STRS Ohio Plan to Strengthen the Financial Condition of the Retirement System

In March 2009, the State Teachers Retirement Board began a long-term contingency planning process to preserve the defined benefit pension for Ohio’s public educators. During this process the board has adopted and revised a pension reform plan based on legislative and constituent feedback. At its April 19, 2012, meeting, the board unanimously passed an updated plan that includes the components below. This plan requires legislative action by the Ohio General Assembly and the governor before implementation.

Change in eligibility for retirement beginning Aug. 1, 2015
- Age and service requirements for an unreduced retirement benefit would increase to a minimum age 60 with 35 years of service by Aug. 1, 2026. The phase-in would begin Aug. 1, 2015. Members may still also retire at age 65 with a minimum of five years of service.
- The service requirement for an actuarially reduced benefit would be increased to 30 years of service by Aug. 1, 2023. The phase-in would begin Aug. 1, 2015. Members may still also retire at age 60 with a minimum of five years of service, but the benefit would be actuarially reduced beginning Aug. 1, 2015.

Change in benefit formula beginning Aug. 1, 2015
- New formula would be 2.2% for all years of service.
- The current 35-year enhanced benefit formula would be eliminated after July 1, 2015. Teachers retiring with 35 years of service at age 60 or older as of Aug. 1, 2015, or later would receive 77% of their final average salary as a pension.
- Members who are eligible to retire on July 1, 2015, would maintain retirement eligibility, and the benefit would be the greater of: (a) The benefit calculated upon retirement under the new benefit formula, or (b) The benefit as of July 1, 2015, under the current formula.

Increase in final average salary (FAS) years beginning Aug. 1, 2015
- FAS calculation would be the average of the five highest years of earnings. Pension benefits are determined by a member’s age, years of service and FAS; the current FAS period is three years.

Increase in member contributions beginning July 1, 2013
- Increase member contributions by 4%, phased in 1% per year beginning July 1, 2013, through July 1, 2016. Currently, STRS Ohio members pay 10% of their salary to STRS Ohio.

Changes to the cost-of-living adjustment (COLA), effective in fiscal year 2013
- Members who retire ON July 1, 2013 — no COLA on July 1, 2014.
- After missing one COLA, retirees would resume COLAs at 2% per year.
- Members retiring AFTER July 1, 2013 — 2% COLA beginning the fifth anniversary of retirement. For example, a member who retires Aug. 1, 2013, would receive his or her first COLA on Aug. 1, 2018, and that COLA would be 2%.

Further information about proposed pension legislation is available at www.strsoh.org.
State Teachers Retirement Board
(as of Sept. 1, 2012)

Mark Hill
Chair, Contributing Member

Dale Price
Vice Chair, Contributing Member

Craig C. Brooks
Appointed Member

Regina F. Burch
Appointed Member

Carol Correthers
Contributing Member

Taiyia L. Hayden
Contributing Member

Yoel Mayerfeld
Appointed Member

James McGreevy
Retired Teacher Member

Tim Myers
Contributing Member

Michael Sawyers
Interim Superintendent of Public Instruction

Robert Stein
Retired Teacher Member

Michael J. Nehf
Executive Director

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This brochure is a summary written in plain language for
use by STRS Ohio members. It is not intended as a substitute
for the Ohio Revised Code or the Ohio Administrative Code
or for any state or federal law or regulation, nor will its
interpretation prevail should a conflict arise between it and
any law or regulation. More information may be obtained by
contacting STRS Ohio toll-free at 1-888-227-7877.
August 2012

Dear Member:

State Teachers Retirement System of Ohio (STRS Ohio) is pleased to provide you with this brochure about your retirement system. It gives an overview of the benefits and services available to you as an STRS Ohio member. This annual update on your benefits can serve as a convenient reference and an invaluable tool for your personal financial planning.

As part of a long-term contingency planning process, the State Teachers Retirement Board is currently looking at changes to retirement eligibility, pension plan design and contributions. Further information about these proposed changes can be found on the back cover of this brochure.

As always, we welcome your comments and suggestions. On behalf of all STRS Ohio associates, I would like to express our appreciation for being given the opportunity to serve you and thousands of other Ohio educators.

Sincerely,

Michael J. Nehf
Executive Director
Overview

The State Teachers Retirement System of Ohio (STRS Ohio) is a statewide pension plan for Ohio educators that offers a range of benefits and services to more than 476,000 active and inactive members and retirees. STRS Ohio operates by authority of the Ohio General Assembly, and benefits are provided under Chapter 3307 of the Ohio Revised Code (R.C.) and is a qualified plan under Section 401(a) of the Internal Revenue Code. Membership in the system includes public school teachers and administrators and college and university faculty. Since April 1998, certain college and university faculty may select STRS Ohio or an alternative retirement plan.

The governance of STRS Ohio is vested in the State Teachers Retirement Board. The Retirement Board consists of five contributing members, two retired members, three appointed members and the superintendent of public instruction.

Teacher members are elected to four-year terms by members of the system. The retired teacher members are elected to four-year terms by retirees receiving benefits from STRS Ohio. The four remaining members are: an investment expert appointed by the governor (four-year term); an investment expert appointed jointly by the speaker of the Ohio House of Representatives and the Ohio Senate president (four-year term); an investment expert designated by the treasurer of state (four-year term); and the superintendent of public instruction or his/her designated investment expert. Board members serve without compensation other than actual, necessary expenses.

STRS Ohio: security for Ohio educators

Since its beginning in 1920, STRS Ohio’s primary goal has been to preserve and enhance retirement benefits for public educators. Services such as newsletters, an email news service, a toll-free number, a website, retirement planning seminars, individual conferences and group benefit information meetings keep members informed about their benefits and services.

Investments

The Retirement Board oversees the investment of STRS Ohio funds in accordance with Section 3307.15, R.C. In keeping with this responsibility, the Retirement Board maintains a Statement of Investment Objectives and Policy, which sets specific asset allocation targets and ranges, risk factors, asset class benchmarks, time frames, total return objectives and performance evaluation guidelines. In addition, the Retirement Board maintains a Statement of Fund Governance, which summarizes the governance structure established by the board to ensure the prudent, effective and efficient management of STRS Ohio’s assets.

The investment portfolio is well diversified with significant holdings in bonds, notes, mortgages, stocks, real estate and international investments. Because investment earnings provide substantial funding for benefits, the basic policy of the Retirement Board is to preserve the original investment while earning a return sufficient to meet benefit payments.

STRS Ohio publishes a Comprehensive Annual Financial Report, copies of which are available by request. It is also posted on the STRS Ohio website at www.strsoh.org.
STRS Ohio Defined Benefit Plan

STRS Ohio offers a Defined Benefit Plan, in which the amount of a member’s retirement benefit is derived from a defined calculation that considers age, years of service credit and final average salary. The retirement benefit is funded during employment so funds accumulate during the time the actual benefit liability is established.

The Defined Benefit Plan is also an “actuarial reserve” system — funds to pay future benefits come from employer and member contributions, as well as from investment income. Unlike many public pension plans, STRS Ohio does not depend on periodic or direct state appropriations for financing.

Members currently contribute 10% of annual gross earnings to the system. These contributions are held in trust in the Teachers’ Savings Fund.

Employers currently contribute 14% of their total faculty payroll to the Employers’ Trust Fund. At retirement, funds from this account are combined with the Teachers’ Savings Fund; the investment yield from both provides funding for all benefits. Based on actuary recommendations, the State Teachers Retirement Board determines funding levels for the statutorily defined benefits.

When a member accepts service retirement or disability benefits, STRS Ohio transfers the individual’s account, plus additional monies needed to fund the benefit, to the Annuity and Pension Reserve Fund, from which all such benefits are paid.

In lieu of retirement benefits, members may withdraw their account when they terminate employment, receiving a lump-sum amount that includes contributions and interest. Members who withdraw their contributions give up all rights to retirement benefits and possible access to health care from STRS Ohio.

Prefunding helps to ensure that benefits will be paid when due the member. The ratio of assets to accrued benefits and long-term returns on STRS Ohio investments provide this financial security for the future.

Reporting of individual accounts

Each October, Defined Benefit Plan and Combined Plan participants receive an Annual Statement of Account as of the preceding June 30. This statement, which you have the option of viewing online or receiving by mail, provides valuable information about the financial protection you have established for you and your family based on your contributions. The statement does not include contributions and service credit established in another Ohio retirement system.

The statement serves as a history of your earnings, deposits and retirement credit for each academic year. It reflects your total account balance, account withdrawal value and service credit. All information reported is subject to audit before your retirement. Be sure to review your account statement each year for accuracy and contact STRS Ohio immediately if any of the information appears to be inaccurate.

In addition, the statement includes estimates of survivor and disability benefits, assuming you meet or will meet the eligibility requirements for these benefits. A listing of any service credit that you are eligible to buy and have certified with STRS Ohio is also included.

Designation of beneficiaries

It is important to identify beneficiaries in the case of the death of the member. The statutory succession of beneficiaries determines who is eligible to receive a withdrawal or monthly benefit when a member dies, unless the member completes a beneficiary designation form to designate beneficiaries by name. The statutory succession of beneficiaries is desirable for most family circumstances.

Under statutory succession, beneficiaries qualify in the following order:

1. Spouse

2. Qualified children — includes children who are under age 18 and unmarried; or under age 22, unmarried and attending school on at least a two-thirds-of-full-time basis; or physically or mentally incapacitated
3. Nonqualified children  
4. Dependent parent  
5. Parents (share and share alike)  
6. Estate  
The statutory succession of beneficiaries will apply if the member has not previously designated a beneficiary or if the member:  
1. Designates statutory succession;  
2. Is not survived by a named beneficiary; or  
3. Has not filed a beneficiary designation form after any one of the following:  
a. marriage;  
b. birth or adoption of a child;  
c. divorce, marriage dissolution or legal separation;  
d. withdrawal of account; or  
e. permanent retirement plan selection if a plan change was made.  
In place of the statutory succession of beneficiaries, members may designate beneficiaries by name. In some circumstances, this designation may jeopardize monthly survivor benefit protection to otherwise dependent survivors and may allow only a withdrawal of your account. (For example, naming a trust fund or estate as your beneficiary may allow for only a withdrawal of your account and prevent a surviving spouse from receiving monthly benefits.) If your situation is unusual, please consult STRS Ohio about beneficiary designations.  
If a member has also made contributions to either the Ohio Public Employees Retirement System (OPERS) or the School Employees Retirement System (SERS), the last beneficiary designation filed with any of the three retirement systems (STRS Ohio, OPERS or SERS) will apply to all three systems.  

**STRS Ohio benefits under the Defined Benefit Plan**  
A summary of basic benefits under the Defined Benefit Plan follows.  

**Survivor benefits**  
A member’s spouse, children under the age of 22, dependent parents and physically or mentally incapacitated dependents may qualify for survivor benefits.  
STRS Ohio determines eligibility for dependent-based and service-based survivor benefits as follows:  
- The member must have 1.50 years or more of Ohio service credit, with .25 of a year having been earned within 30 months before death; or been receiving a disability benefit at the time of death.  
- If the member leaves Ohio public service, survivor benefit protection extends for up to 27 months after the last contributing service or while the member is receiving a disability benefit, provided the account is not withdrawn. A member who has eligible dependents should consider this benefit before withdrawing the account during this period.  
If you meet the eligibility requirements for more than one benefit, the amount of the benefit is the greater of a dependent-based benefit, a service-based benefit or a retirement-based benefit.  

**Dependent-based benefits** are payable as follows:  

<table>
<thead>
<tr>
<th>Number of Qualified Survivors</th>
<th>Percentage of Final Average Salary*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25%</td>
</tr>
<tr>
<td>2</td>
<td>40%</td>
</tr>
<tr>
<td>3</td>
<td>50%</td>
</tr>
<tr>
<td>4</td>
<td>55%</td>
</tr>
<tr>
<td>5 or more</td>
<td>60%</td>
</tr>
</tbody>
</table>

*Final average salary: Average of the member’s three highest years of earnings. If contributions were made for fewer than three years, total compensation during such a period is divided by the total number of years of service credit in the member’s account. (If final average salary is less than $4,608, minimum benefits are payable according to the number of qualified dependents.)
The service-based benefit is payable when the member has 20 or more years of service credit. Service-based benefits are payable as follows:

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Percentage of Final Average Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>29%</td>
</tr>
<tr>
<td>21</td>
<td>33%</td>
</tr>
<tr>
<td>22</td>
<td>37%</td>
</tr>
<tr>
<td>23</td>
<td>41%</td>
</tr>
<tr>
<td>24</td>
<td>45%</td>
</tr>
<tr>
<td>25</td>
<td>48%</td>
</tr>
<tr>
<td>26</td>
<td>51%</td>
</tr>
<tr>
<td>27</td>
<td>54%</td>
</tr>
<tr>
<td>28</td>
<td>57%</td>
</tr>
<tr>
<td>29 or more</td>
<td>60%</td>
</tr>
</tbody>
</table>

The spouse’s share of the above service-based benefit is as follows:

<table>
<thead>
<tr>
<th>Number of Qualified Survivors</th>
<th>Spouse’s Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>62.5%</td>
</tr>
<tr>
<td>3</td>
<td>50%</td>
</tr>
<tr>
<td>4</td>
<td>45.45%</td>
</tr>
<tr>
<td>5 or more</td>
<td>41.67%</td>
</tr>
</tbody>
</table>

If there is no surviving spouse and more than one qualified survivor, the benefit is divided equally among the qualified survivors.

The retirement-based benefit is payable when the member dies after qualifying for service retirement (but before actually retiring with STRS Ohio). Only one dependent survivor (a spouse or other named financial dependent) may receive a benefit based on a retirement calculation. These benefits are payable for the survivor’s lifetime regardless of remarriage. Retirement-based benefits are not payable if there is a qualified child.

If the member had at least 29.01 years of service credit and had reached retirement age, survivor benefits are based on the benefit the member would have received if the member had 30 years of service, actually retired and provided the maximum joint and survivor benefit to the qualified survivor.

**Additional information about survivor benefits**

An STRS Ohio member receiving disability benefits has the same survivor benefit coverage as an active teacher.

Survivor benefits to an eligible spouse are payable regardless of income from other sources. Survivor benefits may be more valuable than any other financial protection for a family.

The primary beneficiary may withdraw the deceased member’s account in lieu of receiving monthly benefits if there are no children who are qualified survivors. If there are no qualified survivors, the primary beneficiary must withdraw the deceased member’s account. The withdrawal amount consists of the deceased member’s contributions plus interest and 50% matching funds, if certain criteria are met. Survivors of disability or former disability benefit recipients receive the account balance of the member’s contributions; no interest or matching funds are payable.

For complete information, call toll-free 1-888-227-7877 to request the Survivor Benefits brochure for members enrolled in the Defined Benefit Plan, or view this brochure online at www.strsoh.org.
Disability benefits

The Defined Benefit Plan provides coverage for members whose disability from regular duty is presumed to last at least 12 months from the date STRS Ohio receives the completed Disability Benefit Application. It does not provide disability benefits for periods of less than one year. Disability leaves of less than one year are usually covered by sick leave earned through employment or by short-term disability insurance from private insurance companies.

There are two disability benefit programs in the Defined Benefit Plan — disability retirement and disability allowance.

• Teachers who were members of STRS Ohio on or before July 29, 1992, participate in either the disability allowance or disability retirement program.

• Teachers who became members of STRS Ohio after July 29, 1992, have protection under the disability allowance program.

Your Annual Statement of Account indicates your disability program.

Any applicant who is denied disability benefits may appeal the decision to the Retirement Board as provided by statute and procedures established by the board. An individual receiving service retirement benefits is ineligible to apply for disability benefits.

Disability recipients who have been receiving benefits for at least 14 months must annually complete and submit a Statement of Employment and Earnings After Receipt of a Disability Benefit provided by STRS Ohio each March.

Disability retirement program

To qualify for disability retirement benefits, an STRS Ohio member must:

• Have 5.00 or more years of Ohio service credit;

• Submit a completed application packet to STRS Ohio within two years of the last date of earned service. This deadline does not apply if the Retirement Board determines that the member’s medical records demonstrate conclusively that, at the time the two-year period expired, the member was physically or mentally incapacitated for regular duty and unable to apply for disability;

• Not be receiving service retirement benefits;

• Be younger than age 60 when the disability application is filed;

• Stop teaching before reaching age 60; and

• Have most recently contributed to STRS Ohio (versus OPERS or SERS).

A monthly disability retirement benefit is based on a percentage (limited to 75% and no less than 30%) of a member’s final average salary. The percentage is determined by multiplying by 2% the member’s total number of years of Ohio service credit and projected credit to age 60.

Disability Retirement Example

<table>
<thead>
<tr>
<th>Member’s age projected to age</th>
<th>60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member’s present age</td>
<td>–35</td>
</tr>
<tr>
<td>Projected credit</td>
<td>25</td>
</tr>
<tr>
<td>Actual years of Ohio service</td>
<td>+10</td>
</tr>
<tr>
<td>Total benefit-based service</td>
<td>35</td>
</tr>
<tr>
<td>Formula level</td>
<td>x 2%</td>
</tr>
<tr>
<td></td>
<td>70%*</td>
</tr>
<tr>
<td>Final average salary</td>
<td>x $40,000</td>
</tr>
<tr>
<td>Annual disability retirement benefit</td>
<td>$28,000</td>
</tr>
<tr>
<td>Monthly benefit</td>
<td>$2,166</td>
</tr>
</tbody>
</table>

*Maximum 75%, minimum 30%
**Disability allowance program**

To qualify for disability allowance benefits, an STRS Ohio member must:

- Have 5.00 or more years of Ohio service credit;
- Submit a completed application packet to STRS Ohio within two years of the last date of earned service. This deadline does not apply if the Retirement Board determines that the member’s medical records demonstrate conclusively that, at the time the two-year period expired, the member was physically or mentally incapacitated from regular duty and unable to apply for disability;
- Not be receiving service retirement benefits; and
- Have most recently contributed to STRS Ohio (versus OPERS or SERS).

A monthly disability allowance benefit is based on a percentage (limited to 60% and no less than 45%) of the member’s final average salary. The percentage is determined by multiplying the member’s total years of Ohio service credit by 2.2%.

**Disability Allowance Example**

<table>
<thead>
<tr>
<th>Actual years of Ohio service</th>
<th>x 22%</th>
<th>48.4%*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final average salary</td>
<td>x $50,000</td>
<td></td>
</tr>
<tr>
<td>Annual disability allowance benefit</td>
<td>$24,200</td>
<td></td>
</tr>
<tr>
<td>Monthly benefit</td>
<td>$2,017</td>
<td></td>
</tr>
</tbody>
</table>

Disability allowance payments terminate at age 65 if the benefit began before age 65, or if the member is no longer disabled. Once a disability allowance terminates, a member has the right to apply for service retirement, if eligible.

**Service retirement**

STRS Ohio’s primary purpose under the Defined Benefit Plan is to provide lifetime benefits for the retired member. Retirement eligibility requirements are shown below.

<table>
<thead>
<tr>
<th>Eligibility Requirements for Service Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Any age</td>
</tr>
<tr>
<td>55</td>
</tr>
<tr>
<td>60</td>
</tr>
</tbody>
</table>

If a member retires with less than 30 years of service credit and before age 65, benefits are reduced. The reduction is based on total years of credit and age at retirement.

A member who has at least 5.00 years of service credit and who terminates Ohio public teaching service before the qualifying age shown above may later qualify for a benefit. If member contributions are not withdrawn, a benefit is payable when the member attains the qualifying age.

Your effective retirement date is the first day of the month following the latter of your last day of teaching or other Ohio public service, or attainment of age and service requirements. Credit which was certified before retirement may be purchased up to three months following the effective date of retirement.

A variety of payment plans are available at retirement, all providing lifetime benefits for the retiree. At the retiree’s death, if the amount disbursed under any payment plan is less than the retiree’s contributions at retirement (no interest or matching funds included), the difference is paid to the beneficiary or estate.

There are two types of benefit calculations for service retirement: the salary-related benefit and the money-purchase benefit. The member is automatically eligible for the calculation that provides the greater benefit. For most members, the salary-related benefit results in the higher income because it is based on the average of the member’s three highest salary years.
The chart below shows how this reduction is calculated.

<table>
<thead>
<tr>
<th>Attained Age at Retirement</th>
<th>30+</th>
<th>29</th>
<th>28</th>
<th>27</th>
<th>26</th>
<th>25 or less</th>
</tr>
</thead>
<tbody>
<tr>
<td>58 or less</td>
<td>100%</td>
<td>95%</td>
<td>90%</td>
<td>85%</td>
<td>80%</td>
<td>75%</td>
</tr>
<tr>
<td>59</td>
<td>100%</td>
<td>95%</td>
<td>90%</td>
<td>85%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>60</td>
<td>100%</td>
<td>95%</td>
<td>90%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
</tr>
<tr>
<td>61</td>
<td>100%</td>
<td>95%</td>
<td>90%</td>
<td>88%</td>
<td>88%</td>
<td>88%</td>
</tr>
<tr>
<td>62</td>
<td>100%</td>
<td>95%</td>
<td>91%</td>
<td>91%</td>
<td>91%</td>
<td>91%</td>
</tr>
<tr>
<td>63</td>
<td>100%</td>
<td>95%</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
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<tr>
<td>64</td>
<td>100%</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
</tr>
<tr>
<td>65+</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

For example, if you retire at age 60 with 25 years of service credit, you will receive 46.75% of your FAS.

Example: \(25 \times 2.2\% = 55\%

\(55\% \times 85\% = 46.75\%

A salary-related calculation chart is provided on Pages 26–27 to assist with estimating a benefit.

*Contributing service credit includes:
- Service for which contributions were made to STRS Ohio, OPERS, or SERS at the time of employment and service that has been restored in one of those systems.
- Credit purchased for military service; police, fire or highway patrol service; Cincinnati Retirement System service purchased or transferred pursuant to Section 3307.763, R.C.; leaves of absence purchased pursuant to Section 3307.77, R.C.; and service purchased as a result of resignations due to pregnancy.
- Credit purchased for public teaching in Ohio after July 1978 for which contributions were not made at the time of employment.
Money-purchase benefit

This calculation is often more beneficial to an STRS Ohio member who has not taught for a number of years.

Under the money-purchase calculation, your lifetime contributions, plus interest, are matched by employer funds to provide an annuity reserve. The annuity reserve is divided by an annuity value, which is a factor that considers the payments over your life expectancy and the interest earned on the remaining reserve.

Interest is calculated at 6.5% through June 1982; 7.75% from July 1982 through June 30, 1994; 6.0% from July 1, 1994, through June 30, 1999; 5.0% from July 1, 1999, through June 30, 2012; and 4.0% beginning July 1, 2012. Interest rates are subject to change.

Partial Lump-Sum Option Plan

Defined Benefit Plan participants have another benefit payment option to consider at retirement — the Partial Lump-Sum Option Plan (PLOP). With this option, new retirees can take an amount from six to 36 times the monthly Single Life Annuity benefit in a lump sum at retirement. The PLOP must be elected in $1,000 increments, unless the minimum or maximum amount is selected. Lifetime monthly benefit payments begin with your retirement date but are reduced to reflect the amount taken up front in a single payment.

Cost-of-living adjustment (COLA)

A cost-of-living increase of 3% is granted each year once a member retires.

The COLA is paid in the first anniversary month of your retirement benefit, which also establishes the date for future increases. Future increases are calculated on the original benefit and are not compounded over the previous year. The cost-of-living increase is added to the regular monthly benefit. An example of how the increase is calculated follows.

| Benefit recipient’s original benefit amount | $2,000 |
| First anniversary COLA (3%) | $60 |
| New benefit amount | $2,060 |
| Second anniversary COLA (3%) | $60 |
| New benefit amount | $2,120 |

COLAs will be calculated on a different amount for retirees who reselect a new plan of payment after retirement.

Death benefit options and eligibility

After retirement, an automatic $1,000 death benefit is payable to your named beneficiary upon your death. This is treated as a nontaxable life insurance payment, and no federal taxes are withheld when the payment is made. This benefit is automatic to members who are enrolled in the STRS Ohio Defined Benefit Plan.

Service retirement and disability benefit recipients may purchase an additional death benefit of $1,000 or $2,000. This taxable benefit is optional and is funded by the benefit recipient through deductions from the regular monthly STRS Ohio pension. This additional death benefit is available when you file your Service Retirement Application. If you are under age 65 when you retire, you will have a second opportunity to increase your death benefit within the three months immediately preceding age 65.
Purchasing service credit

Service credit is one of the primary factors in determining a benefit amount for both service and disability retirement. Ohio law allows a significant amount of credit to be purchased by virtue of past employment as long as this credit is not being used in the calculation of another benefit or annuity (excluding Social Security). Service credit for each fiscal year is limited to one year.

Types of past employment that may qualify as purchasable service include:

1. Military and prisoner-of-war service or American Red Cross service in a combat zone;
2. Ohio National Guard and reserve military service;
3. Teaching in a public educational institution in another state or teaching in a school operated by or for the U.S. government;
4. Private teaching in Ohio or in another state;
5. Federal civilian service;
6. Other public employment in another state;
7. Ohio service canceled by previous withdrawal of account;
8. Other Ohio public service for which contributions would have been made to SERS, OPERS, Ohio Police & Fire Pension Fund, the Highway Patrol Retirement System or the City of Cincinnati Retirement System;
9. Service as a public teacher in Ohio for which no contributions were made;
10. Current and past Ohio absence or leave of absence;
11. Service as an Ohio public school board member (cannot be purchased if contributions were made to Social Security);
12. Previously exempted or waived Ohio public service; and
13. Absence due to pregnancy.

Some types of purchasable credit are limited. Partial purchases of service credit may be made in all cases. Members should certify purchasable service credit as soon as possible. With the exception of school board service, an individual may purchase service as soon as eligibility requirements are met. These requirements vary depending on the service to be purchased.

All service must be certified before the retirement date and paid in full within three months following the effective retirement date, unless the retirement has become final. If a teacher is participating in an employer-paid Retirement Incentive Plan, STRS Ohio will not inform the employer of the cost until all purchases are made. If payment for service is to be delayed until closer to retirement, the member should still complete and submit the necessary certification with STRS Ohio as early as possible.

For more detailed information, call toll-free 1-888-227-7877 to request the Purchasing Service Credit brochure.

Payroll deduction available: Members may purchase service credit via monthly payroll deduction on either a pretax or after-tax basis. Contact STRS Ohio for details.

Pretax rollovers accepted: Members may purchase service credit in a lump-sum payment by rolling over tax-deferred funds from any 403(b), 457(b) governmental plan, 401(k), 401(a) or 403(a) qualified plan, as well as any IRA account.

Partial Lump-Sum Option Plan (PLOP) payment: At retirement, members have the option of electing a PLOP payment and a permanent reduction of the monthly benefit amount. A member can use a PLOP payment to replenish funds that were used to purchase service credit. The monthly reduction for the PLOP payment may be less than the increase resulting from the purchase.

All purchasable service credit must be certified and a cost statement issued before the member’s retirement date and purchased within three months after the retirement date. PLOP payments cannot be paid earlier than 91 days after the member’s retirement date or the date all necessary information is received and the retirement benefit is finalized, whichever is later.

Because credit must be purchased before the PLOP payment is issued, a member must use funds from some other source to purchase credit and use the PLOP payment to replenish those funds.
Retirement Incentive Plan

This unique program allows a member to retire earlier if the employer adopts a Retirement Incentive Plan and eligibility requirements for STRS Ohio service retirement are met. There are several employer requirements for establishing a Retirement Incentive Plan, as listed below:

1. Participation is made available to all eligible STRS Ohio members and is optional.

2. An employer may implement a plan to purchase one, two, three, four or five years of retirement incentive credit. However, for an individual member, the purchase may not exceed either the amount of credit available through the plan or 1/5 of the member’s total service, whichever is less.

3. The employer must uniformly offer to purchase the total years of service credit included in the employer-adopted plan, not just the minimum amount needed to qualify for retirement. Members may waive the portion of purchasable credit that may not maximize their personal financial plans.

4. The employer must pay the entire cost of retirement incentive credit purchased for all eligible members who choose to participate. The cost for each year of incentive credit is determined by an actuarial factor multiplied by the greater of the member’s annual earnings or contract salary.

5. The Retirement Incentive Plan must remain in effect for a minimum of one year from the date adopted.

6. The employer may limit the number of people for whom it purchases retirement incentive credit in a calendar year to not less than 5% of its employees who are STRS Ohio members enrolled in the Defined Benefit Plan on Jan. 1 of that year.

Members cannot continue employment with a secondary employer (lower paying position with that employer) and also participate in a Retirement Incentive Plan adopted by that secondary employer.

For further details, call toll-free 1-888-227-7877 to request the Retirement Incentive Plan brochure or view it online at www.strsoh.org.

Joint retirement

Joint retirement with OPERS and SERS is possible for members with service credit in those Ohio retirement systems. Service credit in any one system, or in all three systems combined, cannot equal more than one year for each fiscal year.

Return to public service

A return to public service is allowed after two months of retirement if you are employed by one public employer at the time of retirement. Public employment or volunteering during the first two months will result in the loss of one or two months of retirement benefits. If you are employed by two or more public employers at retirement and you retire on a joint basis, you may continue employment, uninterrupted, in the lower paying positions.

Ohio law may require public notice if you are returning to a position with your former employer. Please contact your employer for details.

Access to optional health care coverage through STRS Ohio is restricted for some reemployed retirees. See the “Access to optional health care coverage” section on Pages 22–23 for details.

Members continuing public employment after retirement and their employers contribute to the applicable Ohio public retirement system. These contributions fund a benefit that is payable the first of the month following the last day of reemployment.

The following rules apply to a member employed in an STRS Ohio-covered position after retirement:

- **If you elect a benefit before age 65**, you will receive your contributions and interest on those contributions. This benefit is paid as a lump sum. (Interest rates are subject to change.)

- **If you elect a benefit at age 65 or after**, you will receive your contributions and interest on those contributions plus a matching amount and
interest. (No interest is earned after age 65 if you are no longer contributing to STRS Ohio.) Member contributions made before July 1, 2005, are matched at 100%. Contributions made July 1, 2005, and after are matched at 50%. You may elect to receive the benefit as a lump-sum payment or a monthly annuity, provided the monthly annuity is $25 or greater. (The matching amount and interest rates are subject to change.)

- Before benefits are payable, employment must be terminated.
- Upon your death, survivors receive a lump-sum payment of any unpaid funds.
- Individuals continuing employment after retirement are not eligible for any other benefits.

**Account withdrawal**

Account withdrawal is available for members who terminate Ohio public service. The withdrawal amount consists of member contributions plus interest and, with 5.00 or more years of qualifying service credit, 50% matching funds. A cashed or unreturned withdrawal check cancels any future benefit rights. Return of an uncashed check within 14 days of issue preserves the account status.

**Access to optional health care coverage**

The laws that create and govern STRS Ohio neither promise nor fund health care. STRS Ohio’s primary obligation is to provide a monthly pension to eligible retirees. Currently, STRS Ohio offers access to health care coverage, including prescription drug coverage, at retirement to eligible retirees. Members who retire on or after Jan. 1, 2004, must have at least 15 years of service credit to have access to the STRS Ohio Health Care Program (medical, dental and vision plans). Retirees are required to pay a portion of the coverage costs for enrollment under all health care plans. The costs vary depending on the health plan selected, years of service credit and Medicare status. Health plan coverage and costs are subject to change.

If certain types of service are bought to qualify for benefits, the total cost of STRS Ohio health care coverage is paid by the benefit recipient until eligibility for retirement without the purchased service is attained. These types of service are non-Ohio-valued credit, service as an Ohio public school board member, previously waived credit or retirement incentive credit.

A spouse and eligible children under age 26 can be enrolled for the full cost of coverage. Coverage is also available for other “sponsored dependents” at a monthly charge under some health care plan options.

Disability benefit recipients are eligible to enroll in an STRS Ohio health care plan. Most survivor benefit recipients and their eligible dependents have access to health care coverage and receive a premium subsidy for the first five years, beginning on the effective date of survivor benefits. Survivors receiving retirement-based benefits are eligible for access to health care coverage provided the member had at least 15 years of service credit.

STRS Ohio provides only secondary health care coverage to non-Medicare retirees who are reemployed in a public or private position, regardless of their hire date, if they:

- Are eligible for health care coverage through their employer, or
- Hold a position for which other comparable employees are eligible for health care coverage at the same cost as full-time employees.

The plan must provide medical and prescription drug coverage.

**Available health care plans**

The STRS Ohio Health Care Program offers a number of health care plans. The plans differ in costs, levels of coverage, medical facilities and providers that can be used. Not all STRS Ohio health care plans are available to every benefit recipient. Eligible plans for enrollees are determined by their Medicare status and the geographic location of their permanent residence.
Health care coverage features
As a general guideline, STRS Ohio health care plans provide:

- **Hospital benefits**: inpatient, semiprivate room-and-board expenses limited to medically necessary days.
- **Medical benefits**: reasonable and medically necessary physicians’ charges, hospital outpatient charges, laboratory expenses and charges for nervous and mental disorders.
- **Prescription drug benefits**: a retail and mail-order pharmacy program.
- **Other services**: skilled care, home health care and hospice care.

Medicare and STRS Ohio coverage
STRS Ohio requires all eligible health care plan participants to enroll in Medicare Part B at age 65, or whenever eligible, and send STRS Ohio a copy of their Medicare card as proof of enrollment. Participants are also required to enroll in Medicare Part A if it is available at no cost. Enrollment in Medicare determines eligibility for plans offered by STRS Ohio.

When participants turn age 65, they are considered “Medicare eligible” in determining coverage under the STRS Ohio plans. As a result, claims are processed as if they are enrolled in Medicare.

STRS Ohio provides partial reimbursement of Medicare Part B premiums for service retirement, disability retirement and survivor benefit recipients and beneficiaries who have confirmed enrollment in Medicare Part B. The reimbursement is based on the years of service. The minimum reimbursement is $29.90. Reimbursements for survivors receiving dependent-based or service-based benefits are determined by the age of the survivor at the time of the member’s death and the deceased member’s service.

Medicare Part D (drug benefit)
All of the health care plans STRS Ohio offers for enrollees with Medicare Part A and/or Part B include Medicare Part D prescription drug coverage. Benefits recipients and their dependents enrolled in an STRS Ohio plan should not enroll in an additional Medicare Part D plan. Medicare does not allow enrollment in more than one Medicare Part D plan. For those who enroll in an additional Medicare Part D plan, their STRS Ohio hospital/medical and prescription drug coverage will be terminated.

Optional dental and vision coverage
STRS Ohio offers optional dental and vision plans to benefit recipients (who have at least 15 years of service credit) and eligible dependents. The premiums for the plans are deducted from the monthly STRS Ohio benefit payment.

Optional long-term care coverage
STRS Ohio members, benefit recipients and their eligible family members may apply for supplemental group long-term care insurance issued by The Prudential Insurance Company of America (Prudential). Long-term care is the help or supervision provided for someone with severe cognitive impairment or the inability to perform the activities of daily living: bathing, dressing, eating, toileting, transferring and continence. Services may be provided at the home or in a facility, and the care may be provided by a professional or informal caregiver, such as a friend or family member. Enrollees pay the full cost of coverage directly to Prudential. For more information, call Prudential toll-free at 1-877-857-8220.
### Defined Benefit Salary Plan Chart

#### Service Retirement Salary-related Calculation

<table>
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<th>Years of Ohio Credit</th>
<th>2.2% Calculation</th>
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#### Additional percent for contributing service credit over 30 years

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#### Contributing service credit includes:
- Service for which contributions were made to STRS Ohio, OPERS or SERS at the time of employment and service that has been restored in one of those systems.
- Credit purchased for military service; police, fire or highway patrol service; Cincinnati Retirement System service purchased or transferred pursuant to Section 3307.763, R.C.; and service purchased pursuant to Section 3307.77, R.C.; leaves of absence purchased pursuant to Section 3307.763, R.C.; and service purchased as a result of resignations due to pregnancy.
- Credit purchased for public teaching in Ohio after July 1978 for which contributions were not made at the time of employment.

#### Note:
- Final average salary may be limited if percentage increases in the two highest years and partial year of earnings exceed the percentage increases in the preceding years. All earnings, including OPERS and SERS earnings, are subject to this limitation.
- Your actual benefit will be calculated at retirement and will be paid in accordance with Ohio law and Section 415 of the Internal Revenue Code, as amended, in effect at the time you retire. Your actual benefit may be higher or lower than estimated.
- Estimates produced from the above chart reflect current law. Actual benefits may vary depending upon the earnings and service credit certified by the employer and verified by STRS Ohio.
- The chart above reflects percentages based on full years of service credit. Because of the reduction factor, partial years of credit calculated from this chart will be accurate only if you have 30 or more years of service credit or you are age 65 or older. Partial years of credit are included in final benefit calculations.

*Single Life Annuity benefit cannot exceed 100% of final average salary.
Designation of beneficiaries

It is important to identify beneficiaries in the case of the death of the member. The succession of beneficiaries outlined in the plan document determines who is eligible to receive an account withdrawal when a member dies, unless the member completes a beneficiary designation form to designate beneficiaries by name. The succession of beneficiaries is desirable for most family circumstances.

Under the succession outlined in the plan document, beneficiaries qualify in the following order:

A. A qualified beneficiary in the following order:
   1. Surviving spouse
   2. Children
   3. Parents
   4. Estate

B. Person who paid your funeral expenses

The succession of beneficiaries will apply if the member has not previously designated a beneficiary or if the member:

1. Designates succession of beneficiaries;
2. Is not survived by a named beneficiary; or
3. Has not filed a beneficiary designation form after any one of the following:
   a. marriage;
   b. birth or adoption of a child;
   c. divorce, marriage dissolution or legal separation;
   d. withdrawal of account; or
   e. permanent retirement plan selection if a plan change was made.

In place of the succession of beneficiaries outlined in the plan document, members may designate beneficiaries by name.
**STRS Ohio benefits under the Defined Contribution Plan**

A summary of basic benefits under the Defined Contribution Plan follows.

**Managing the retirement account**

Members may allocate contributions among eight investment choices, each managed by the same STRS Ohio professionals who are managing the system’s defined benefit investments.

Seven of the options represent the same diversification that is a hallmark of STRS Ohio’s total investment portfolio. They are:

- STRS Money Market
- STRS Barclays Capital U.S. Universal Bond Index Return
- STRS Large-Cap Core Choice
- STRS Russell 1000 Index Return
- STRS Russell 2000 Index Return
- STRS REIT Choice (Real Estate)
- STRS MSCI World ex USA Index Return (International)

Members allocate the contributions upon enrolling in the plan, and have considerable flexibility in transferring among the choices above. Investment gains or losses are posted daily to their accounts. Asset management fees are deducted from investment returns of the individual options; a quarterly account fee is also charged. Members with account balances below $5,000 who have also made no contributions for at least 120 days are charged a $10 monthly fee. (Members are not charged the quarterly account fee if a low balance fee was charged during the quarter.)

STRS Ohio also offers an eighth allocation option — the STRS Total Guaranteed Return Choice. This option offers a guaranteed interest rate on contributions and transfers made during the year until the end of a five-year term. No asset management fee is charged.

**Portability of retirement benefits**

Members participating in the Defined Contribution Plan can roll the assets of their account into a traditional IRA, eligible employer plan or qualified plan if they leave public employment before retirement. Members are vested in employer contributions and the gains or losses on those contributions after one year of employment.

**Additions to the member’s account**

Members may continue contributions to their account when teaching service is interrupted by military service.

Members who had STRS Ohio service credit before July 1, 2001, can roll over pretax funds from a traditional IRA, or an eligible employer or qualified plan. If membership began on July 1, 2001, or after, funds can be rolled over if the member chooses the Defined Contribution Plan or Combined Plan as the permanent plan during the fifth anniversary year of membership.

**Survivor benefits**

In the event of your death, a survivor may withdraw the account.

**Disability protection**

Disability protection is not provided by STRS Ohio. Members may withdraw their accounts after terminating employment. At age 50, other payment options are available, but only after employment terminates.
Service retirement benefits
Members participating in the Defined Contribution Plan have several payment options once they end their teaching career. Retirement benefits are based on member and employer contributions and the performance of investment choices the member selects for contributions.

Life annuity
Members have the flexibility of taking a life annuity for the entire account for their lifetime and the lifetime of their beneficiary. Upon death, all annuity payments stop unless a Joint and Survivor Annuity plan was selected. Single Life Annuity payments are based on the participant’s life expectancy, while a Joint and Survivor Annuity also takes into account the life expectancy of the beneficiary.

Lump-sum withdrawal
Under this option, the total account balance is paid in one payment. This is the only option for participants under age 50.

A member may also leave the account with STRS Ohio for an annuity or withdrawal at a later date.

Death benefit options and eligibility
Service retirees may purchase a death benefit of $1,000 or $2,000. This taxable benefit is optional and is funded by the benefit recipient through deductions from the regular monthly STRS Ohio pension. This death benefit is available when you file your Service Retirement Application. If you are under age 65 when you retire, you will have a second opportunity to purchase or increase your death benefit within the three months immediately preceding age 65.

Return to public service
A return to public service is allowed after two months of retirement. For further details, call STRS Ohio toll-free at 1-888-227-7877.

Optional long-term care coverage
STRS Ohio members, benefit recipients and their eligible family members may apply for supplemental group long-term care insurance issued by The Prudential Insurance Company of America (Prudential). Long-term care is the help or supervision provided for someone with severe cognitive impairment or the inability to perform the activities of daily living: bathing, dressing, eating, toileting, transferring and continence. Services may be provided at the home or in a facility, and the care may be provided by a professional or informal caregiver, such as a friend or family member. Enrollees pay the full cost of coverage directly to Prudential. For more information, call Prudential toll-free at 1-877-857-8220.

Access to health care coverage
Defined Contribution Plan members do not have access to STRS Ohio health care coverage.
**STRS Ohio Combined Plan**

STRS Ohio offers a Combined Plan to eligible members. New members whose first day of paid service was on or after July 1, 2001, may select this plan upon employment and have the option to remain in the plan or to select the Defined Benefit Plan or Defined Contribution Plan in their fifth year of membership. Members who had less than 5.00 years of service credit as of June 30, 2001, also had a one-time option to select the Combined Plan.

The STRS Ohio Combined Plan includes features of the Defined Benefit and the Defined Contribution Plans. The member’s current contribution of 10% of annual salary goes into a defined contribution account. However, current employer contributions of 14% of salary go into a defined benefit portion of the plan to pay for a combination of service retirement, disability and survivor benefits. Access to health care coverage is also available at retirement to eligible retirees.

**Designation of beneficiaries**

It is important to identify beneficiaries in the case of the death of the member. The succession of beneficiaries outlined in the plan document determines who is eligible to receive a withdrawal or monthly benefit when a member dies, unless the member completes a beneficiary designation form to designate beneficiaries by name. The succession of beneficiaries is desirable for most family circumstances.

Under the succession outlined in the plan document, beneficiaries qualify in the following order:

A. A qualified beneficiary in the following order:
   1. Surviving spouse
   2. Children
   3. Parents
   4. Estate

B. Person who paid your funeral expenses

The succession of beneficiaries will apply if the member has not previously designated a beneficiary or if the member:

1. Designates succession of beneficiaries;
2. Is not survived by a named beneficiary; or
3. Has not filed a beneficiary designation form after any one of the following:
   a. marriage;
   b. birth or adoption of a child;
   c. divorce, marriage dissolution or legal separation;
   d. withdrawal of account; or
   e. permanent retirement plan selection if a plan change was made.

**Reporting of individual accounts**

Members receive a quarterly statement of the defined contribution portion of their account by the end of the month following each quarter. The statement contains valuable information including:

- Current allocation of deposits
- Account balance at end of quarter
- Vested balance as of end of quarter
- Account activity during the quarter, including payroll deposits
- Gains and losses during the quarter

STRS Ohio also sends members an *Annual Statement of Account* each October for the defined benefit portion of the account. This statement, which you have the option of viewing online or receiving by mail, serves as a history of your earnings and retirement credit for each academic year. It reflects the defined benefit account withdrawal value and service credit. All information reported is subject to audit before your retirement. Be sure to review your account statement each year for accuracy and contact STRS Ohio immediately if any of the information appears to be inaccurate.
In place of the succession of beneficiaries outlined in the plan document, members may designate beneficiaries by name. In some circumstances, this designation may jeopardize monthly survivor benefits to qualified survivors and may allow only an account withdrawal (naming a trust fund or estate as beneficiary allows for only a withdrawal, for example).

**STRS Ohio benefits under the Combined Plan**

A summary of basic benefits under the Combined Plan follows.

**Managing the defined contribution account allocations**

Participants may allocate member contributions among eight investment choices, each managed by the same STRS Ohio professionals who are managing the system’s defined benefit investments.

Seven of the options represent the same diversification that is a hallmark of STRS Ohio’s total investment portfolio. They are:

- STRS Money Market
- STRS Barclays Capital U.S. Universal Bond Index Return
- STRS Large-Cap Core Choice
- STRS Russell 1000 Index Return
- STRS Russell 2000 Index Return
- STRS REIT Choice (Real Estate)
- STRS MSCI World ex USA Index Return (International)

Participants allocate their contributions upon enrolling in the plan, and have considerable flexibility in transferring among the choices above. Investment gains or losses are posted daily to accounts. Asset management fees are deducted from investment returns of the individual options; a quarterly account fee is also charged. Members with account balances below $5,000 who have also made no contributions for at least 120 days are charged a $10 monthly fee. (Members are not charged the quarterly account fee if a low balance fee was charged during the quarter.)

STRS Ohio also offers an eighth allocation option — the STRS Total Guaranteed Return Choice. This option offers a guaranteed interest rate on contributions and transfers made in a given year. In exchange for this protection against any possible negative returns, participants must “lock-in” their contributions and transfers made during the year until the end of a five-year term. No asset management fee is charged.

**Portability of retirement benefits**

Members can roll the assets of their Combined Plan into a traditional IRA, eligible employer plan or qualified plan if they leave public employment before retirement.

**Additions to the member’s account**

Members may continue contributions to their account when teaching service is interrupted by military service and most leaves of absence.

Members who had STRS Ohio service credit before July 1, 2001, can roll over pretax funds from a traditional IRA, or an eligible employer or qualified plan. If membership began on July 1, 2001, or after, funds can be rolled over if the participant chooses the Defined Contribution Plan or Combined Plan as the permanent plan during the fifth anniversary of membership.
Survivor benefits
Upon the member’s death, qualified survivors may elect to:

1. Withdraw the defined benefit and defined contribution portions of your account; or

2. Withdraw the defined contribution account and, provided the participant had 5.00 years of service, leave the defined benefit portion on account to receive a monthly benefit beginning when the member would have reached age 60. The benefit is equal to the maximum joint and survivor benefit to the qualified survivor. A surviving spouse may continue to manage the defined contribution account for payment at a later date; or

3. Combine the defined benefit and defined contribution portions of the account for monthly survivor benefits as outlined on the following pages.

A member’s spouse, children under the age of 22, dependent parents, and physically or mentally incapacitated dependents may qualify for survivor benefits.

STRS Ohio determines eligibility for dependent-based and service-based survivor benefits as follows:

- The member must have 1.50 years or more of Ohio service credit, with .25 of a year having been earned within 30 months before death; or been receiving a disability benefit at the time of death.

- If the member leaves Ohio public service, survivor benefit protection extends for up to 27 months after the last contributing service or while the member is receiving a disability benefit, provided the account is not withdrawn. A member who has eligible dependents should consider this benefit before withdrawing the account during this period.

If the member meets the eligibility requirements for more than one benefit, the amount of the benefit is the greater of a dependent-based benefit, a service-based benefit or a retirement-based benefit.

Dependent-based benefits are payable as follows:

<table>
<thead>
<tr>
<th>Number of Qualified Survivors</th>
<th>Percentage of Final Average Salary*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25%</td>
</tr>
<tr>
<td>2</td>
<td>40%</td>
</tr>
<tr>
<td>3</td>
<td>50%</td>
</tr>
<tr>
<td>4</td>
<td>55%</td>
</tr>
<tr>
<td>5 or more</td>
<td>60%</td>
</tr>
</tbody>
</table>

The service-based benefit is payable when the member has 20 or more years of service credit.

Service-based benefits are payable as follows:

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Percentage of Final Average Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>29%</td>
</tr>
<tr>
<td>21</td>
<td>33%</td>
</tr>
<tr>
<td>22</td>
<td>37%</td>
</tr>
<tr>
<td>23</td>
<td>41%</td>
</tr>
<tr>
<td>24</td>
<td>45%</td>
</tr>
<tr>
<td>25</td>
<td>48%</td>
</tr>
<tr>
<td>26</td>
<td>51%</td>
</tr>
<tr>
<td>27</td>
<td>54%</td>
</tr>
<tr>
<td>28</td>
<td>57%</td>
</tr>
<tr>
<td>29 or more</td>
<td>60%</td>
</tr>
</tbody>
</table>

The spouse’s share of the service-based benefit is as follows:

<table>
<thead>
<tr>
<th>Number of Qualified Survivors</th>
<th>Spouse’s Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>62.5%</td>
</tr>
<tr>
<td>3</td>
<td>50%</td>
</tr>
<tr>
<td>4</td>
<td>45.45%</td>
</tr>
<tr>
<td>5 or more</td>
<td>41.67%</td>
</tr>
</tbody>
</table>

*Final average salary: Average of the member’s three highest years of earnings. If contributions were made for fewer than three years, total compensation during such a period is divided by the total number of years of service credit in the member’s account. (If final average salary is less than $4,608, minimum benefits are payable according to the number of qualified dependents.)
If there is no surviving spouse and more than one qualified survivor, the benefit is divided equally among the qualified survivors.

The retirement-based benefit is payable when the member dies before retirement with: 30 years of service at any age; 25 years of service and at least age 55; or five years of service and at least age 60. Only one dependent survivor (a spouse or other named financial dependent) may receive a benefit based on the defined benefit retirement calculation. These benefits are payable for the survivor’s lifetime regardless of remarriage.

If the member had at least 29.01 years of service credit, survivor benefits are based on the benefit the member would have received if the member had 30 years of service, participated in the Defined Benefit Plan, actually retired and provided the maximum joint and survivor benefit to the qualified survivor.

A Combined Plan participant receiving disability benefits has the same survivor benefit coverage as an active teacher.

Survivor benefits to an eligible spouse are payable regardless of income from other sources. Survivor benefits may be more valuable than any other financial protection for a family.

The primary beneficiary may withdraw the deceased member’s account in lieu of receiving monthly benefits. See the account withdrawal section on Page 44 for more information.

**Disability benefits**

Members may combine the defined benefit and defined contribution portions of their account for a disability benefit.

The Combined Plan provides coverage for members whose disability from regular duty is presumed to last at least 12 months from the date STRS Ohio receives the completed Disability Benefit Application. It does not provide disability benefits for periods of less than one year. Disability leaves of less than one year are usually covered by sick leave earned through employment or by short-term disability insurance from private insurance companies.

To qualify for disability benefits, a Combined Plan participant must:

- Have 5.00 or more years of Ohio service credit;
- Submit a completed application packet to STRS Ohio within two years of the last date of earned service. This deadline does not apply if the Retirement Board determines that the member’s medical records demonstrate conclusively that, at the time the two-year period expired, the member was physically or mentally incapacitated from regular duty and unable to apply for disability;
- Have not withdrawn any portion of the account; and
- Not be receiving service retirement benefits.

A monthly disability benefit is based on a percentage (limited to 60% and no less than 45%) of the member’s final average salary. The percentage is determined by multiplying the member’s total years of Ohio service credit by 2.2%.

### Disability Benefit Example

<table>
<thead>
<tr>
<th>Actual years of Ohio service</th>
<th>22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formula level</td>
<td>$ x \times 2.2%$</td>
</tr>
<tr>
<td></td>
<td>$48.4%^*$</td>
</tr>
<tr>
<td>Final average salary</td>
<td>$\times$ $50,000$</td>
</tr>
<tr>
<td>Annual disability benefit</td>
<td>$24,200$</td>
</tr>
<tr>
<td>Monthly benefit</td>
<td>$2,017$</td>
</tr>
</tbody>
</table>

\*Maximum 60%, minimum 45%
Disability payments terminate at age 65 if the benefit began before age 60, or if the member is no longer disabled. Once a disability benefit terminates, a member has the right to apply for service retirement, if eligible.

Any applicant who is denied disability benefits may appeal the decision to the Retirement Board as provided by statute and procedures established by the board. An individual receiving service retirement benefits is ineligible to apply for disability benefits. Members may also withdraw their accounts. For information on account withdrawals, see Page 44.

Disability recipients who have been receiving benefits for at least 14 months must annually complete and submit a Statement of Employment and Earnings After Receipt of a Disability Benefit provided by STRS Ohio each March.

**Service retirement benefits**

Separate benefits are paid from the defined benefit and defined contribution portions of the member’s account.

**Defined benefit**

Members are eligible for benefits at age 60 with at least 5.00 years of service credit. The defined benefit portion of the account provides 1% of the member’s final average salary (FAS) for each year of service. The FAS is the average of the member’s three highest years of Ohio public earnings.

For example, members who retire at age 60 with 30 years of service credit will receive 30% of their FAS per year from the defined benefit portion of the account; members who retire at age 60 with 18 years of service receive 18% of FAS, and so on. The defined benefit calculation must be large enough to provide at least a $100 monthly benefit.

**Partial Lump-Sum Option Plan**

Combined Plan participants have another payment option to consider at retirement — the Partial Lump-Sum Option Plan (PLOP). With this option, new retirees can take an amount from six to 36 times the monthly Single Life Annuity benefit based on the defined benefit portion of the account in a lump sum at retirement. The PLOP must be elected in $1,000 increments, unless the minimum or maximum amount is selected. Lifetime monthly benefit payments begin with your retirement date but are reduced to reflect the amount taken up front in a single payment.

**Defined contribution**

For the defined contribution portion of the account, income is based on member contributions and the performance of investment choices the member selects for contributions.

**Life annuity**

Members participating in the Combined Plan have several payment options — once they end their teaching career. Participants have the flexibility of taking a life annuity for their lifetime and the lifetime of their beneficiary. Upon the member’s death, all annuity payments stop unless a Joint and Survivor Annuity plan was selected. Single Life Annuity payments are based on the participant’s life expectancy, while a Joint and Survivor Annuity also takes into account the life expectancy of the beneficiary.

**Lump-sum withdrawal**

Under this option, the total defined contribution account balance is paid in one payment. This is the only option if the member is under age 50.

**Death benefit options and eligibility**

Service retirement and disability benefit recipients may purchase a death benefit of $1,000 or $2,000. This taxable benefit is optional and is funded by the benefit recipient through deductions from the regular monthly STRS Ohio pension. This death benefit is available when you file your Service Retirement Application. If you are under age 65 when you retire, you will have a second opportunity to purchase or increase your death benefit within the three months immediately preceding age 65.
Account withdrawal
Upon termination of employment before age 50, a withdrawal must include both the defined benefit and defined contribution portions of the account. At age 50 or after, the member may withdraw the defined contribution portion upon termination of employment and leave the defined benefit portion on account for a benefit at age 60. Members may withdraw the defined benefit portion only if they are also withdrawing the defined contribution portion.

Defined contribution withdrawal amount
Members are eligible for their contributions and the gains or losses on those contributions.

Defined benefit withdrawal amount
With at least five years of service credit, a member is eligible for the present value of future benefits. For example, a member with 10 years of service credit is eligible for 10% of FAS at age 60. The withdrawal amount is equal to the present value of that benefit.

The defined benefit portion of the account has no value if the member terminates before five years of service credit. If the member has less than five years of service credit and withdraws the defined contribution portion of the account, that member forfeits the defined benefit portion of the account.

Purchasing service credit
Members participating in the Combined Plan are eligible to purchase service credit for leaves of absence and for periods of teaching that were interrupted by military service.

Return to public service
A return to public service is allowed after two months of retirement. For further details, call STRS Ohio toll-free at 1-888-227-7877.

Access to optional health care coverage
The laws that create and govern STRS Ohio neither promise nor fund health care. STRS Ohio’s primary obligation is to provide a monthly pension to eligible retirees. Currently, STRS Ohio offers access to health care coverage, including prescription drug coverage, at retirement to eligible retirees. Members who retire on or after Jan. 1, 2004, must have at least 15 years of service credit to have access to the STRS Ohio Health Care Program (medical, dental and vision plans). Retirees are required to pay a portion of the coverage cost for enrollment under all health care plans. The costs vary depending on the health plan selected, years of service credit and Medicare status. Health plan coverage and costs are subject to change.

A spouse and eligible children under age 26 can be enrolled for the full cost of coverage. Coverage is also available for other “sponsored dependents” at a monthly charge under some health care plan options.

Disability benefit recipients are eligible to enroll in an STRS Ohio health care plan. Most survivor benefit recipients and their eligible dependents have access to health care coverage and receive a premium subsidy for the first five years, beginning on the effective date of survivor benefits. Survivors receiving retirement-based benefits are eligible for access to health care coverage provided the member had at least 15 years of service credit.

STRS Ohio provides only secondary health care coverage to non-Medicare retirees who are reemployed in a public or private position, regardless of their hire date, if they:

- Are eligible for health care coverage through their employer, or
- Hold a position for which other comparable employees are eligible for health care coverage at the same cost as full-time employees.

The plan must provide medical and prescription drug coverage.
Available health care plans
The STRS Ohio Health Care Program offers a number of health care plans. The plans differ in costs, levels of coverage, medical facilities and providers that can be used. Not all STRS Ohio health care plans are available to every benefit recipient. Eligible plans for enrollees are determined by their Medicare status and the geographic location of their permanent residence.

Health care coverage features
As a general guideline, STRS Ohio health care plans provide:

- **Hospital benefits**: inpatient, semiprivate room-and-board expenses limited to medically necessary days.
- **Medical benefits**: reasonable and medically necessary physicians’ charges, hospital outpatient charges, laboratory expenses and charges for nervous and mental disorders.
- **Prescription drug benefits**: a retail and mail-order pharmacy program.
- **Other services**: skilled care, home health care and hospice care.

Medicare and STRS Ohio coverage
STRS Ohio requires all eligible health care plan participants to enroll in Medicare Part B at age 65, or whenever eligible, and send STRS Ohio a copy of their Medicare card as proof of enrollment. Participants are also required to enroll in Medicare Part A if it is available at no cost. Enrollment in Medicare determines eligibility for plans offered by STRS Ohio.

When participants turn age 65, they are considered “Medicare eligible” in determining coverage under the STRS Ohio plans. As a result, claims are processed as if they are enrolled in Medicare.

Medicare Part D (drug benefit)
All of the health care plans STRS Ohio offers for enrollees with Medicare Part A and/or Part B include Medicare Part D prescription drug coverage. Benefit recipients and their dependents enrolled in an STRS Ohio plan should not enroll in an additional Medicare Part D plan. Medicare does not allow enrollment in more than one Medicare Part D plan. For those who enroll in an additional Medicare Part D plan, their STRS Ohio hospital/medical and prescription drug coverage will be terminated.

Optional dental and vision coverage
STRS Ohio offers optional dental and vision plans to benefit recipients (who have at least 15 years of service credit) and eligible dependents. The premiums for the plans are deducted from the monthly STRS Ohio benefit payment.

Optional long-term care coverage
STRS Ohio members, benefit recipients and their eligible family members may apply for supplemental group long-term care insurance issued by The Prudential Insurance Company of America (Prudential). Long-term care is the help or supervision provided for someone with severe cognitive impairment or the inability to perform the activities of daily living: bathing, dressing, eating, toileting, transferring and continence. Services may be provided at the home or in a facility, and the care may be provided by a professional or informal caregiver, such as a friend or family member.

Enrollees pay the full cost of coverage directly to Prudential. For more information, call Prudential toll-free at 1-877-857-8220.
STRS Ohio services

STRS Ohio provides numerous services to its members.

Member Services Center

The Member Services Center offers toll-free access to STRS Ohio representatives who can provide account information, answer questions about benefits and services, schedule counseling appointments or register members for seminars and workshops. Call toll-free 1-888-227-7877 to speak to a member service representative. The center’s hours are 8 a.m. to 5 p.m., Monday through Friday.

Website

The STRS Ohio website (www.strsoh.org) provides counseling schedules, seminar and meeting information, legislative news, board reports and information about important topics, such as health care and pension benefits.

Members and benefit recipients can access their personal account information in a secure, online environment. In addition, members who are participating in the Defined Contribution or Combined Plan can use the website to manage their defined contribution account. A password is required to access online personal account information.

Newsletters

STRS Ohio publishes three newsletters. News for Active Members and News for Benefit Recipients are mailed on a periodic basis and include information about benefit changes, health care and recently passed or pending legislation, as well as general news about STRS Ohio. SmartTALK is a quarterly newsletter for members participating in the Defined Contribution and Combined Plans.

Brochures

Call toll-free 1-888-227-7877 to request the following STRS Ohio publications:

- Account Withdrawal
- Comprehensive Annual Financial Report
- Death Benefits
- Disability Allowance
- Disability Benefits (Combined Plan)
- Disability Retirement
- Educational Opportunities
- Partial Lump-Sum Option Plan
- Preparing for Retirement
- Purchasing Service Credit
- Reemployment
- Retirement Incentive Plan
- Service Credit Guidelines
- Service Retirement and Plans of Payment
- Survivor Benefits
- Understanding Your STRS Ohio Benefits — Plan Summary

These publications are also available on the STRS Ohio website at www.strsoh.org.

Email news service

STRS Ohio offers an email news service (eUPDATE) that provides news and information about legislation, benefits and other issues affecting the STRS Ohio membership. You can register for this service at www.strsoh.org.
Educational programs

STRS Ohio offers several programs for its members.

- **Helping Your Future Grow** provides information to new members about STRS Ohio benefits and tax-deferred savings plans.

- **Dollars and Sense** is designed specifically for STRS Ohio members who are in the early stages of their careers. This workshop covers topics such as survivor benefits, disability benefits and purchasing service credit.

- **Beyond the Classroom** is for STRS Ohio members who are five to 10 years from retirement and helps attendees determine how much money they’ll need at retirement.

- The **Retirement Planning Seminar** is a six-hour program that provides a comprehensive overview of the many facets of retirement. It is customized for members who are at least five years from retirement.

- **Retiring With Confidence** is targeted toward members within 12–18 months of retirement, helping them learn all of the necessary steps to ensure a smooth transition from teaching to retirement.

- The **Information Fair** offers seminars about timely topics such as STRS Ohio benefits, Social Security and pension legislation, as well as a variety of information booths staffed by STRS Ohio representatives. This event is offered twice a year in different locations around the state.

- The **Retiree Series** provides information of special interest to the retired member who wants to keep abreast of information related to protecting and maximizing retirement income and savings. Past topics have included estate planning, long-term care, Social Security and investing in retirement. Meeting topics change annually.

- The **Understanding Your Health Care Plan** meeting, offered early in the calendar year, provides information to members about how to use health care and prescription drug coverage.

- The **Health Care Program Highlights** meeting, offered in the fall, provides an overview of health care plans offered under the STRS Ohio Health Care Program to help members with the annual health care open-enrollment, decision-making process.

Further information and online registration is available at www.strsoh.org (where directions are also available) or by calling the Member Services Center toll-free at 1-888-227-7877. STRS Ohio also offers webinars and online presentations. For further information, go to www.strsoh.org.

Individual benefits counseling sessions

Members are encouraged to attend a benefits counseling session at least three years before retirement and again six to 12 months before retirement. Three options are offered.

**Columbus office**

Individual counseling sessions are available at the STRS Ohio Building in Columbus from 8 a.m. to 5 p.m., Monday through Friday.

**Field counseling**

Individual counseling sessions are also offered at nearly 60 locations in Ohio throughout the year. Counseling session appointments at most locations are scheduled between 11 a.m. and 7 p.m.

**TeleConference**

TeleConferences provide in-depth, personal benefit information by phone at the member’s convenience. Appointments can be scheduled from 10 a.m. to 8 p.m., Monday through Thursday during the school year, and 10 a.m. to 4 p.m., Monday through Thursday during July and August.

To schedule an appointment for a counseling session, call the Member Services Center toll-free at 1-888-227-7877. Appointments for field counseling can also be made online at www.strsoh.org.

**Email**

You can email questions to **ContactUs@strsoh.org**. We will reply within one business day.
Correspondence

Correspondence is always welcome. Write to:

State Teachers Retirement System of Ohio
275 E. Broad St.
Columbus, OH 43215-3771

When requesting a service retirement estimate, please include your Social Security number and projected annual salaries up to the expected retirement date. If you wish to receive estimates under a plan of payment other than a Single Life Annuity, the birth date and relationship of the joint-survivor beneficiary should be provided.

Social Security

Many STRS Ohio retirees have potential benefits as the spouse of a Social Security wage earner or on the basis of their own employment under Social Security. Social Security benefits may be reduced or even eliminated because of your eligibility for STRS Ohio benefits. For more information, contact Social Security toll-free at 1-800-772-1213 or visit its website: www.ssa.gov.