



QUESTIONS AND ANSWERS

About Completing Contributions on Military Service and Leaves of Absence for Members Enrolled in the STRS Ohio Combined Plan

Please read carefully before submitting your payment.

In addition to a voluntary rollover of funds from another qualified plan, replacing lost contributions from teaching service interrupted by military service and granted leaves of absence is another way to increase your investment account and increase your retirement benefit from STRS Ohio. Following are answers to a few frequently asked questions about purchasing service.

How is my retirement benefit affected if I buy service?

The amount of your retirement benefit under the Combined Plan is directly based on the amount of money in the defined contribution portion of your account and your service credit at the time of retirement. If you make contributions on the teaching service interrupted by military service, your employer will be required to also make the appropriate contributions. If you were granted a leave of absence and choose to replace those contributions, your employer will be required to make the appropriate contributions, too. Both the member and employer contributions will replace the contributions you could not make during your absence from teaching. Your defined contribution account will increase due to the additional contributions and your defined benefit account will increase by the amount of service credit purchased.

When can I purchase the service?

If you qualify to purchase military service, you may purchase the service anytime after you have returned to STRS Ohio contributing service for one year. If you qualify to purchase credit for a leave of absence, you may purchase the service as soon as the leave begins.

Does the cost increase if I don't purchase now?

If you purchase the service shortly after your return to teaching, the cost of the service is the missed contributions. If you wait, 8% interest may be applied to your contributions for interrupted military service and 8% interest will accrue for your leave of absence. There is an interest-free period for the military service and it is the earlier of five years or three times the length of your military service.

Is there a deadline for purchasing military and leaves of absence service credit?

You must certify the service and have a cost statement issued before your retirement date. Retirees are not permitted to purchase service.

If you roll over pretax funds to complete deposits on your military service or leave of absence, you have three months following the effective date of your retirement to forward the money to STRS Ohio. If you are using after-tax funds (such as writing a personal check) to complete deposits on the service, you will also have three months unless your retirement date is effective June 1 or July 1, then you will have until July 30.

Individuals retiring during the first part of the fiscal year (which runs July 1 through June 30) should also be aware that the completion of deposits on military service that includes an interest payment, or on a leave of absence, might also be limited. The interest payments on the military service and the contributions and interest on the leave of absence payment cannot exceed your earnings received for the school year in which the payment is made. If this occurs, you will be permitted to complete deposits on only part of the service. The contribution limits for military service are based on the year of the military service. However, there are no limits if you purchase either service with a rollover from an eligible tax-deferred account.

May I claim the interest expense of purchased service credit on my taxes in the year of purchase?

For income tax purposes, you may report no portion of your payment before retirement. The member contribution, including any interest charged on the member contribution, is added to your Combined Plan. The employer contributions and any interest are used to purchase service credit for the defined benefit. When you retire from STRS Ohio, the portion of your benefit that is not already taxed will be subject to federal income tax beginning with the first benefit payment. If you withdraw your account instead of receiving a benefit, the portion of the withdrawn amount that has not already been taxed will be subject to federal income tax in the year in which you receive the withdrawal payment.

May I purchase service through payroll deductions?

There is no payroll deduction plan available for this type of purchase.

May I purchase the service using tax-deferred funds?

You may request to roll over tax-deferred funds from another qualified plan to purchase this type of service credit. STRS Ohio accepts rollovers from several plans including a traditional IRA, SEP-IRA, SIMPLE IRA, 401(a), 401(k), 403(a), 403(b) or 457(b) governmental plan. A rollover amount equal to or less than the cost of the service will be applied to the purchase. Any excess amount will be applied to the defined contribution portion of your combined account as a voluntary rollover. A rollover form is included in this mailing. Please follow the instructions on that form to roll funds into STRS Ohio to purchase credit.

Is there a minimum partial lump-sum payment amount?

STRS Ohio requires a minimum partial payment of \$200 or the amount needed to completely purchase the service. When making payment, you must always purchase at least a 0.01 year of service even if the cost is greater than \$200.

Review all the facts before buying credit.

Before you purchase any service, we advise you to discuss your individual retirement with an STRS Ohio benefits counselor and review this document carefully. If you decide to purchase part or all of the service, please **read, date** and **sign** the cost statement and return it with your check to us in the envelope provided unless you are purchasing the service with rollover funds. In this case, read, date and sign the cost statement and return it directly to STRS Ohio and follow the directions on the rollover form to make payment. After your payment is posted to your account, your employer will be billed for the appropriate share of contributions.

Contacting STRS Ohio

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 a one-on-one consultation in our Columbus office, through a teleconference or during field counseling sessions held throughout the state each year.

On the Internet: www.strsoh.org

A quick way to access information is through STRS Ohio's website. You'll find:

- Information on benefits and services while teaching and in retirement,
- Online Personal Account information,
- A special section for higher education faculty, and
- Much more.

By email: contactus@strsoh.org