



# Account Withdrawal

For members enrolled in the  
**Defined Benefit Plan**  
**Defined Contribution Plan**  
**Combined Plan**



2023|2024

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If you are considering withdrawing your STRS Ohio account, please review this brochure carefully. It explains who is eligible to withdraw an account, how the withdrawal amount is calculated and payment options. This brochure also provides important information about the taxation of lump-sum payments.

To fully understand the information in this brochure, you must know which STRS Ohio retirement plan you selected — the Defined Benefit Plan, the Defined Contribution Plan or the Combined Plan. If you are unsure, this information can be found in the Member Information section of your Online Personal Account. Unless otherwise noted, the information in this brochure applies to all three plans.

### **Spousal consent on account withdrawals**

As required by Ohio law, all married members must obtain spousal consent in the following retirement plans and situations:

**Defined Benefit Plan** — Spousal consent is required if you are eligible for service retirement.

**Defined Contribution Plan or Combined Plan members** — Spousal consent is required if you are age 50 or older and your account value is \$5,000 or more.

If required, your spouse must provide his or her consent by completing the spousal affidavit section of the withdrawal application. If your spouse does not sign and notarize the spousal affidavit and one is required, your withdrawal application will be considered an application for retirement and you will receive a monthly benefit paid as a Joint and Survivor Annuity with one-half to beneficiary.

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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 888-227-7877.

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## **Account withdrawal restrictions and considerations**

### **You cannot withdraw your STRS Ohio account if you are:**

- Under any form of teaching contract, including substitute teaching with an STRS Ohio contributing employer;
- Under any type of verbal or written agreement for future teaching with an STRS Ohio public employer under the retirement law;
- On a leave of absence;
- In the STRS Ohio Defined Benefit Plan and terminated your employment in an STRS Ohio-covered position but are now working with the same employer in an Ohio Public Employees Retirement System (OPERS) or School Employees Retirement System (SERS) position;
- Receiving service retirement or disability benefits from STRS Ohio; or
- Currently contributing to a college or university alternative retirement plan (ARP). Only a transfer of STRS Ohio funds to the ARP is permitted. For more information on how an ARP affects your STRS Ohio account, call toll-free at 888-227-7877.

### **If you are in the Defined Benefit Plan or Combined Plan, you should consider keeping your account with STRS Ohio if you:**

- Have completed 5.00 or more years of service as an Ohio teacher or if you have other teaching or public service that can be combined with your Ohio service to give you a total of 5.00 years. With 5.00 years of qualifying service credit,\* you can meet the statutory requirements for STRS Ohio retirement benefits when you reach age 60.
- May return to service in the public or state-supported schools of Ohio.

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\*For Defined Benefit Plan members, qualifying service credit includes earned credit with STRS Ohio, Ohio Public Employees Retirement System (OPERS) or School Employees Retirement System (SERS); restored withdrawn credit with STRS Ohio, OPERS or SERS; interrupted Ohio public service due to military service; and earned and restored credit that transfers from Ohio Police & Fire Pension Fund, Highway Patrol Retirement System or Cincinnati Retirement System.

- Are in the Defined Benefit Plan and may be employed by an Ohio city, county, municipality or political subdivision.
- Are entering military service. If teaching service in Ohio is interrupted by service in the U.S. armed forces, you may be eligible to receive additional retirement credit or make additional contributions to your account.

### **If you are in the Defined Contribution Plan, you should consider keeping your account with STRS Ohio if you:**

- May return to service in the public or state-supported schools of Ohio.
- Are entering military service. If teaching service in Ohio is interrupted by service in the U.S. armed forces, you may be eligible to make additional contributions to your account.

## **Loss of benefits with account withdrawal**

### **If you are in the Defined Benefit Plan or Combined Plan and withdraw your STRS Ohio account, you will lose the opportunity to qualify for valuable benefits:**

- Survivor benefits are available to qualified survivors (spouse, children and parents) when the member dies after meeting eligibility requirements. Benefits for qualified survivors may continue for up to 27 months following the member's last contributing service (for existing members on June 30, 2013) or up to 12 months (for new members on or after July 1, 2013). Survivors may also enroll in the STRS Ohio Health Care Program if eligible.\*
- Disability benefits are available to members who have met eligibility requirements and have a disabling injury or illness that prevents the individual from performing their most recent job duties. Disability benefit recipients also have the opportunity to enroll in the STRS Ohio Health Care Program if eligible.\* For existing members

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\*The STRS Ohio Health Care Program is not guaranteed. STRS Ohio may change or discontinue all or part of the program for all or a class of eligible benefit recipients and covered dependents at any time.

on June 30, 2013, eligibility for disability benefits continues for two years following the member's last date of STRS Ohio-covered employment. For new members on or after July 1, 2013, disability benefits continues for one year following the member's last date of STRS Ohio-covered employment.

**After you are eligible for service retirement, you qualify for:**

- Lifetime monthly pension.
- Continuing lifetime benefits to survivors if you choose.
- STRS Ohio offers medical, dental and vision coverage to eligible service retirement benefit recipients and their eligible dependents.\* Members retiring on or after Aug. 1, 2023, must have at least 20 years of service credit to qualify for coverage. At least 15 years of service credit is required for members retiring before Aug. 1, 2023.

**If you are in the Defined Benefit Plan, you also qualify for:**

- Cost-of-living adjustments (COLA) on the monthly benefit.\*\*
- Automatic \$1,000 death benefit payable to a beneficiary you select.

**Service credit canceled with account withdrawal**

**If you are in the Defined Benefit Plan:**

- Your accumulated service credit will be canceled if you withdraw your STRS Ohio account. You may restore withdrawn service credit if you later earn 1.50 years of service with an Ohio public retirement system. To restore the service, you

\*The STRS Ohio Health Care Program is not guaranteed. STRS Ohio may change or discontinue all or part of the program for all or a class of eligible benefit recipients and covered dependents at any time.

\*\*New STRS Ohio benefit recipients are eligible to receive a COLA beginning on the fifth anniversary of their retirement date. The State Teachers Retirement Board will periodically evaluate whether a cost-of-living increase is payable in accordance with the law in effect at that time (Section 3307.67, Revised Code). If a COLA is granted, you will receive it on the anniversary of your retirement date.

must pay an amount equal to the amount you withdrew — including any interest or matching funds paid to you — plus interest at a rate established by STRS Ohio. The rate is currently 8% compounded annually but is subject to change without notice.

**If you are in the Defined Contribution Plan or Combined Plan:**

- Withdrawn accounts, including withdrawn service credit on Combined Plan accounts, cannot be restored.

**Reemployment after account withdrawal**

**If you want to become reemployed after a full withdrawal of your account:**

- There are no restrictions on reemployment after you fully withdraw your STRS Ohio account. If you return to teaching after withdrawing your account, you will either be placed back in the same retirement plan or be eligible to make a new plan selection, depending on whether or not your current plan is considered to be your permanent choice.

**If you want to become reemployed after a partial withdrawal of your Combined Plan account:**

- Only withdraw the defined contribution portion of your account. Contributions upon reemployment will be deposited in an annuity account payable when you reach age 65 or terminate employment, whichever is later. You must wait two months before beginning Ohio public employment to avoid reemployment penalties.

**If you are considering withdrawing your account**

If you are considering withdrawing your STRS Ohio account, a conference with a benefits counselor is recommended. A counselor can explain the potential benefits you will lose by withdrawing your account, which may be substantial. A benefits counseling appointment can be scheduled at [www.strsoh.org](http://www.strsoh.org) using your Online Personal Account. (To register for an Online Personal Account, go to the home page of the STRS Ohio website and click "Register.")

## Monthly payments vs. account withdrawal

Defined Benefit and Combined Plan members are eligible for a monthly service retirement benefit with 5.00 or more years of qualifying service credit once age requirements are met. Defined Contribution Plan members are eligible for a monthly service retirement benefit after the age of 50 assuming the account balance is enough to provide at least a \$100 monthly benefit for the plan of payment chosen.

Plan Feature	Monthly Payments	Account Withdrawal
Lifetime monthly benefit	Yes	No
Survivor benefits	Yes (Defined Benefit and Combined Plans only)	No
Access to health care coverage <sup>1</sup>	Yes (Defined Benefit and Combined Plans only)	No
Cost-of-living adjustments (COLA) <sup>2</sup>	Yes (Defined Benefit Plan only)	No
Direct control over funds	No	Yes
Possible rollover to a qualified plan	No	Yes
Possible tax penalties	No	Yes
Death benefits <sup>3</sup>	Yes	No
Possible investment costs	No	Yes
Individual investment risk	No	Yes
Subject to reemployment guidelines for Ohio public positions <sup>4</sup>	Yes	No

**Note:** Any payments you receive from STRS Ohio may affect your eligibility for Social Security benefits. For more information, contact Social Security toll-free at 800-772-1213.

<sup>1</sup>Members retiring on or after Aug. 1, 2023, must have at least 20 years of service credit to qualify for coverage. At least 15 years of service credit is required for members retiring before Aug. 1, 2023.

<sup>2</sup>New STRS Ohio benefit recipients are eligible to receive a COLA beginning on the fifth anniversary of their retirement date. The State Teachers Retirement Board will periodically evaluate whether a cost-of-living increase is payable in accordance with the law in effect at that time (Section 3307.67, Revised Code). If a COLA is granted, you will receive it on the anniversary of your retirement date.

<sup>3</sup>Defined Benefit Plan retirees have a \$1,000 automatic death benefit with the option to purchase an additional \$1,000 or \$2,000. Defined Contribution and Combined Plan retirees may purchase an optional death benefit of \$1,000 or \$2,000.

<sup>4</sup>For the Combined Plan, assumes both the defined benefit and defined contribution portions of the account are withdrawn.

## If you decide to withdraw your account

**If after meeting with a benefits counselor and reviewing this brochure, you decide to withdraw your account:**

Log in to your Online Personal Account, select “Member Information” from the top menu and then select “Apply for Account Withdrawal” under Useful Links. Follow the instructions for completing the application.

Your withdrawal payment will be made within 30 days of STRS Ohio’s receipt of a properly completed application or your last payroll date, whichever is later. If you have questions about completing the application, please call STRS Ohio.

## How withdrawal amounts are calculated

### Defined Benefit Plan

Account withdrawals consist of member contributions plus an additional amount payable under Section 3307.563 of the Revised Code (R.C.). The additional amount payable depends on years of qualifying service credit\* and the rates of interest established by the State Teachers Retirement Board. **The interest rates noted below are subject to change without notice.** To confirm current interest rates, contact STRS Ohio toll-free at 888-227-7877.

- **With 5.00 or more years of qualifying service credit,\*** interest at a current rate of 3% compounded annually will be paid on your member contributions and an additional amount equal to 50% of the sum of your member contributions, plus interest, will also be paid.
- **With at least 3.00 years but less than 5.00 years of qualifying service credit,\*** interest at a current rate of 3% compounded annually will be paid on your member contributions.

\*When referring to withdrawals, “qualifying service credit” refers to Ohio teaching service, restored withdrawn credit, purchased service for Ohio public teaching from which no STRS Ohio contributions were withheld, and credit obtained for leaves of absence under Section 3307.77 of the Revised Code.

- **With less than 3.00 years of qualifying service credit**,\* interest at a current rate of 2% compounded annually will be paid on your member contributions.

Interest for all years withdrawn begins to accrue at the beginning of the fiscal year following deposit. For example, interest on 2023–2024 contributions would begin accruing July 2024 and be payable August 2024 or later. No interest is payable if a member withdraws his or her account in July and contributed to STRS Ohio for only the year just ended. Interest stops accruing the month before account withdrawal.

### Defined Contribution Plan

Account withdrawal amounts consist of member contributions plus any gains or losses on those contributions. Withdrawal amounts will also include the employer portion of the account (consisting of the employer contributions plus any gains or losses), according to the following vesting schedule:

- **If your membership began before July 1, 2013**, you are 100% vested in the employer portion of the account after one year of membership.
- **If your membership began on or after July 1, 2013**, you are vested in 20% of the employer portion of the account for each full year of membership.

Your withdrawal amount might be affected by fees and early withdrawal penalties.

### Combined Plan

For the defined contribution portion of the account, the withdrawal amount consists of member contributions plus any gains or losses on those contributions. The withdrawal amount may be affected by low balance fees or early withdrawal penalties.

For the defined benefit portion of the account, members with 5.00 or more years of service credit are eligible for the greater of: (1) the present value of the

future benefits, or (2) the member's total contributions to the defined benefit portion of the account.

The defined benefit portion of the account consists of the member's total contributions to the defined benefit portion of the account if the member withdraws before accumulating 5.00 years of service credit.

## Account withdrawal payment options

**If you are eligible for and wish to withdraw your STRS Ohio account, payments can be:**

- Paid directly to you, or
- Rolled over to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan or governmental section 457(b) plan) of the Internal Revenue Code that will accept the rollover.

Account withdrawals are final when your account is closed.

If you are currently contributing only to a college or university alternative retirement plan (ARP), you are not eligible to receive direct payment or to roll over your STRS Ohio account; however, you may be eligible to withdraw your STRS Ohio account and transfer the funds to your ARP account.

If you transfer your funds, you could lose the opportunity to qualify for valuable STRS Ohio benefits. Contact STRS Ohio toll-free at 888-227-7877 for additional information.

\*When referring to withdrawals, "qualifying service credit" refers to Ohio teaching service, restored withdrawn credit, purchased service for Ohio public teaching from which no STRS Ohio contributions were withheld, and credit obtained for leaves of absence under Section 3307.77 of the Revised Code.

## Special tax notice regarding lump-sum payments

This notice contains important information you will need before you decide how to receive your payment from STRS Ohio, including information about rollovers. A payment from STRS Ohio can be processed in three ways. You can have: (1) all of the payment paid by direct rollover to an IRA or an eligible employer plan; (2) all of the payment paid to you; or (3) some portion paid as a rollover with the remaining amount paid to you. Rules that apply to most payments are described below under “General information about rollovers.” Special rules that only apply in certain circumstances are described under “Special rules and options” on Page 14.

### General information about rollovers

#### Your right to waive the 30-day notice period

Neither a direct rollover nor a payment can be made by STRS Ohio before 30 days and no later than 180 days after your receipt of this notice. After receiving this notice, you have at least 30 days to decide whether or not to have all or part of your payment directly rolled over. If you do not wish to wait until this 30-day notice period ends before making your decision, you may waive the notice period. Your withdrawal will then be processed as soon as possible after it is received by STRS Ohio.

#### How a rollover affects your taxes

You will be taxed on a payment from STRS Ohio if you choose not to roll over the payment. If you are under age 59-1/2 and choose not to roll over the payment, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59-1/2 unless an exception applies). However, if you choose a rollover, you will not have to pay tax until you receive payments at a later date and the 10% additional income tax will not apply if those payments are made after you are age 59-1/2 (or if an exception applies).

#### Where you may roll over the payment

You may roll over the payment to an IRA (an individual retirement account or individual

retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan or governmental section 457(b) plan) of the Internal Revenue Code that will accept the rollover. A rollover of a lump-sum payment due to the death of a member may be permitted or required to be rolled into an inherited IRA. The rules of the IRA or eligible employer plan that holds the rollover will determine your investment options, fees and rights to payment from the IRA or eligible employer plan (e.g., no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to an eligible employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You also need to know about any documents that are required before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts.

If an eligible employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse’s consent for any subsequent distribution. A subsequent payment from the plan that accepts your rollover may also be subject to different tax treatment than payments from STRS Ohio. Check with the administrator of your eligible employer plan before making the rollover.

#### How you roll over the payment

There are two ways to roll over the payment. You can do either a direct rollover or a 60-day rollover.

- **If you choose a direct rollover**, STRS Ohio will make the payment directly to your IRA or an eligible employer plan. You should contact the IRA sponsor or administrator of the plan for information on how to make a direct rollover.
- **If you do not choose a direct rollover**, you may still make a rollover by depositing the payment from STRS Ohio into an IRA or eligible employer plan that will accept it. You will have 60 days after

you receive the payment to make the deposit. If you do not choose a direct rollover, STRS Ohio is required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld (e.g., your savings, a loan, etc.). If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59-1/2 (unless an exception applies).

### How much you may roll over

If you choose to roll over, you may roll over all or part of the amount eligible for rollover. Any payment from STRS Ohio is eligible for rollover except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary).
- Required minimum distributions after age 72 (if you were born before Jan. 1, 1951), after age 73 (if you were born after Dec. 31, 1950) or after death.

STRS Ohio can tell you what portion of a payment is eligible for rollover.

### A 10% additional income tax on early distributions may apply if you do not choose a rollover

If you are under age 59-1/2, you will have to pay the 10% additional income tax on early distributions for any payment from STRS Ohio (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does **not** apply to the following payments from STRS Ohio:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;

- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments after your death;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a division of property order (DOPO);
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year); or
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after Sept. 11, 2001, for more than 179 days.

### A 10% additional income tax on early distributions may apply to distributions from an IRA

If you receive a payment from an IRA when you are under age 59-1/2, you will have to pay the 10% additional income tax on early distributions from the IRA (unless an exception applies). In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed on Pages 12–13 for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for payments made under a DOPO does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.



- There are additional exceptions for: (1) payments for qualified higher education expenses; (2) payments up to \$10,000 used in a qualified first-time home purchase; and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

### **Special rules and options**

#### **If your payment includes after-tax contributions**

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you choose a direct rollover of only a portion of the amount paid from STRS Ohio and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a complete distribution of your benefit, which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from STRS Ohio to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you receive a distribution of

\$10,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$8,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an eligible employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a 457(b) plan). You can make the rollover within 60 days to an eligible employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

#### **If you miss the 60-day rollover deadline**

Generally, the 60-day rollover deadline cannot be extended. However, the Internal Revenue Service (IRS) has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a self-certification. Otherwise, to apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

#### **If you were born on or before Jan. 1, 1936**

If you were born on or before Jan. 1, 1936, and receive a lump-sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

#### **If you roll over your payment to a Roth IRA**

You can roll over a payment from STRS Ohio to a Roth IRA, but not to a designated Roth account in an eligible employer plan.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment

rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within five years, counting from Jan. 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59-1/2 (or after your death or disability, or as a qualified first-time home buyer distribution of up to \$10,000) and after you have had a Roth IRA for at least five years. In applying this five-year rule, you count from Jan. 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

### If you are not a member of STRS Ohio

- **Payments after death of the member.** If you receive a distribution after the member's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions does not apply, and the special rule described under "If you were born on or before Jan. 1, 1936" on Page 15, applies only if the member was born on or before Jan. 1, 1936.
  - **A surviving spouse**, receiving a payment from STRS Ohio, has the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to roll over to an IRA, you may treat the IRA as your own or as an inherited IRA.
 

An IRA you treat as your own is treated like any other IRA of yours, so that payments

made to you before you are age 59-1/2 will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after age 72 (if you were born before Jan. 1, 1951) or after age 73 (if you were born after Dec. 31, 1950).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 72 (if the member was born before Jan. 1, 1951) or after the member would have been age 73 (if the member was born after Dec. 31, 1950).

- **A surviving beneficiary other than a spouse**, receiving a payment from STRS Ohio, has only one rollover option — a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.
- **Payments under a DOPO.** A division of property order (DOPO) is an order issued by a court in connection with a divorce or legal separation. If you are the spouse or former spouse of the member who receives a payment from STRS Ohio under a DOPO, you generally have the same tax options the member would have. You may choose to have the payment paid in a direct rollover to an IRA or an eligible employer plan that will accept it. You may also choose to have the payment paid to you. If the payment is made directly to you, you can keep it or you may roll over the payment to an IRA. Payments under a DOPO will not be subject to the 10% additional income tax on early distributions.

## If you are a nonresident alien

If you are a nonresident alien and you do not choose a direct rollover to a U.S. IRA or U.S. eligible employer plan, instead of withholding 20%, STRS Ohio is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

## Other special rules

A direct rollover will not be processed by STRS Ohio if the payment is payable to a trust, an estate or for amounts totaling less than \$200. There will also be no federal income tax withheld from amounts less than \$200. In addition, eligible rollover distributions less than \$500 cannot be split between a direct rollover and a payment made payable to you. You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

## For more information

This notice summarizes only the federal (not state or local) tax rules that may apply to your payment. The rules described in this notice are complex and contain many conditions and exceptions that are not included in this notice. You should consult with a professional tax advisor before taking a payment from STRS Ohio. You can also find more detailed information on the federal tax treatment of payments from eligible employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs) and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, online at [www.irs.gov](http://www.irs.gov) or by calling toll-free 800-829-3676.

## Questions and answers

### What kind of retirement plan is STRS Ohio?

STRS Ohio is a qualified pension plan under Section 401(a) of the Internal Revenue Code.

### How much will I receive when I withdraw my account?

The exact amount of your withdrawal depends on the month your distribution is paid and the amount of contributions and service credit certified by your employer. Based on this information, STRS Ohio will calculate your contributions plus, if applicable, any interest or additional funds to determine the total amount of your distribution. In most cases, withdrawal estimates are available from STRS Ohio. See Pages 7–9 for information on how withdrawal amounts are calculated and the various factors that might affect the calculation.

### Can I withdraw only a portion of my Defined Benefit Plan or Defined Contribution Plan account?

No, partial withdrawals or loans are not allowed under the law.

### Can I withdraw only a portion of my Combined Plan account?

If you withdraw your account before age 50, you must withdraw both the defined benefit and defined contribution portions of your account. At age 50 or after, you may withdraw the defined contribution portion upon terminating employment and leave the defined benefit portion on account for a benefit at age 60. You may withdraw the defined benefit portion only if you are withdrawing the defined contribution portion or receiving a monthly benefit from the defined contribution portion.

If you are at least 50 years of age, you may receive the defined contribution portion as a lifetime annuity. For more information, call STRS Ohio toll-free at 888-227-7877.

**Why should I keep my STRS Ohio account if I am no longer contributing to STRS Ohio?**

The withdrawal of your account cancels potential benefits for you and your family. For more information about benefits you might be forfeiting, contact STRS Ohio toll-free at 888-227-7877.

**Can I withdraw my account instead of applying for a monthly retirement benefit or annuity?**

Yes. However, before withdrawing your account, you should consider carefully the potential benefits you are forfeiting. For more information, contact STRS Ohio toll-free at 888-227-7877.

**How quickly will I receive my account withdrawal?**

Payment of an account withdrawal is generally made within 30 days after receipt of the valid, properly completed application from the certifying employer or your last payroll date, whichever is later.

**What are my rollover options and tax consequences?**

All or part of your account value may be rolled over to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan or governmental section 457(b) plan) of the Internal Revenue Code that will accept the rollover. STRS Ohio will forward these amounts directly to your financial institution if the amount eligible to be rolled over exceeds \$200. Eligible amounts less than \$200 are taxable but are exempt from federal withholding and can be rolled over by the member. Taxable amounts rolled over remain in a tax-deferred status until withdrawn.

For further information, refer to the special tax notice starting on Page 10.

**Is there a penalty for early withdrawal?**

You may roll over taxable and nontaxable amounts to another eligible retirement account without taxes or penalties. Taxable amounts that you do not roll over are subject to a mandatory 20% federal tax

withholding. In addition, you may be subject to a 10% penalty for early withdrawal if you withdraw before age 59-1/2. (For further information, consult your tax advisor.) Nontaxable amounts are not subject to additional taxes or penalties because you have already paid taxes on these contributions.

## By phone: **888-227-7877 (toll-free)**

Our dedicated team of member service representatives is available to answer your questions when you need them.

- Call Monday–Friday, 8 a.m.–5 p.m.

When you need more detailed information, our benefits counselors can provide you with one-on-one consultation in our Columbus office, through a teleconference, videoconference or during field counseling sessions.

## On the Internet: **www.strsoh.org**

A quick way to access information is through STRS Ohio’s website, where you will find the items below and much more.

- Benefit information (while teaching and in retirement)
- Online Personal Account information
- Your *Annual Statement of Account* providing your account withdrawal value
- An online account withdrawal application
- A special section for higher education faculty

## By email:

- Go to [www.strsoh.org](http://www.strsoh.org) and select “Contact” from the top menu.

## Email news service

STRS Ohio updates members about legislation, benefits and other issues affecting the STRS Ohio membership through our email news service — *eUPDATE*. All members with an email on file receive the *eUPDATE*.



## Publications available

The following STRS Ohio publications are available on the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

- *Account Withdrawal*
- *Annual Comprehensive Financial Report*
- *Death Benefits*
- *Disability Allowance*
- *Disability Benefits (Combined Plan)*
- *Disability Retirement*
- *Employment After Retirement*
- *Preparing for Retirement*
- *Purchasing Service Credit*
- *Service Credit Guidelines*
- *Service Retirement and Plans of Payment*
- *Summary Annual Financial Report*
- *Survivor Benefits*
- *Understanding Your STRS Ohio Benefits — Plan Summary*



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