



The Combined Plan is one of three STRS Ohio retirement plan options available to new members of the system making their retirement plan selection.

COMBINED PLAN

Key Plan Features



- ✓ You **select investments (defined contribution portion)**
- ✓ **Retirement income:** paid from both account portions
- ✓ **Plan reselection** option
- ✓ **Survivor and disability** benefits
- ✓ Access to **health care** coverage*
- ✓ **Purchasable service credit**

*Effective Aug. 1, 2023, new retirees need 20 years of service for eligibility. Coverage under the STRS Ohio Health Care Program is not guaranteed.

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The Combined Plan includes features of both the Defined Benefit Plan and Defined Contribution Plan.

This plan offers the option to select investments for a portion of your contributions.

Retirement benefits are paid from the defined benefit portion based on a formula and from the defined contribution portion based on the performance of investments you select.

You can change to the Defined Benefit Plan or the Defined Contribution Plan during your fifth year of STRS Ohio membership.

Upon meeting eligibility criteria, survivor and disability benefits are offered during your career and, currently, access to health care coverage is offered in retirement.

Under this plan, you can purchase service credit if teaching was interrupted by military service or a leave of absence.

COMBINED PLAN

STRS Ohio Contributions



- **Your contribution — 14% of your annual salary**
 - 12% to **defined contribution portion**
 - 2% to **defined benefit portion** for retirement, disability and survivor benefits
- **Employer contribution — 14% of your annual salary**
 - To **defined benefit portion**

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Under the Combined Plan, members currently contribute 14% of their annual salary.

Twelve percent of the member contribution goes to the defined contribution portion of your account that you manage. The other 2% helps fund the defined benefit portion to pay for service retirement, disability and survivor benefits.

The employer contributes 14% of your annual salary to STRS Ohio and this also helps fund the defined benefit portion of the plan.

COMBINED PLAN

Retirement Benefit Eligibility



Defined benefit portion

- Age 60 with five years of service

Defined contribution portion

- Age 50 if ending service

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You are eligible to receive a retirement benefit from the defined benefit portion of your account at age 60 with five years of service.

For the defined contribution portion of your account, you are eligible for a benefit at age 50 if you end service.

COMBINED PLAN

Retirement Benefit Income



Defined benefit portion

- **An annuity equal to 1% of final average salary (FAS) for each year of service**
 - FAS: Average of five highest years of earnings

Defined contribution portion

- **Lifetime annuity or lump-sum payment based on:**
 - **Deposits to defined contribution account**
 - **Performance** of investments you select
 - **Annuity rates** at retirement


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The annuity from the defined benefit portion will be equal to 1% of your final average salary, FAS, for each year of service. The FAS is the average of your five highest years of earnings.

For the defined contribution portion, you can take that retirement income as a lifetime annuity or lump-sum payment which will be based upon the amount deposited to your defined contribution account, the performance of your investment selections and annuity rates at retirement.

COMBINED PLAN

Retirement Income Calculations, Funding



Example:
defined
benefit
portion

Years of service x 1.0%	X	Final average salary	=	Annual benefit
34 x 1.0 = 34%	X	\$80,000	=	\$27,200 annually

Example:
defined
contribution
portion

Starting salary	\$42,000
Member contribution allocated to DC (12% of \$42,000)	\$5,040
Funds placed in individual account during first year	\$5,040

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The top example shows how the retirement income is calculated under the defined benefit portion of this plan. Assuming 34 years of service and an \$80,000 final average salary, the member would receive an annual benefit of \$27,200.

The bottom example shows how the defined contribution portion of the the plan is funded. With a starting salary of \$42,000, the required member contribution of 12% of that salary — \$5,040 in this example — would be placed in the member’s defined contribution account during the first year.

COMBINED PLAN

Leaving an STRS Ohio-Covered Position



Three options

1. Keep account with **STRS Ohio**
2. **Roll over** fund
 - Individual retirement account, eligible employer plan or another qualified plan
3. **Withdraw** the account*



*Early withdrawal tax penalties may apply.

If you leave STRS Ohio-covered employment before retirement, you can leave your Combined Plan account at STRS Ohio. You can also roll over the funds to an individual retirement account, an eligible employer plan or another qualified plan. Or, you can withdraw the account. If you choose to do so, it will be subject to tax withholding.

COMBINED PLAN

Account Withdrawal Value*



- **Defined benefit portion**
 - The greater of present value of future benefits (with five years of service) or total contributions
- **Defined contribution portion**
 - Member contributions plus gains or losses
- **At age 50**
 - May withdraw/annuitize **defined contribution portion** and leave **defined benefit portion** to fund benefit at age 60

*Early withdrawal tax penalties may apply.

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The withdrawal value for the defined benefit portion would be the greater of the present value of future benefits or your total contributions to the defined benefit portion. Future benefits are payable after five years of service credit.

For the defined contribution portion, you would receive your member contributions plus gains or losses on those contributions.

At age 50 or later, you may withdraw or annuitize the defined contribution portion and leave the defined benefit portion to fund a service retirement benefit at age 60 with at least five years of service credit.

COMBINED PLAN

Key Characteristics and Considerations



- ✓ **Plan reselection** option
- ✓ **Security** of the Defined Benefit Plan
- ✓ **Flexibility, portability and choice** of the Defined Contribution Plan
- ✓ **Involves risk** for the defined contribution portion of the account
- ✓ **Control of your contributions**, similar to the Defined Contribution Plan

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Here are a few Combined Plan characteristics to keep in mind.

- You would have the option to change STRS Ohio retirement plans during your fifth year of membership.
- Upon meeting eligibility criteria, this plan offers disability and survivor benefits during your career and access to health care coverage in retirement.
- You would have the flexibility, portability and choice of moving your defined contribution account funds should you change careers.
- There is investment performance risk for the defined contribution portion; however, you can select and change the investment allocations for your account contributions.

Plan Selection Resources



- ***Investment Options Guide and Selecting Investments video***
- **Nationwide Retirement Solutions: 866-332-3342 (toll-free)**
- **STRS Ohio resources**
 - Website: New Member section
 - Group Benefits Counseling — New Member Overview
- **888-227-7877 (toll-free)**

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For information to help you decide which investment options are best for you, please review the *Investment Options Guide* from your selection packet or view the *Selecting Investments* video. To discuss your investment choices, please contact Nationwide Retirement Solutions toll-free at 866-332-3342.

STRS Ohio offers the following plan selection resources. Our website includes a New Member section. There you will find plan descriptions and frequently asked questions.

We offer a Group Benefits Counseling — New Member Overview opportunity. This small group session led by an STRS Ohio benefits counselor includes a review of the retirement plan options and important considerations when making your plan selection. Registration can be completed using your Online Personal Account.

You can also contact us toll-free at 888-227-7877.