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# Purchasing Service Credit **Fact Sheet**

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## **Other Ohio Public Service — School Employees Retirement System (SERS)**

### Section 3307.76, 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 Nonteaching Public School Service* form be completed and submitted to certify nonteaching Ohio public employment with an employer who did not deduct retirement contributions that would have been made to School Employees Retirement System (SERS). 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](http://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. If you are certifying service with more than one employer, a separate form must be completed by each employer.

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. Nonteaching service rendered in a public school in Ohio may be eligible if contributions would have been applicable to SERS. This includes employment at a few select colleges and universities. Nonteaching service rendered with private and nonpublic schools is not eligible for purchase with STRS Ohio. An STRS Ohio member who has membership with SERS may wish to contact SERS toll-free at 866-280-7377 for eligibility requirements concerning private and nonpublic school service.
2. A member can purchase credit applicable to SERS provided the:
  - Service is not used in the calculation of any retirement benefit currently being paid or payable in the future or has not already been used in the payment of a retirement benefit.
  - Member did not make retirement contributions to SERS for this service. (If the member withdrew contributions, he or she can purchase the withdrawn service credit directly from SERS.)



- Member is not eligible to purchase credit for this service in SERS.
  - Member made contributions to STRS Ohio following this type of employment.
3. A member who served as an elected member of a board of education for a public school may be eligible to purchase that service if retirement contributions were not deducted from payments between Sept. 1, 1920, and July 1, 1991. Beginning July 1, 1991, school board members are required to contribute to either SERS or Social Security. The maximum amount of service a member could purchase for board member service is .25 for each fiscal year served. To qualify for this, the member must:
    - Have been elected into the position.
    - Not have made retirement contributions to SERS on the funds paid to serve as an elected official.
    - Have served and been paid for at least 12 full months.
  4. 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

1. There is no limit to the amount of credit a member can buy, except that the total service credit cannot exceed one year in any STRS Ohio fiscal year. For example, a member who earned .50 of a year of credit for the 2018–2019 fiscal year may purchase up to a maximum of .50 of a year for that same year.
2. The amount of credit eligible for this service is determined based on the number of days or months worked within a fiscal year (July through June).

## 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.\* This type of purchase results in the highest cost.

Because purchasing credit may increase the amount of your retirement income and/or enable you to retire sooner, the amount you pay to purchase the credit reflects the additional liability to STRS Ohio resulting from your purchase.

Purchasable service at 100% liability must be purchased in whole-year increments. If eligible, a member who certifies and purchases a partial year of credit may certify and purchase the balance of that year at a later time for no additional cost.

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*\*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.*



The cost for service credit is based on your salary multiplied by a factor that is based on your age and years of service credit. The cost is valid for a 12-month period from July 1 through June 30. Requests for costs made in July or August may be delayed waiting on annual reporting from employers. **For a cost estimate, go to [www.strsoh.org](http://www.strsoh.org) and click on “Purchasing Service Credit” under Resources.**

## 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.
3. If the purchase is made at SERS, the SERS and STRS Ohio accounts may be combined at retirement.

## Completing the certification form

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. **Part 1 must be completed by you.** STRS Ohio requires the most current contact information for our records.
2. **Part 2 must be completed by the official employer or custodian of records.** Ohio statute requires all of this information to determine the eligible amount of service credit and cost. Please ask the official employer or custodian of records to pay special attention to our instructions under the Record of Purchasable Service section in order to obtain the maximum service credit available.

## 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. If the form is completed correctly, a reply will be sent to you as outlined below.
  - STRS Ohio will notify you in writing if the form has been forwarded to SERS for evaluation.
  - In most cases, SERS permits STRS Ohio members to purchase the credit in SERS. It is possible that SERS may directly notify you of its determination in writing, without notifying STRS Ohio first. STRS Ohio will notify you after SERS notifies us.
  - If SERS determines you are not eligible to obtain credit for the service for reasons of nonmembership with SERS, you may still be eligible to purchase the credit with STRS Ohio.
  - 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 you signed an exemption for the service, a cost statement will be mailed by the retirement system in which you have the greatest amount of service credit.
  - You will receive a lump-sum cost unless an installment payment cost is requested.
  - 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 can be delayed by any of the following:
  - The certification form is not completed correctly.
  - The certifying official is not recognized by SERS.
  - You fail to respond to a request made directly by SERS.
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.
- Installment payments may be arranged with your employer. Some schools offer only pretax plans or after-tax plans, and some schools offer both plans.

***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](http://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.