



Alternative Retirement Plan Overview

Full-Time Higher Education Faculty



20-620g, 9/23/0

ALTERNATIVE RETIREMENT PLAN

Key Plan Features



- ☑ A **defined contribution plan**
- ☑ You **select investments**
- ☑ **Retirement income** is based on:
 - **Amount contributed** to the account
 - **Performance** of investments you select
 - **Annuity rates** at retirement
- ☑ **Payout options vary** by vendor

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An alternative retirement plan, or ARP, is a defined contribution plan which offers you control over your entire retirement account in that you can make and change your investment selections.

Your retirement income is based on:

- Your contributions and the amount of employer contributions added to your account;
- The performance of your investment selections; and
- Annuity rates in effect at the time of your retirement.

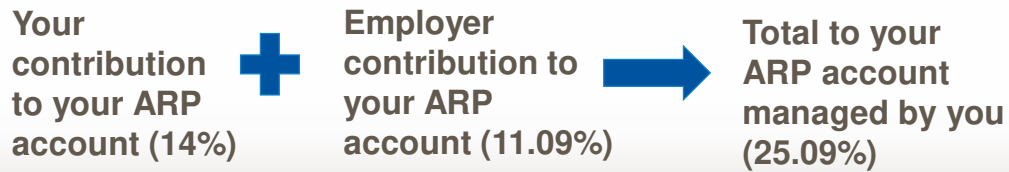
Payout options, such as a lump-sum option or an annuity option, will vary by vendor.

ALTERNATIVE RETIREMENT PLAN

Account Contributions



- **Your contribution — 14% of your annual salary**
- **Employer contribution — 14% of your annual salary**
 - 11.09% to your account
 - 2.91% mitigating rate*



*Amount is subject to change.

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Under an ARP, you and your employer each contribute 14% of your annual salary.

Of your employer's contribution, 11.09% goes to your account and 2.91% — the mitigating rate — is used by STRS Ohio to pay off unfunded liabilities of higher education employers. These rates are the same for STRS Ohio's Defined Contribution Plan.

Under this plan, 25.09% of your annual salary goes directly into your ARP account that you manage.

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Ending Employment Before Retirement



- **When employment ends, you may withdraw/roll over the value of your account***
- **Account withdrawal value**
 - **Participant contributions** plus gains or losses
 - **Vested employer contributions** plus gains or losses
- **Withdrawal options may vary by ARP vendor**

*Early withdrawal tax penalties may apply.

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When you are no longer employed but are not yet eligible for retirement, you may withdraw or roll over the value of your ARP account. If you choose to withdraw, it will be subject to tax withholding.

The account withdrawal value would include both your contributions and vested employer contributions to your account, plus any investment gains or losses. Vesting requirements vary by employer and can be obtained from your employer. Account withdrawal options may vary by ARP vendor.

ALTERNATIVE RETIREMENT PLAN

Considerations: ARP Versus STRS Ohio Plan



- ☑ **Similar characteristics** of ARP* and STRS Ohio's Defined Contribution Plan
- ☑ STRS Ohio offers **17 investment choices**
- ☑ **Competitive fees** of STRS Ohio's investment choices
- ☑ **Varying annuity rates** and sustainable retirement income

*Plan details for ARPs are available from the individual vendors offering a plan through your employer.

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As you evaluate the option of participating in an ARP versus selecting an STRS Ohio retirement plan, here are a few considerations:

- ARP features are similar to STRS Ohio's Defined Contribution Plan.
- STRS Ohio offers 17 investment choices among cash; bonds; large-, mid- and small-cap domestic funds; international; real estate and target date asset choices.
- Fees for STRS Ohio's investment choices offered under the Defined Contribution Plan and Combined Plan are competitive and compare favorably with ARP fees.
- It is important to evaluate a retirement plan's ability to provide sustainable retirement income. ARP annuity amounts vary by vendor and STRS Ohio's annuity is competitive with the general market.

ALTERNATIVE RETIREMENT PLAN

Considerations: ARP Versus STRS Ohio Plan



- ✓ **No plan reselection option** with ARP
- ✓ **ARP provides no disability and survivor benefits or health care** coverage in retirement

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- You can change STRS Ohio retirement plans during your fifth year of membership if you select the Defined Contribution Plan or Combined Plan. If you select an ARP, your decision will be final, unless you change employers.
- An ARP does not offer disability and survivor benefits during your career or access to health care coverage in retirement. These features are available with STRS Ohio's Defined Benefit Plan or Combined Plan.

Plan Selection Resources



- **STRS Ohio website: other plan selection videos and New Member section**
- **Group Benefits Counseling — New Member Overview**
- **888-227-7877 (toll-free)**

CHOICES

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For a better understanding of STRS Ohio's three retirement plan options, be sure to view the *Defined Benefit*, *Combined Plan* and *Defined Contribution Plan Overview* videos. For those considering the Defined Contribution Plan or Combined Plan, we also offer a video on *Selecting Investments*.

The STRS Ohio 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.