



Purchasing Service Credit **Fact Sheet**

Current and Past Leaves of Absence and University Leaves

Section 3307.77, 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 *Certification of Past Period of Absence* form be completed and submitted to certify past periods for which a member was granted a leave of absence from a teaching position at a public school, or a partially paid professional leave from a college or university in Ohio. See Page 2 for information on how to certify a nonpaid professional leave at a university or college. A **past period of absence** means the individual did not complete deposits with an employer before June 30 of the year in which the absence or leave occurred. A **current leave or period of absence** is one that occurred within the current fiscal year. If you do not want to certify a leave of absence, please call STRS Ohio toll-free at 888-227-7877 or visit www.strsoh.org for a different certification form and fact sheet.

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. A separate form must be completed for each leave of absence you wish to purchase.

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 absence or leave must be from an STRS Ohio employer.
2. The member must have been under a contract during the period of absence or leave. If the member was employed as a substitute on an as-needed basis and was not covered under a contract with his or her employer, that individual is not eligible to purchase credit for a leave of absence.
3. **Board of education employer (K-12):**
 - If a member's leave was from a board of education employer, the reason for the leave of absence can be due to: personal illness or injury, partially paid professional leave, or a leave for any reason approved by the board of education.



- If the leave began and ended within the current school year, it is a current leave of absence. The member can make arrangements with his or her employer to complete the member portion of contributions. The contributions are based on the amount of the contract the member would have earned if he or she had worked that year. Payment must be received by STRS Ohio no later than June 30 of the year in which the absence or leave ended.
- A leave of absence is considered “past” if payment is received after June 30 of the year in which the leave ended. Payment for a past leave can be made at any time after certification with STRS Ohio, not to exceed three months after the member’s effective date of retirement.

4. **University or college employer:**

- If a member’s leave was from a university employer, the reason for the leave of absence must have been due to personal illness or injury or a partially paid professional leave.
- Notification Form 3345.28 must be completed in advance by all college or university faculty who are granted a sabbatical leave. See your employer to obtain and complete this form before the leave.
- If the leave began and ended within the current school year, it is a current leave of absence. The member can make arrangements with his or her employer to complete the member portion of contributions. The contributions are based on the amount of the contract the member would have earned if he or she had worked that year. Payment must be received by STRS Ohio no later than June 30 of the year in which the absence or leave ended.
- A leave of absence is considered “past” if payment is received after June 30 of the year in which the leave ended. Payment for a past leave can be made at any time after certification with STRS Ohio, not to exceed three months after the member’s effective date of retirement.

5. **University or college employer — nonpaid professional leave of absence:**

- A leave of absence must have been granted by the employer for the purpose of accepting an assignment related to a member’s professional duties, responsibilities or activities that are expected to improve the service upon return to employment. Leaves will not be recognized for a period greater than a total of two fiscal years for each period of leave.

***Example:** An educator worked from July–December 2002 and earned .50 a year of service credit. This individual was granted a nonpaid professional leave from January through December 2003. The educator returned to regular employment in January 2004 and earned .50 a year of service credit for half of a fiscal year (January through June 2004). That educator would be eligible to purchase .50 of a year of credit for the remainder of the 2002–2003 fiscal year and .50 of a year for the beginning of the 2003–2004 fiscal year.*

- The member must have an annual contract for service covered by STRS Ohio during the year of absence.
- Approval is required by the employer for the payment of the employer cost without reimbursement from the member.
- Contributing service covered by STRS Ohio, Ohio Public Employees Retirement System (OPERS) or School Employees Retirement System (SERS) must resume no later than 12 months following termination of the leave.
- State Teachers Retirement Board approval is required for the member to make retirement contributions covering the period of absence.

- Following the termination of the leave, the member must file a completed certification form with the Retirement Board that will include the following information:
 - A statement showing the nature and purpose of the assignment during such absence.
 - A written request by the member to the Retirement Board for approval of payment of member contributions.
 - Certifications from the member’s employer which provide:
 - Member’s annual contract salary in effect for each year or part of year (July 1 through June 30) in which there was such absence.
 - Official action of the employer granting the leave, stating the beginning date and the termination date.
 - Official action of the employer approving the payment of the employer cost without reimbursement.
 - Statement by the employer indicating the date the member returned to contributing service after the termination of the leave.

If the member’s request to complete contributions is approved by the Retirement Board, payment by the member must be made within 60 days of written notification.

6. 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 purchasable credit is two years for each period of absence or leave. A member may obtain no more than a full year of service credit for each school year. Nonpaid professional leaves will not be recognized for a period greater than a total of two fiscal years for each period of leave.

Cost

1. The cost for a **current leave or absence** is based on the annual compensation or contract the member would have received had he or she not taken a leave. The contract is multiplied by the STRS Ohio contribution rate in effect at the time of the leave. This is the amount of contributions that would have been submitted to STRS Ohio had the member not taken the leave.

Example: Assume a member earned \$45,000 for the 2022–2023 school year and the contribution rate for that year was 14%. The member’s contribution payable to the employer would be \$6,300.

For a current leave or absence, the member can complete deposits directly with the employer until June 30 of the year in which the leave occurred. The employer who granted the leave is required to pay employer contributions on the annual compensation or contract amount used to determine the member’s cost.

2. The member’s cost for a **past leave of absence** is determined by:
 - Multiplying the annual compensation for the last year of service before the absence or leave by the member contribution rate in effect at the time the absence or leave began.
 - Adding interest on *both* member and employer payments. Interest at 8%* is compounded annually beginning with July 1 following the year in which the absence or leave terminated and ending the last day of the month in which payment is made.

*Interest rate is subject to change.



Example: Assume a member earned \$34,000 and 1.00 year of STRS Ohio credit for teaching service during the 2004–2005 school year, then took a leave of absence during the 2005–2006 school year. The member returned to full-time STRS Ohio-covered teaching service on Aug. 27, 2006.

To estimate the cost to purchase 1.00 year of credit for a leave of absence, follow the steps on Pages 4–6.

Step 1: Using the Member Contribution Rate and Salary Base table below, find the STRS Ohio member contribution rate in effect at the beginning of the 2005–2006 school year and multiply it by \$34,000.

$$\$34,000 \times 10\% = \$3,400$$

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: Using the Annual Compound Interest Factors by Years table below, find the 8% annual compound interest factor for 17 years (2006 until 2023) and multiply it by the answer from Step 1.

$$3.70 \times \$3,400 = \$12,580$$

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: Using the Employer Contribution Rate and Salary Base table below, find the STRS Ohio employer contribution rate in effect at the beginning of the 2005–2006 school year and multiply it by \$34,000.

$$\begin{aligned} \$34,000 \times 14\% &= \$4,760 \\ \text{(This is the employer's cost.)} \end{aligned}$$

Employer Contribution Rate and Salary Base					
9/1/1920–8/31/1923	5.57%	up to first \$2,000	9/1/1951–8/31/1952	8.50%	
9/1/1923–8/31/1924	4.70%	up to first \$2,000	9/1/1952–8/31/1955	8.00%	
9/1/1924–8/31/1926	3.70%	up to first \$2,000	9/1/1955–8/31/1958	9.25%	
9/1/1926–8/31/1927	3.60%	up to first \$2,000	9/1/1958–8/31/1959	9.33%	
9/1/1927–8/31/1930	3.57%	up to first \$2,000	9/1/1959–8/31/1964	10.41%	up to first \$18,000
9/1/1930–8/31/1938	3.45%	up to first \$2,000	9/1/1964–8/31/1965	11.00%	up to first \$18,000
9/1/1938–8/31/1939	3.82%	up to first \$2,000	9/1/1965–12/31/1965	11.00%	up to first \$25,000
9/1/1939–8/31/1941	4.44%	up to first \$2,000	1/1/1966–7/1/1968	11.50%	up to first \$25,000
9/1/1941–8/31/1945	4.00%	up to first \$2,000	7/2/1968–8/31/1969	11.50%	
9/1/1945–8/31/1946	5.00%	up to first \$3,000	9/1/1969–12/31/1973	12.90%	
9/1/1946–8/31/1947	4.75%	up to first \$3,000	1/1/1974–6/30/1977	12.55%	
9/1/1947–8/31/1948	5.75%	up to first \$3,000	7/1/1977–12/31/1983	13.50%	
9/1/1948–8/31/1949	7.50%	up to first \$3,000	1/1/1984–Present	14.00%	
9/1/1949–8/31/1951	7.25%	up to first \$3,000			

Step 4: Using the Annual Compound Interest Factors by Years table on Page 5, find the 8% annual compound interest factor for 17 years (2006 until 2023) and multiply it by the answer from Step 3.

$$3.70 \times \$4,760 = \$17,612$$

Step 5: Subtract the employer contributions (calculated in Step 3) from the number calculated in Step 4.

$$\$17,612 - \$4,760 = \$12,852$$

Step 6: Add the answer from Step 2 to the answer from Step 5.

$$\$12,580 + \$12,852 = \$25,432$$

In this example, the member's cost to purchase 1.00 year of credit in June 2023 for a leave of absence is approximately \$25,432.

3. If a member's request to complete contributions for a university nonpaid professional leave of absence is approved by the Retirement Board, payment by the member must be made to STRS Ohio within 60 days of written notification. The cost is calculated the same as for other leaves of absence except that if payment is not made within 60 days of notification by STRS Ohio of the cost, the credit cannot be purchased.

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

Both the employer and employee sections of the certification form need 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.

Part 1

- This part can be completed by you or the employer. This part of the form gives us the most current information about you and will be used to update our personal information files. For this reason, you may be the best person to complete this portion of the form.
- If your leave was granted for a period of two years, one form can be submitted.
- If you were granted consecutive one- or two-year leaves, a separate form must be submitted for each leave.

Part 2

- This part must be completed by your employer. This part certifies that you were granted a leave of absence, the purpose of the leave, the beginning and ending dates of the leave, and the contract amount for the year the leave began.
- If the employer granted a leave for a period of two years, the dates must cover the two-year period that you were absent.
- If the employer granted two one-year leaves, a separate form will need to be submitted for each leave. The contract amount would be for the period of absence stated on each form.

**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.*



STRS Ohio certification process and cost statement information for all leaves except university or college nonpaid professional leaves

1. An acknowledgment email will be sent within one business day of STRS Ohio receiving the form.
2. If the form is completed correctly, a reply will be sent to you as outlined below.
 - 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.
3. The determination of eligibility to purchase service credit will be delayed if the certification form is not completed correctly and not properly signed by the custodian of records.
4. 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.
5. 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 made by check.
- Lump-sum purchase 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.