



Purchasing Service Credit **Fact Sheet**

Interrupted Teaching Due to Military Service

Section 3307.752, Ohio Revised Code

STRS Ohio members may purchase service credit for certain past employment, known as purchasable service credit. This credit can be used to increase a member's service credit for retirement or allow a member to meet the age and service requirements for an earlier retirement date. Most types of private or public teaching or public employment for which the member did not contribute to an Ohio public retirement system are purchasable. Certain eligibility requirements must be met for each type of purchasable service.

STRS Ohio requires that the *Application to Obtain Credit for Military Service that Interrupted Teaching* be completed and submitted to certify interrupted teaching due to military service in the U.S. armed forces, full-time service with the American Red Cross in a combat zone and any other category of persons designated by the president in time of war or emergency. This type of service is the performance of duty on a voluntary or involuntary basis in uniformed military service. If this is not the type of service you want to certify, please call STRS Ohio toll-free at 888-227-7877 or visit www.strsoh.org for a different certification form or fact sheet.

There are two different forms for obtaining credit for military service — one for **regular military service** and one for **military service that interrupted teaching**. Please be sure to complete the correct form. Most teachers who have DD-214 discharge papers or NA Form 13038 need to complete the *Application to Obtain Credit for Regular Military Service*. The *Application to Obtain Credit for Regular Military Service* and the corresponding fact sheet can be obtained at www.strsoh.org or by calling STRS Ohio.

Official documentation showing dates of interrupted teaching due to military service must be submitted with the certification form. Because records are sometimes difficult to obtain, service should be certified as soon as possible. All of the information requested on the form is required so that eligibility for purchasing service can be determined accurately.

The rest of this fact sheet gives important information about this type of purchasable service credit, such as how the cost is calculated and how much the purchase may increase your benefit at retirement.



Eligibility requirements

1. The armed forces includes the Army; Navy; Air Force; Marine Corps; Coast Guard; reserve components of the military; National Guard; Commissioned Corps of the U.S. Public Health Service; Army Nurse Corps, Navy Nurse Corps or Red Cross nurse serving with the Army, Navy, Air Force or hospital service of the United States of America; full-time service with the American Red Cross in a combat zone; or any other category of persons designated by the president in time of war or emergency.
2. Interrupted teaching due to military service can also consist of active duty for training, initial active duty for training, inactive duty training, full-time National Guard duty or physical examination for fitness to perform such duty.
3. Normal STRS Ohio employment was interrupted by the military service. For example, military service performed in the summer when a member was not teaching does not qualify for purchase.
4. Less than a full year of service credit was earned in the STRS Ohio fiscal year (July 1–June 30) that was interrupted by the military service.
5. The member must have begun military service within five months of leaving STRS Ohio-covered employment and returned to the same employer within three months of ending military service.
6. STRS Ohio membership was not withdrawn during the military absence.
7. The member was honorably discharged or released.
8. Tutors and substitute teachers are usually unable to purchase this service credit since the employer cannot verify earnings missed due to military service.
9. If the annual retirement benefit will exceed the limits stated in Internal Revenue Code 415(b) and 415(c), the member will be eligible to purchase service credit only with pretax funds rolled in from a traditional IRA; SEP-IRA or SIMPLE IRA; a 403(b) plan, 457(b) plan, 401(a) qualified plan, including a 401(k) or Keogh plan.

Service credit

The maximum amount of credit eligible for purchase is the period of duty, not to exceed five years, for each period of interrupted teaching due to military service for which contributions have been received. Total service credit cannot exceed one year in any STRS Ohio fiscal year.

Cost

1. A member pays contributions and interest (if applicable) on earnings he or she would have earned if not in military service. The interest rate is currently 8% and is subject to change.
2. No interest is charged if the purchase is completed within three times the length of the member's period of military service (five years maximum). The interest-free period is calculated from the date of reemployment.
3. If the purchase is completed after the interest-free period, interest is calculated from the date of reemployment or the effective date of Section 3307.752, R.C. (Oct. 29, 1996), whichever is later.
4. Payroll deduction is not available for this type of service credit.
5. The employer will be billed for employer contributions, without interest.
6. The cost calculation is described in the example on Page 3.

Example: Assume a member was employed during the 2003–2004 school year at an annual salary of \$50,000. He taught the first 45 days of school before he was activated for full-time service with the Ohio National Guard from Nov. 10, 2003, until March 27, 2004. The member then returned to his teaching position on April 3, 2004, and completed the last 41 days of the school year. The member earned .48 of a year of STRS Ohio service credit for the 86 days taught during the 2003–2004 school year.

To estimate the cost to purchase 0.52 of a year of credit for interrupted teaching due to military service:

Step 1: Using the Member Contribution Rate and Salary Base table below, find the STRS Ohio member contribution rate in effect during the 2003–2004 school year and multiply it by \$50,000.

$$\$50,000 \times 10.00\% = \$5,000$$

Member Contribution Rate and Salary Base	
9/1/1920–8/31/1945	4.00% up to first \$2,000
9/1/1945–8/31/1951	5.00% up to first \$3,000
9/1/1951–8/31/1959	6.00% of total compensation
9/1/1959–6/30/1968	7.00% of total compensation
7/1/1968–12/31/1973	7.80% of total compensation
1/1/1974–6/30/1977	8.00% of total compensation
7/1/1977–12/31/1983	8.50% of total compensation
1/1/1984–6/30/1988	8.75% of total compensation
7/1/1988–6/30/1990	8.77% of total compensation
7/1/1990–6/30/1994	9.25% of total compensation
7/1/1994–6/30/2003	9.30% of total compensation
7/1/2003–6/30/2013	10.00% of total compensation
7/1/2013–6/30/2014	11.00% of total compensation
7/1/2014–6/30/2015	12.00% of total compensation
7/1/2015–6/30/2016	13.00% of total compensation
7/1/2016–Present	14.00% of total compensation



Step 2: In this example, because the member did not purchase the credit during the interest free period, interest would begin April 2004. Assuming the member purchased this credit in March 2024, use the Annual Compound Interest Factors by Years table below, find the 8% annual compound interest factor for 20 years (2004 until 2024) and multiply it by the answer from Step 1.

$$4.66 \times 5,000 = 23,300$$

Annual Compound Interest Factors by Years			
Years	8%	Years	8%
1	1.08	19	4.32
2	1.17	20	4.66
3	1.26	21	5.03
4	1.36	22	5.44
5	1.47	23	5.87
6	1.59	24	6.34
7	1.71	25	6.85
8	1.85	26	7.40
9	2.00	27	7.99
10	2.16	28	8.63
11	2.33	29	9.32
12	2.52	30	10.06
13	2.72	31	10.87
14	2.94	32	11.74
15	3.17	33	12.68
16	3.43	34	13.69
17	3.70	35	14.79
18	4.00	36	15.97

Step 3: Multiply the number of years of purchasable credit by the answer from Step 2.

$$0.52 \times \$23,300 = \$12,116$$

In this example, the cost to purchase 0.52 of a year of credit in March 2024 for interrupted teaching due to military service is approximately \$12,116.

Cost information

A purchase of service credit can impact a member’s benefit in one of the following three ways:

1. **Increase the retirement benefit** — A member who is already eligible for a retirement benefit without the purchase of credit may purchase credit to increase the amount of that benefit. For example, a member purchases one year of service credit to receive an additional 2.2% of the final average salary (FAS) every year for the member’s lifetime.
2. **Eliminate or lower the early retirement reduction** — Members may retire early with an actuarially reduced benefit based on years of service credit and age at retirement. Purchasing additional credit could help the member reach eligibility for unreduced benefits or lessen the actuarial reduction due to an early retirement.

3. **Create retirement eligibility** — A member who is not yet eligible for a retirement benefit may purchase credit to reach eligibility. For example, a member who is one year away from reaching 34 years of service and retirement eligibility buys 1.00 year of credit during the 33rd year of service to become eligible for retirement a year sooner.*

Calculating the retirement benefit with the purchased credit

1. The benefit formula is 2.2% for all years of service and the FAS calculation is based on the average of the five highest years of earnings.
2. The retirement benefit cannot exceed 100% of the FAS. Any service credit purchased that is not required for the maximum retirement benefit will be refunded to the member, with no payment of interest for the time STRS Ohio held the funds.

Completing the certification form

To obtain credit for interrupted teaching due to military service, be sure to complete the *Application to Obtain Credit for Military Service That Interrupted Teaching*. The certification form needs to be completed and submitted to STRS Ohio either online or by mail. Directions for submitting online or by mail are detailed in the Certification Form Instructions included with the certification form.

1. The form contains instructions for determining whether or not a member might qualify for this type of service. Documentation reflecting service dates must be attached to the application. These dates must correspond with the dates provided by you on the bottom portion of the form.
2. Documentation of service dates must be obtained by you from the branch of service for which the service was rendered.
3. STRS Ohio will check to verify that you do not have membership in another Ohio retirement system that covers this period of military service. Membership in another Ohio retirement system could affect eligibility to purchase this service or the cost of the service.

STRS Ohio certification process and cost statement information

1. An acknowledgment email will be sent within one business day of STRS Ohio receiving the form.
2. STRS Ohio will evaluate the form and determine if you may be eligible to obtain credit. If you are eligible to obtain credit, we will request salary information from the employer for the time the military service occurred.
3. Since STRS Ohio must obtain information from an employer, the certification process may take four weeks.
 - If the service is eligible for purchase, a cost statement will be mailed. Carefully read the notes that may be printed across the bottom of the cost statement for specific information.
 - If the service is not eligible for purchase or if additional information is required, you will be notified in writing.

*The eligibility requirement for an unreduced benefit is any age with 34 years of service. Effective Aug. 1, 2028, the eligibility for an unreduced benefit will be any age with 35 years of service.



4. The determination of eligibility to purchase service credit can be delayed by any of the following:
 - The incorrect certification form is received.
 - STRS Ohio does not receive all of the documentation for your service.
 - Full-time salary information is not received from the employer in a timely manner.
5. The service credit may be purchased within the valid period on the cost statement or another cost statement may be requested at a later date.
6. If the service credit is certified and at least one cost statement is issued before your retirement date, you may purchase service credit up to three months after the retirement effective date, as long as the benefit calculation has not been finalized. For example, if the retirement effective date is July 1, service credit must be purchased by Sept. 30.

Methods for purchasing service credit

- Lump-sum purchase may be made by check.
- Lump-sum purchase may be made with pretax rollovers or direct transfer of funds.
- A lump-sum tax-deferred payment will be accepted from an employer.

More information about the methods to purchase service credit will be mailed to you with the cost statement if the service is eligible for purchase.

Contacting STRS Ohio

By phone: 888-227-7877 (toll-free) | By email: Go to www.strsoh.org and select "Contact" from the top menu.

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

Call Monday–Friday, 8 a.m.–5 p.m. to schedule an appointment.