERS health care plan.

OPERS Government Relations Team

Carol Nolan Drake
Chief External Affairs Officer – 614-222-0398

Gordon Gattien
Government Relations Officer – 614-222-2924

Deborah McCarthy
Assistant Government Relations Officer – 614-222-6466

Christopher Collins
Assistant Government Relations Officer – 614-222-0555

Anthony Tedesco-Nichols
Assistant Government Relations Officer – 614-222-0381

