Ohio Police & Fire Pension Fund



Member's Guide to:

Service Retirement

As a member of Ohio Police & Fire Pension Fund (OP&F), once you reach a certain age and obtain sufficient service credit, you are eligible to receive a pension for life.

The size of the pension depends upon:

your age and service credit;

the annuity payment plan you select; and

your allowable average annual salary.

More information about OP&F's retirement plans can be found in this guide including eligibility guidelines and the application process.

This publication summarizes the most important provisions of the governing law and administrative rules on the reporting requirements and employment restrictions related to an OP&F service retirement benefit recipient. This summary cannot sufficiently represent all of the details applicable to this guide. Nothing contained in this summary is meant to interpret, extend or change, in any way, the governing statute, administrative rules or policies. As a result, your rights can only be determined by the provisions of OP&F's governing documents, which are subject to change.

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One–on–one interview to discuss retirement

You are encouraged to schedule a personal interview at OP&F's office to discuss all aspects of your retirement. The interview with a Member Education Representative will last about an hour and covers your retirement options. Your pre–retirement interview should be scheduled three to four months before your retirement date.

Types of service retirements

Four distinct types of service retirement options are available to OP&F members —normal service, service commuted, age/service commuted and actuarially reduced. Each option has different age and service credit requirements and is designed to fit a variety of circumstances. These service retirement options are listed in the Ohio Revised Code, Section 742.37(C).

Normal service retirement

Most OP&F members receive pensions under a normal service retirement. For persons whose OP&F membership began on or before July 1, 2013, normal service retirement eligibility is age 48 with at least 25 years of service. For persons whose OP&F membership began after July 1, 2013, normal service retirement is age 52 with at least 25 years of service. When eligible for a normal service retirement, the pension benefit is equal to 60 percent of your average annual salary. The percentage increases each year after 25 years to a maximum pension of 72 percent of your average annual salary after 33 years of service credit.

If you have 25 years of service credit but have not reached the required minimum age, you can terminate employment, but you must wait until you have reached the minimum retirement age to start receiving a pension. You should file an application with OP&F upon termination of employment and be sure to notify OP&F of any address changes. For details, refer to Ohio Revised Code Section 742.

Service commuted retirement

If you terminate police or fire employment with at least 15 years of service, you may qualify for a service commuted retirement when you reach the minimum retirement age and 25 years have elapsed from the date of your full–time hire. If you have at least 15 years of service upon your termination of employment, you should file a Service Retirement Application with OP&F. OP&F will determine your eligibility for this benefit and will begin paying benefits when you have met the statutory criteria and completed additional forms. It is important for you to keep your address current with OP&F so that the benefits can be timely paid to you once they become due.

Age/service commuted retirement

As an OP&F contributing member, you could qualify for an age/service commuted retirement if you have at least 15 years of service credit and are still a contributing member on the day you reach age 62. This benefit is calculated under the normal service retirement formula, up to 33 years of service.

Actuarially reduced

If your membership began after July 1, 2013, you may still retire at age 48 with 25 years of service, but with a reduced pension. Your pension benefit will be reduced to the actuarial equivalent of the amount payable had you retired at age 52. This amount will be determined by OP&F's independent actuary.

What earnings are pensionable?

While Ohio law defines salary as all compensation, wages, and other earnings within the scope of employment, not all wages are considered pensionable by OP&F.

Overtime is pensionable, as long as it is paid within the pay period earned or the following pay period and reported to OP&F by the member's employer within 60 days of when the overtime is worked. If a member chooses to bank worked overtime for use at a later date, it is not pensionable, unless it is used to make up the member's regular schedule at a later date.

Pensionable salary includes all earnings made within the scope of employment which can vary by employer. Non-pensionable salary includes compensation for services performed outside the scope of the employee's regular employment.

Payments such as longevity, shift differential, acting pay, stress or hazard pay, educational allowances, performance bonuses and sick leave incentives that do not reduce the member's sick bank are considered pensionable salary if paid within one year of when earned. Retroactive payments (pay raises) are considered pensionable regardless of when earned.

Calculating types of service retirements

The chart below outlines the age and service credit requirements and formulas used to calculate OP&F's four types of service retirement.

Your average annual salary is used in the formula to calculate your retirement. For OP&F members with 15 years of service or more as of July 1, 2013, this is an average of the three years of highest allowable earnings. For members with less than 15 years of service credit as of July 1, 2013, this would be the average of the five years of highest allowable earnings. With 33 years of service credit, you would receive the maximum pension of 72 percent of this average annual salary calculation. Since the term "average annual salary" is subject to certain statutory and administrative limitations, not all salary, earnings, or compensation may be used in the calculation.

Type of Retirement	Age Members hired on or before July 1, 2013	Age Member hired after July 1, 2013	Service Credit (years)	Formula
Normal	48	52	25	(2.5% x 1 through 20 years) **+** (2.0% x 21 through 25 years) **+** (1.5% x 26 through 33 years) **x** Average Annual Salary
Service Commuted	48*	52*	15	(1.5% x complete years) **x** Average Annual Salary
Age/Service Commuted	62**	62**	15	(2.5% x 1 through 20 years) **+** (2.0% x 21 through 25 years) **x** Average Annual Salary
Actuarially Reduced	not applicable	48 to 51	25	The formula is the same as a normal service retirement, however, retiring before age 52 will result in a reduction in benefits by using an actuarial equivalent to determine the reduced benefit amount.

* You cannot be paid before 25 years has elapsed from your initial full–time hire date with a qualifying employer and the attainment of the minimum retirement age, whichever is the last event to occur. For those whose OP&F membership began on or before July 1, 2013, normal service retirement eligibility is age 48 years with at least 25 years of service. For members hired into an OP&F-covered position after July 1, 2013, normal service retirement is age 52 with at least 25 years of service.

** You must still be a contributing OP&F member on the day you reach age 62.

Service retirement chart

This chart indicates the percentage of your average annual salary that will be used to calculate your pension.

Years of Service Credit	Attained Age at Retirement	
	Age 48—61	Age 62
15	22.50%	37.50%
16	24.00%	40.00%
17	25.50%	42.50%
18	27.00%	45.00%
19	28.50%	47.50%
20	30.00%	50.00%
21	31.50%	52.00%
22	33.00%	54.00%
23	34.50%	56.00%
24	36.00%	58.00%
25	60.00%	60.00%
26	61.50%	61.50%
27	63.00%	63.00%
28	64.50%	64.50%
29	66.00%	66.00%
30	67.50%	67.50%
31	69.00%	69.00%
32	70.50%	70.50%
33	72.00%	72.00%

* For those whose OP&F membership began on or before July 1, 2013, normal service retirement eligibility is age 48 years with at least 25 years of service. For members hired into an OP&F-covered position after July 1, 2013, normal service retirement is age 52 with at least 25 years of service.

Cost of living allowances (COLAs)

Ohio law requires OP&F to pay annual COLAs to eligible members. Your eligibility to receive a COLA and the amount of the COLA will depend on your membership start date and your years of service. Members are eligible for a COLA once they have received pension benefits for at least one year and have reached age 55.

OP&F members who have 15 or more years of service credit as of July 1, 2013 and who are not receiving a benefit from OP&F, and members who are receiving a pension that became effective before July 1, 2013, will receive a COLA equal to three percent of the member's base pension benefit.

OP&F members who have less than 15 years of service credit as of July 1, 2013 will receive a COLA of either three percent or the increase, if any, of the Consumer Price Index (CPI), whichever is less. The CPI increase is based on the 12-month period that ends on Sept. 30 of the immediately preceding year, rounded to the nearest one-tenth of one percent.

For those who retire before turning age 55, you will receive a pro-rated COLA on your 55th birthday (as long as you have been receiving benefits for one year), subject to statutory and administrative limitations.

Types of service credit

Service credit

Service credit is used in calculating service retirement and is measured in years, months and days and is earned by one of the following ways:

- contributing a certain percentage of your salary to OP&F concurrent with your police or fire employment;
- purchasing credit for active military duty, certain types of full–time Ohio public service, and full–time federal or public out–of–state service, with interest, from OP&F;
- transferring credit for full–time Ohio public service from one of the other Ohio retirement systems to OP&F;

- restoring previous OP&F cancelled credit by re–depositing withdrawn contributions including interest with OP&F;
- qualifying for grants of service credit;
- leave of absence for medical or pregnancy; or
- lay-off.

Contributing credit

The bulk of your service credit is earned by working as a full–time police officer or firefighter with a qualifying employer in Ohio and making contributions to OP&F. All such contributing service will count toward your pension, subject to certain statutory and administrative limitations.

No contributions for volunteer or part–time service may be accepted by OP&F, and no credit may be granted for periods of service cancelled due to a refund of contributions unless a restoration of the withdrawn contributions plus interest occurs. In addition, while you may earn service credit in another retirement system while also earning service credit at OP&F, the other system's service credit cannot be transferred or purchased to OP&F if it was earned concurrently with your OP&F time. If you have selected a defined contribution plan with another Ohio retirement system, you may want to contact that system to determine whether your service credit is available for transfer. In any event, no more than 12 months of credit may be earned in any calendar year.

Restoration of cancelled credit

Restoring cancelled service credit can increase the monthly payment of your pension. If you voluntarily resigned, were laid off or were removed from active service in a police or fire department, and you withdrew your contributions from OP&F, you may restore your cancelled service credit upon reinstatement. The cost of re–establishing credit equals the amount of the contributions refunded plus compounded interest from the date of the refund to the date you restore the credit. The interest rate for the entire period will be OP&F's actuarial interest assumption rate adopted by the OP&F's Board of Trustees for the year in which the credit was purchased. Although restoration of service credit is not mandatory, you will not receive credit for the refunded service unless restoration is made.

Purchased credit

If you have service credit with another Ohio Retirement System, it is your responsibility to contact that system and inquire about any potential impact your OP&F service credit or retirement may have on your account with that system.

Subject to restrictions, you may purchase full–time service credit earned under an Ohio retirement system, such as the Cincinnati Retirement System, Ohio Public Employees Retirement System, School Employees Retirement System, State Highway Patrol Retirement System, or State Teachers Retirement System.

If you joined OP&F on or after Sept. 16, 1998, and transfer or purchase service credit, you can pay the difference between the employee and employer contribution rates of OP&F and the other retirement system, plus interest, to receive full credit. Otherwise, service credit will be prorated based on the difference in the retirement systems' contribution rates.

In addition, you may purchase credit for time served in:

- active military duty;
- initial active, active and inactive military duty for training;
- full–time national guard duty;
- absence for an examination to determine your fitness to perform military duty, provided you were honorably discharged and the appropriate paperwork is filed with OP&F supporting such service, subject to certain conditions and limitations; and
- which you were a prisoner of war.

If you are placed on a leave of absence due to a pregnancy or medical disability, you may purchase credit for such a break in service, up to one year per event. You may also purchase service credit for time that you are removed from active service as a result of a lay–off, but this purchase is limited to a maximum of two years.

The cost of purchasing credit varies considerably among the types of service or leaves for which credit may be purchased. For specific information, you should contact OP&F. In most cases, however, interest is assessed to defray the higher future pension expenses for the period between the dates the retirement contributions were earned or refunded and when payment is made. If purchasing credit for periods in which you were laid-off, the employer contributions must be paid in addition to the employee contributions making the cost of the service credit considerably higher. While the employer can choose to pay these contributions for you, it is not mandatory.

If you participate in the Ohio Public Employees Deferred Compensation Program, you may transfer funds from your Deferred Compensation (457) account to OP&F to purchase service credit or repay contributions that previously had been refunded. Please contact the Deferred Compensation Customer Service Center at 1–877–644–6457 for more information.

In order to purchase full–time federal or public out–of–state service, you must retire within 90 days of the purchase of service credit. You are only eligible to purchase this service credit if you are eligible to retire, or it is used to satisfy the service eligibility requirements for retirement. This form of purchased service credit can be expensive since you must pay the present value of the predicted increase in benefits.

Service credit grants

If you are granted disability benefits and you are later restored to active duty as a police officer or firefighter, you will receive service credit for the period of compensated disability.

Additionally, up to five years of service credit can be granted if your police or fire service was interrupted by active military duty. In order to receive a grant for this time, you must have been honorably discharged from the armed forces or from active duty therein, applied for reinstatement with your former employer within 90 days of discharge, and filed the appropriate paperwork with OP&F.

Application for service retirement

To apply for service retirement, you must complete and file a *Service Retirement Application* with OP&F. In order to expedite the process, you may want to file the application about 45 days before terminating employment. However, your employer may request that you complete a retirement application as part of the city's separation process that may not fall within the 45–day time period. Follow your employer's instructions, and OP&F will request additional information if needed. The *Service Retirement Application* is valid for six months from the date the application is signed. After the six month period, a new application must be submitted in order to apply for a service retirement.

If you file for a service commuted retirement, it is important to complete and submit a Service Retirement Application at the time of termination of employment and once again when you become eligible to receive the benefit.

If you are eligible to purchase additional service credit, you should request a statement of cost for purchasing the credit at least 90 days before terminating employment to avoid unnecessary delays in receiving your pension.

Tax liens and court orders

The payment of your service retirement may be subject to federal tax liens and court ordered deductions, such as division of property orders, withholding orders for child or spousal support and restitution orders.

Interim and final payments

Once you are eligible for service retirement benefits and OP&F receives and processes your *Service Retirement Application,* an acknowledgment letter will be sent to you. Your employer will receive a form requesting verification of your termination date and information about your separation pay. Generally within 45 days from the date OP&F receives the form completed by your employer, OP&F will calculate your benefit and begin paying you an estimated interim benefit.

Your first payment is based on your highest 36 or 60 months of posted payrolls, whichever is applicable. If you selected multiple beneficiaries on your Service Retirement Application, you will be permitted to change the amount designated for the beneficiaries you named on your application but will not be permitted to change the beneficiaries. This change is permissible during the period between the interim payment and the final benefit calculation.

After OP&F's receipt of the employer accounting of member compensation, you will receive your exact pension plus any difference between the exact and estimated interim pensions. When the final pension has been calculated, it will be paid retroactively to the date of your retirement, less any interim benefit payments. In the event of an overpayment during receipt of your interim pay, OP&F will make arrangements for repayment of those funds according to its governing rules. Although you have the opportunity to change the payment plan selection while accepting interim payments, in most cases, the amount of the interim payment will remain the same and the changes in the payment plan will be recognized as part of the final calculation.

Survivor benefits

Your survivors may be eligible to receive survivor benefits under certain circumstances. For more information on survivor benefits, please contact OP&F or reference OP&F's *Member's Guide to Survivor Benefits* and *Ohio Public Safety Officers Death Benefit Fund.* These booklets can be found on the OP&F website or requested by contacting OP&F Customer Service.

Annuity payment plan selections

When applying for service retirement, you may opt to receive a reduced monthly allowance so that your designated beneficiary may be eligible to receive a monthly cash allowance upon your death for his or her lifetime.

If you are married at the time of retirement, 50 percent of your reduced monthly retirement allowance continues to your surviving spouse for life, unless your spouse consents in writing to a different annuity plan selection or a court order requires the designation of a former spouse as a beneficiary. If the required spousal consent is not obtained, OP&F must treat your election as a 50 percent continuation to your surviving spouse, payable upon your death, unless you have a court order that requires the designation of a former spouse as a beneficiary.

For more information, please refer to OP&F's *Member's Guide to Annuity Payment Plans.*

Deferred Retirement Option Plan

If you are eligible for a normal service retirement, you can accumulate additional money for retirement by participating in OP&F's Deferred Retirement Option Plan (DROP). Although you would be eligible for retirement, as a DROP participant, you would continue to work as a police officer or firefighter and you would be eligible to vote for the active employee members of OP&F's Board of Trustees. Even though you elect to remain employed, your retirement benefit is determined at the point of your DROP entry and, while you continue to work and draw your normal salary, the amount you would have received in retirement benefits accumulates tax–deferred with interest at OP&F on your behalf. To be eligible for this benefit, certain criteria must be met.

You may transfer full-time service credit from another Ohio retirement system (ORS) to OP&F to meet the eligibility requirements to enter DROP. However, this service credit can only be transferred after you have terminated your other ORS employment. Even if you are currently contributing to another ORS in a part-time capacity this employment must be terminated for full-time service credit to be transferred to OP&F.

If you do not terminate your other ORS employment, the contributions and service credit cannot be transferred to OP&F. Please contact OP&F well in advance of retirement eligibility to discuss the purchase or transfer of service credit as these processes can take weeks or months to complete.

Upon leaving DROP and retiring, you begin to receive your monthly pension payment and are given the opportunity to enroll in the health care benefits that are sponsored by OP&F at that time. Once you retire and the minimum participation period has elapsed from your date of DROP entry, you can withdraw funds from the DROP accrual in a lump sum payment or installments that may be subject to taxation. You will automatically forfeit the benefit if you continue to work beyond eight years. For more information about DROP,refer to OP&F's *Member's Guide to Deferred Retirement Option Plan (DROP) .*

Public re–employment

If you are a retired Ohio public employee returning to full or part–time public employment, you are required to contribute to the Ohio retirement system under which your job is covered. Therefore, if you are re–employed in an OP&F covered position, you are required to contribute to OP&F at the same rate as active members. You do not earn any rights to a traditional benefit, as generally described in this guidebook. If you terminate your employment before age 60, Ohio law allows you to receive a lump sum payment of your post-retirement contributions made during the period of re-employment, plus interest. If you wait until age 60 to receive this benefit, you can choose to receive either a lump sum payment in an amount equal to twice your contributions, plus interest, or a lifetime annuity paid monthly. For more information on this benefit, please refer to OP&F's *Member's Guide to Public Re–employment.*

Penalty for returning to public employment under an Ohio retirement system

Often referred to as the "revolving door penalty," if you are a police officer or firefighter and you return to public employment covered under any of the Ohio retirement systems (ORS), including OP&F, within two months of receiving retirement benefits from OP&F, then up to two months of your pension payments and contributions for such period must be forfeited under law. A limited exception can be applied to you if you had been continuously employed in the other ORS covered position two months before retirement and you submit the appropriate documentation to OP&F. This penalty does not apply to OP&F–health care benefits. Additional health care information is available at op-f.org or by calling OP&F Customer Service at 1-888-864-8363.



Ohio Police & Fire Pension Fund

140 East Town Street
Columbus, OH 43215

www.op-f.org
questions@op-f.org

Prudence • Integrity • Empathy

Securing the future for Ohio's police and firefighters.