



Completing My Service Retirement Application

Frequently Asked Questions and Next Steps to Retirement

For Members Enrolled in the
Defined Benefit Plan



STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO



This booklet is designed to answer frequently asked questions about completing the *Service Retirement Application*. If you have a question that is not addressed here, please call STRS Ohio's Member Services Center toll-free at 888-227-7877.

TABLE OF CONTENTS

Section 1 — Personal Information	1
Section 2 — Plan of Payment Selection	2
Section 3 — Beneficiary Designation for Monthly Benefit Payments	2
Section 4 — Multiple Primary Beneficiaries	3
Section 5 — Partial Lump-Sum Option Plan (PLOP) Election	4
Section 6 — Spousal Consent and Notary Certification	4
Section 7 — Direct Deposit to Bank Account	5
Section 8 — Federal Income Tax Withholding	5
Section 9 — State Income Tax Withholding	5
Section 10 — Death Benefit Lump-Sum Payment	5
Section 11 — Acknowledgment of Member	6
Enrolling in the STRS Ohio Health Care Program	6
General Questions and Next Steps	7
Service Retirement Process	8

FREQUENTLY ASKED QUESTIONS

SECTION 1 — PERSONAL INFORMATION

How do I know if I need to name a former spouse as a beneficiary?

Review your divorce decree, Property Settlement Agreement or other court documentation related to your divorce. STRS Ohio is required by Ohio law to pay the benefit in accordance with the court order pertaining to your divorce. You may be required to provide a benefit to a former spouse when your retirement begins (through a Division of Property Order) and a benefit after your death (Joint and Survivor Annuity plan of payment).

If you must leave a portion of your benefit continuing *after your death* to a former spouse, you must select a Joint and Survivor Annuity plan of payment option and name the former spouse as a beneficiary on your *Service Retirement Application*. If you name a former spouse as a beneficiary, you must submit a complete copy of the court order that addresses your STRS Ohio retirement benefit with your retirement application. The court order should include the stamp showing the date filed with the court and the judge's signature. If the documentation and your plan of payment selection are not clear, a new court order may be needed to clarify the interest, if any, a former spouse has in your STRS Ohio benefit.

If you are required to leave a portion of your benefit to a former spouse *while you are receiving a benefit*, it is most likely completed through a Division of Property Order (DOPO). A DOPO is issued through the court, sent to STRS Ohio by the clerk of courts and specifies an amount of your monthly benefit that must be paid to a former spouse while you are receiving a monthly benefit. This benefit ends at your death, or the death of the former spouse, whichever is earlier. A DOPO is a separate court order and does not impact your *Service Retirement Application*.

When is my "effective date of retirement?"

Your effective date of retirement is the date your benefits begin, not your last day of employment. The effective date of retirement is ALWAYS on the first of the month. Specifically, it is the first day of the month following the latter of:

- Your last day of teaching or other public service
Example: If your last day of service is June 2, then your effective date of retirement would be July 1.
- Attainment of age and service requirements
Example: If your 60th birthday is Oct. 15, then your effective date of retirement would be Nov. 1.
- Official certification with STRS Ohio of all purchasable service to be included in your retirement benefit, assuming the service is purchased no later than three months following your effective date of retirement
Example: If the date your service is officially certified and a cost statement is issued on Dec. 15, then your effective date of retirement is Jan. 1.

How do I indicate plans for reemployment after retirement?

On Page 3 of the *Service Retirement Application*, you are asked to **list all current and new Ohio public employers** — school and nonschool. If you plan to continue or begin employment with any of these employers after retirement, check the "yes" box and provide the first date of service after retirement in the space provided.

Please review the "Terminating employment" and "Reemployment restrictions" sections on Page 1 of the *Service Retirement Application* for more information about reemployment.

What if I don't know my last day of work before retirement?

If you are not sure of your last day of work before retirement at the time you are completing your *Service Retirement Application*, use the last day of your final month of service. For example, if your final month of service will be June, use June 30.

How do I know if I have other service credit to purchase?

STRS Ohio members may purchase service credit for certain types of past employment — including out-of-state teaching service, private school teaching service, other types of public service and leaves of absence. Please refer to the *Purchasing Service Credit* brochure for a complete description of the types of purchasable service.

Service credit you want to purchase must be certified and a cost statement issued before your effective date of retirement. All purchases you plan to make must be paid in full within three months after your effective date of retirement.

Purchasing service credit may increase the amount of your retirement income and/or enable you to retire sooner.

SECTION 2 — PLAN OF PAYMENT SELECTION

What is “reversion?”

If you choose a Joint and Survivor Annuity (Plan II), you may select a “reversion” feature that allows you to revert to a Single Life Annuity in the following circumstances:

- Your beneficiary dies before you; or
- Your marriage to the beneficiary terminates, provided that you have written consent from your former spouse or the appropriate court document authorizing such a change.

What if I marry or remarry after retirement?

Within the first year following your marriage, you may submit an application to provide a continuing monthly benefit to a new spouse.

- If you chose a Single Life Annuity (Plan I) at retirement, you may select a Joint and Survivor Annuity naming your new spouse as beneficiary; or
- If you chose a Joint and Survivor Annuity (Plan II with reversion) at retirement, you may reselect your new spouse as the beneficiary. If your current Joint and Survivor Annuity plan included a former spouse or spouses as beneficiaries and you are required to retain these beneficiaries pursuant to a court order or court orders, you may add the new spouse only if you do not exceed a total of four beneficiaries or reduce your monthly benefit below the maximum Joint and Survivor benefit amount.

SECTION 3 — BENEFICIARY DESIGNATION FOR MONTHLY BENEFIT PAYMENTS

What is the difference between a primary and secondary beneficiary?

The primary beneficiary is the person (or persons) who will receive any remaining benefits from the retirement account following the death of the retiree. The plan of payment you choose will determine what, if any, benefits the primary beneficiary is eligible to receive.

The secondary beneficiary is the person who would receive monthly payments for the balance of a guaranteed period under a Joint and Survivor Annuity, Option 1(B), 1(C), 2(B) or 2(C), if both the retiree and primary beneficiary die before the guaranteed period ends. If there are two or more secondary beneficiaries, each beneficiary would share equally in a lump-sum amount of the present value of future monthly payments.

For all other plans of payment, the secondary beneficiary is the person(s) who would receive any remaining contributions from the retirement account if both the retiree and primary beneficiary die before the total member contributions are paid. If the total monthly benefit payments are more than your contributions, the secondary beneficiary receives nothing.

Do I need to list a secondary beneficiary?

A secondary beneficiary is required if you choose one of the Joint and Survivor Annuity options with guaranteed years.

Can I name more than one primary beneficiary?

If you select Plan I — Single Life Annuity or Plan III — Annuity Certain as your plan of payment, you can name more than one primary beneficiary. You must connect each full name with the word “and.” If necessary, you can include these names and addresses on a separate page.

If you select Plan II — Joint and Survivor Annuity, the only option that allows for multiple primary beneficiaries is Option 4. If you choose this option, you must complete Section 4 of the *Service Retirement Application* on Page 7.

SECTION 4 — MULTIPLE PRIMARY BENEFICIARIES

Why should I consider the Multiple Primary Beneficiaries Joint and Survivor Annuity?

If you need or want to provide financially for more than one individual following your death, this plan of payment option is available. For example, members who are divorced and required by court order to leave a continuing monthly benefit to a former spouse after the member’s death may take this option and also leave a benefit to a current spouse. Members who have a disabled child may want to leave continuing monthly benefits to a spouse and the disabled child. Be sure to obtain a benefit estimate before electing this option.

How does the annuity work?

You can specify up to four beneficiaries to receive a percentage or fraction of your benefit or a flat dollar amount to be paid monthly following your death. For example, upon your death, one beneficiary could receive 30% of your benefit, a second could receive 20% and a third and fourth could receive 10% each. Your benefit will be reduced based on the ages of the beneficiaries and the amount of the survivor benefit provided to each. If you and all of your beneficiaries die and the total monthly benefit payments were less than your contributions, the remaining contributions will be paid to your estate.

Is there a limit to how much I can leave each beneficiary?

You cannot leave more monthly to the beneficiaries than you will receive monthly, and the Internal Revenue Service may limit the amount of monthly benefit a non-spouse may receive. Unless otherwise required by court order, the minimum payment to a beneficiary is 10% of your benefit. The total percentage designated to all beneficiaries does not have to equal 100%.

If I select the Multiple Beneficiaries Joint and Survivor Annuity, can I change this plan of payment later?

You will be permitted to change this plan of payment only if:

- One of the beneficiaries is your spouse and the marriage terminates — provided written consent is submitted by the former spouse or there is appropriate court documentation authorizing such a change; or
- All beneficiaries named at retirement are non-spouses and you marry after retirement. Within the first year of marriage, you are able to reselect a plan of payment with your new spouse as a beneficiary. Up to three beneficiaries named at retirement may be retained; however, the total amount payable to all beneficiaries at your death cannot exceed the benefit paid to you. Any amounts payable due to court orders must remain in place during the lifetime of that beneficiary.

SECTION 5 — PARTIAL LUMP-SUM OPTION PLAN (PLOP) ELECTION

What is the Partial Lump-Sum Option Plan (PLOP)?

The PLOP allows you to take a payment from six to 36 times the monthly Single Life Annuity benefit in a lump sum at retirement. Monthly benefits still begin with your effective date of retirement, but they are reduced to reflect the amount taken in a lump sum. More details about this plan of payment option can be found in the *Service Retirement and Plans of Payment* brochure.

Is a PLOP payment taxable?

PLOP payments made directly to you that are eligible for rollover are subject to a mandatory 20% federal tax withholding. You may be subject to a higher or lower federal tax rate for this payment and a 10% penalty for early withdrawal. This penalty does not apply if you receive the lump sum after you reach age 59-1/2 or you have separated from service and have taken payment in or after the year in which you turned age 55. A PLOP payment is also subject to Ohio state income tax if you reside in Ohio. For further information, consult a tax advisor.

You may roll over your PLOP payment to a traditional individual retirement account (IRA), a Roth IRA, a SEP-IRA, a SIMPLE IRA, a 403(b) plan, a 457(b) plan, a 401(a) qualified plan, including a 401(k) or Keogh plan to avoid the immediate tax withholding and possible penalty. Retirement plans are not required to accept rollovers. Be sure to confirm that your plan administrator will accept these funds.

A Special Tax Notice will be mailed about one month before your payment is issued. Please review the document closely since it provides tax information that may be helpful to you and your tax preparer.

When is the PLOP payment paid?

A PLOP payment is paid no earlier than 91 days after your effective date of retirement or the date all necessary information is received and your retirement benefit is finalized, whichever is later.

SECTION 6 — SPOUSAL CONSENT AND NOTARY CERTIFICATION

Does my spouse have to sign this section and should it be notarized?

If you are married when you submit the *Service Retirement Application*, your spouse must consent to your selection if you have selected:

- Plan I — Single Life Annuity
- Plan II — Joint and Survivor Annuity, Option 3(A) or 3(B), or Option 4 with less than one-half payable to your spouse
- Plan III — Annuity Certain
- A PLOP payment
- Any plan with a primary beneficiary other than your spouse

If this applies to you, your spouse must consent to your selection by signing the Spousal Consent section on Page 11 of the *Service Retirement Application* before a notary public.

The spousal consent is **not** required if:

- You are required to elect a plan of payment pursuant to a court order and your current spouse is also a beneficiary under that plan; or
- You are required to provide an amount to a former spouse or spouses pursuant to a court order or orders that is the maximum amount payable in a Joint and Survivor Annuity plan of payment.

If spousal consent is required and your spouse does not sign, your retirement benefit will be paid under Option 2(A), a Joint and Survivor Annuity with one-half to your surviving spouse, and no PLOP payment will be made.

SECTION 7 — DIRECT DEPOSIT TO BANK ACCOUNT

How will I receive my benefit payments?

STRS Ohio will directly deposit all monthly benefit payments into your checking, savings or investment account.

SECTION 8 — FEDERAL INCOME TAX WITHHOLDING

Is my retirement benefit subject to federal tax?

Yes, and unless you direct otherwise, STRS Ohio must withhold federal income tax starting with your first benefit payment. You must choose the appropriate box based on your filing status in Step 1 of the Federal Income Tax Withholding section on Page 13 of the *Service Retirement Application*. If this section is left blank, STRS Ohio will process your application using a filing status of single with no adjustments in Steps 2–4. For more information, see the *Taxes and Your STRS Ohio Benefits* leaflet.

How do I change my tax withholding?

You can change your state or federal tax withholdings on your monthly benefits anytime in your Online Personal Account by clicking “Recipient Account” from the menu options that appear across the top of the screen and then clicking “Change/View Tax Withholdings” under Useful Links. Your withholding will automatically adjust if the tax tables change or if your benefit changes. Visit www.irs.gov/pub/irs-pdf/fw4p.pdf for detailed instructions and worksheets for completing tax withholding information.

SECTION 9 — STATE INCOME TAX WITHHOLDING

Is my retirement benefit subject to state tax?

Your monthly retirement benefit is subject to Ohio income tax if you are an Ohio resident. State income tax will be withheld only for the state of Ohio and you must request this withholding in the State Income Tax Withholding section on Page 14 of the *Service Retirement Application*. Only whole dollar amounts or a percentage can be withheld from your monthly benefit. If you do not request a whole dollar amount or percentage, the amount will be rounded to the nearest dollar or whole percentage. The state of Ohio does not accept number of exemptions for retirement income withholding.

If you do not elect to withhold Ohio income tax, you will be responsible for paying Ohio income tax if you reside in Ohio through estimated payments or at the end of the year. For more information or to estimate state of Ohio tax withholding, see the *Taxes and Your STRS Ohio Benefits* leaflet.

SECTION 10 — DEATH BENEFIT LUMP-SUM PAYMENT

What is the death benefit?

All STRS Ohio service retirees enrolled in the Defined Benefit Plan are covered by an automatic death benefit funded by STRS Ohio. At your death, a \$1,000 benefit will be paid in a single payment to the beneficiary you designate in the Death Benefit Lump-Sum Payment section on Page 14 of the *Service Retirement Application*.

You may increase the amount of the death benefit by \$1,000 or \$2,000 by authorizing a deduction from your monthly retirement benefit to pay for this additional coverage. For more information, please see the *Death Benefits* brochure.

Can I name a different beneficiary than the person(s) designated for my benefit payments?

Yes, the death benefit is separate from your benefit payments. You can name the same beneficiary for both, or you may name different beneficiaries. If you name more than one beneficiary, connect each full name with the word “and.” You may change your death benefit beneficiary anytime. If you do not name a beneficiary, the statutory succession of beneficiaries will apply. The death benefit proceeds would be payable in the following order:

- Surviving spouse, if any; or
- In equal shares to children of the deceased member; or
- In equal shares to the parents of the member; or
- To the estate of the member.

If you are under age 65 at retirement, you will have another opportunity to purchase additional death benefit coverage at age 65 at a higher rate.

SECTION 11 — ACKNOWLEDGMENT OF MEMBER

Please be sure to sign and date the application in ink.

ENROLLING IN THE STRS OHIO HEALTH CARE PROGRAM

Am I eligible for STRS Ohio health care?

Health care coverage is offered to members who retired on or after Aug. 1, 2023, with 20 or more years of total service credit. Members who retired before Aug. 1, 2023, need at least 15 years of total service credit to access coverage. To be eligible for coverage, the individual must reside physically in the United States with a permanent residence in one of the U.S. 50 states or U.S. territories. Eligibility for health care coverage is determined by the State Teachers Retirement Board and is subject to change.

STRS Ohio medical coverage for employed individuals not eligible for Medicare is limited to secondary coverage under STRS Ohio’s Aetna Basic Plan when they: (1) are eligible for medical and prescription coverage through their employer, or (2) hold a position for which other similarly situated employees are eligible for medical and prescription coverage. The rule applies to all employed enrollees who are *not* eligible for Medicare, regardless of hire date or type of employment.

STRS Ohio requires all medical plan participants to be enrolled in Medicare Parts A & B at age 65 or when eligible. Medicare Part B is required for all enrollees. Medicare Part A is also required if it is available to you at no cost (premium free). If you decline Medicare Part B or premium-free Part A, you will no longer be eligible for STRS Ohio medical coverage.

If I’m eligible for and elect health care coverage, when does my coverage begin?

Your effective date of health care coverage can be the effective date of retirement, the first of the month following the date we receive your application or the first of the month following termination of employer coverage, whichever is latest.

Please contact your employer to determine when your employer coverage ends. You will not be able to change the effective date of your STRS Ohio health care coverage after premium deductions and coverage begin.

If you return to work immediately and forfeit one or two months of your benefit, you may continue to participate in the STRS Ohio Health Care Program. Premiums will be billed to you directly for the months you are not receiving a benefit. Employed enrollees may be eligible only for secondary coverage.

Is dental and vision coverage included as part of my health care coverage?

No, the STRS Ohio health care plans do not provide dental and vision coverage. Separate plans are available for dental and vision coverage. You may choose to enroll in one or both of these plans. The same effective date must be selected for health care, dental and vision plans. Two separate information packets are sent to members: one containing dental and vision plan information and another that includes health care plan information.

How do I choose a plan and how much will it cost?

If you are eligible for the STRS Ohio Health Care Program and complete the Health Care Program section of the *Service Retirement Application*, we will mail you information packets. These packets will include enrollment instructions, plan coverage details and premium information. You can also view this information in your STRS Ohio Online Personal Account. If you do not have an account, visit www.strsoh.org and click “Register” at the top of the home page.

GENERAL QUESTIONS AND NEXT STEPS

When do I need to submit my Service Retirement Application?

Your application should be submitted with STRS Ohio at least three months, but no more than 12 months, before your effective date of retirement.

Will STRS Ohio contact my employer?

After you submit your retirement application, STRS Ohio will contact your employer two months before the effective date of your retirement to obtain information to finalize your benefit. If you submit your application less than two months before your effective date of retirement, STRS Ohio will contact your employer upon receipt of your completed application.

When will I receive my first benefit payment?

If your *Service Retirement Application* is received by STRS Ohio at least 30 days before your effective date of retirement and you have provided complete information (including bank information), we will pay you a benefit on your effective date of retirement. If the actual benefit amount is not calculated by your effective date of retirement, a partial payment will be issued. Most members receive at least three partial payments. Once all information needed to pay your benefit is received, the difference between the partial payments you received and your regular benefit payment will be paid retroactive to your effective date of retirement. Monthly benefits are deposited to your bank account on the first banking day of the month.

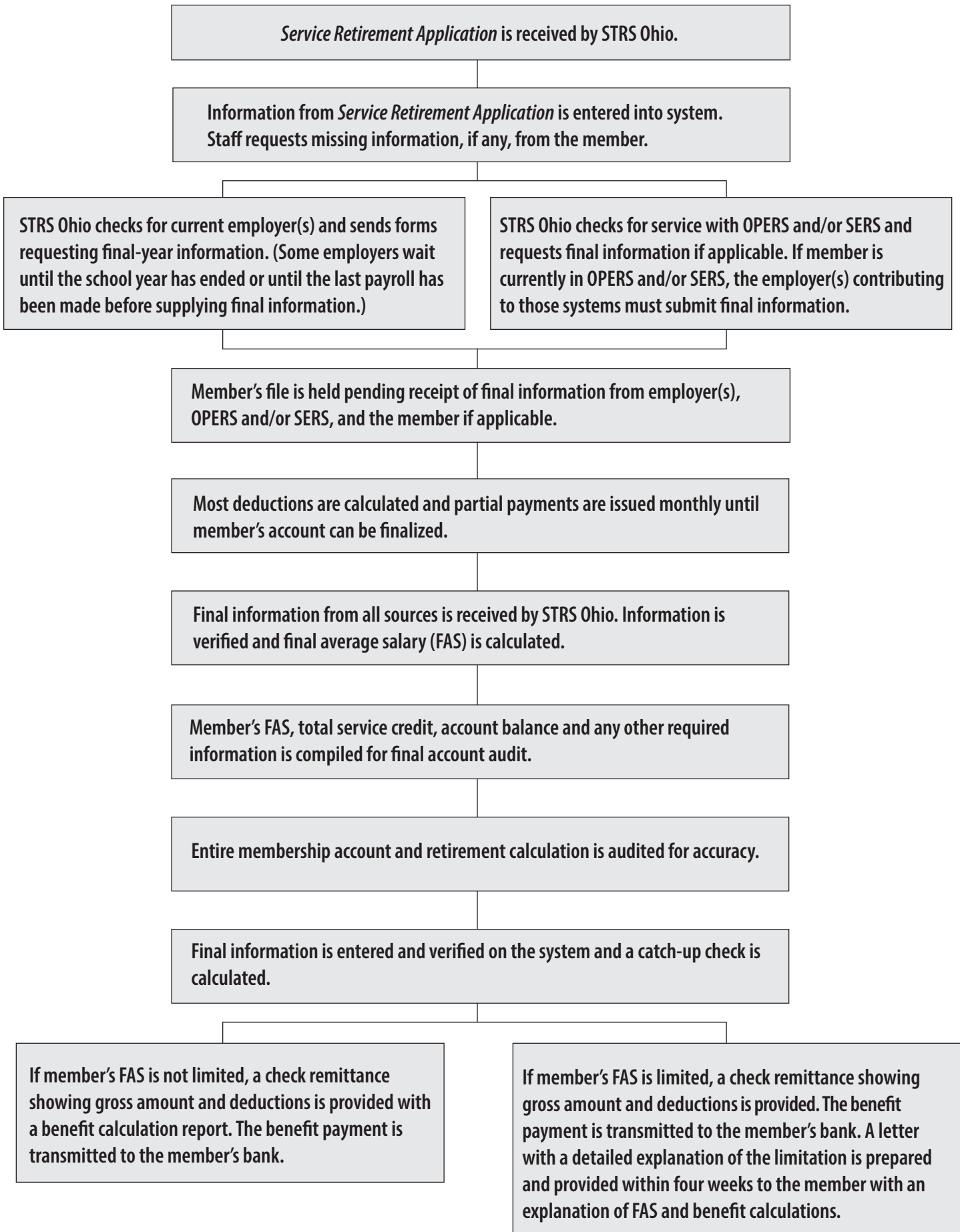
Can I make changes to my application after I send it to STRS Ohio?

Changes in your direct deposit or tax withholding may be made anytime. Changes to your effective date of retirement, plan of payment, PLOP payment amount, the account to which the PLOP payment is to be deposited and the decision to purchase service credit must be submitted in writing and received by STRS Ohio by the 15th of the month following finalization of the retirement benefit. You will be notified of the exact date these options are final.

Will I receive a payment remittance statement every month?

No; however, you may review payment information monthly by accessing your Online Personal Account on the secure STRS Ohio website.

SERVICE RETIREMENT PROCESS





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