



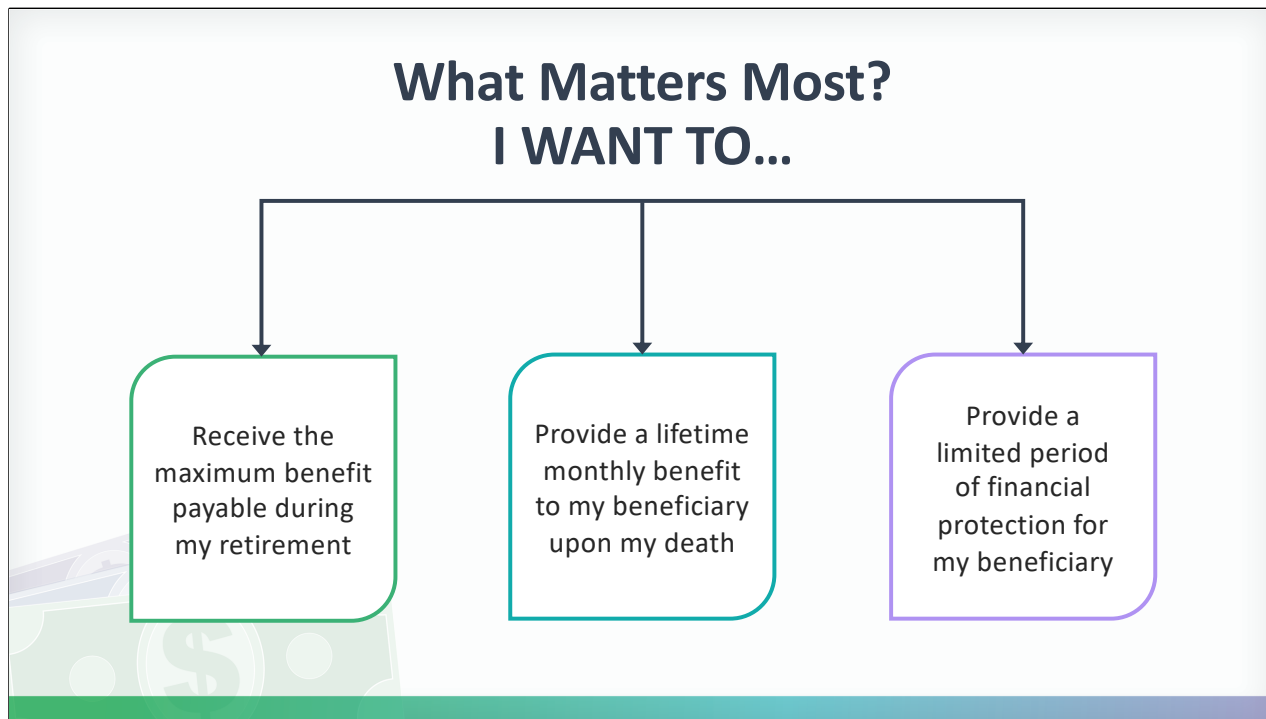
# Understanding Your Retirement Plans of Payment Options



Defined Benefit Plan, Defined Contribution Plan and Combined Plan Participants

20-647, 2/24/0

STRS Ohio members applying for their pension benefits are asked to make a plan of payment selection when completing their *Service Retirement Application*. This video provides an overview of key features of each payment option to better equip you to make an informed selection. We will also provide details about the Partial Lump-Sum Option Plan.



Before evaluating your payment options, it may be beneficial to think about what matters most to you and your life circumstances.

Are you looking to receive the maximum benefit payment available to you? Is there someone you want to provide a lifetime monthly benefit to upon your death? Maybe you want to provide financial protection for your beneficiary but only for a limited period.

Additional considerations might include your health and age as well as availability of other financial resources.

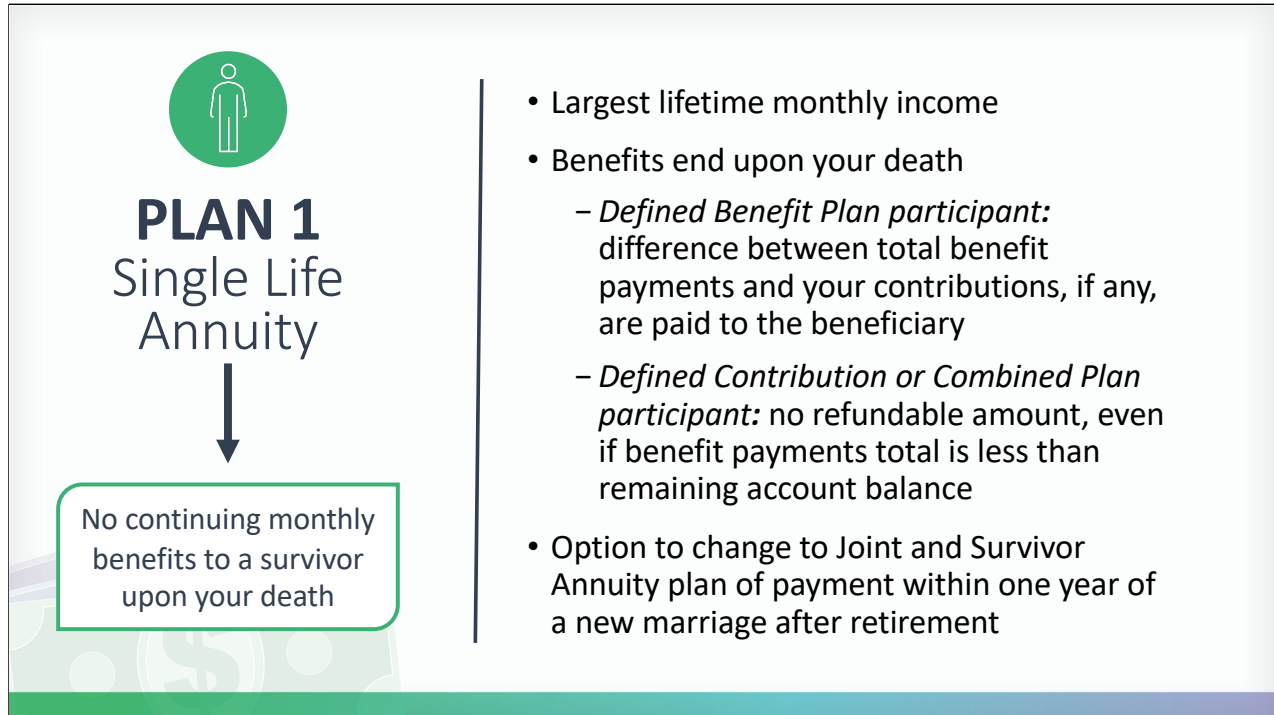
## Three Plan of Payment Options



At the time of retirement, you will need to select one of the following plan of payment options.

- Plan 1: Single Life Annuity;
- Plan 2: Joint and Survivor Annuity; or
- Plan 3: Annuity Certain.

Let's look at the key features of each.




- Largest lifetime monthly income
- Benefits end upon your death
  - *Defined Benefit Plan participant:* difference between total benefit payments and your contributions, if any, are paid to the beneficiary
  - *Defined Contribution or Combined Plan participant:* no refundable amount, even if benefit payments total is less than remaining account balance
- Option to change to Joint and Survivor Annuity plan of payment within one year of a new marriage after retirement

The Single Life Annuity option provides the greatest monthly benefit payment to you for your lifetime. Upon your death, it *does not* provide for continuing monthly benefits to a survivor.

If you are a Defined Benefit Plan participant, upon your death your beneficiary would receive a payment for the difference, if any, between total benefit payments received and your contributions. If you are a Defined Contribution Plan or Combined Plan participant, there is no refundable amount, *even if* the total of your benefit payments received is less than the remaining account balance.

If you select the Single Life Annuity, you have the option to change to the Joint and Survivor Annuity plan of payment within one year of a new marriage that occurs after retirement.



**PLAN 2**  
Joint and  
Survivor  
Annuity

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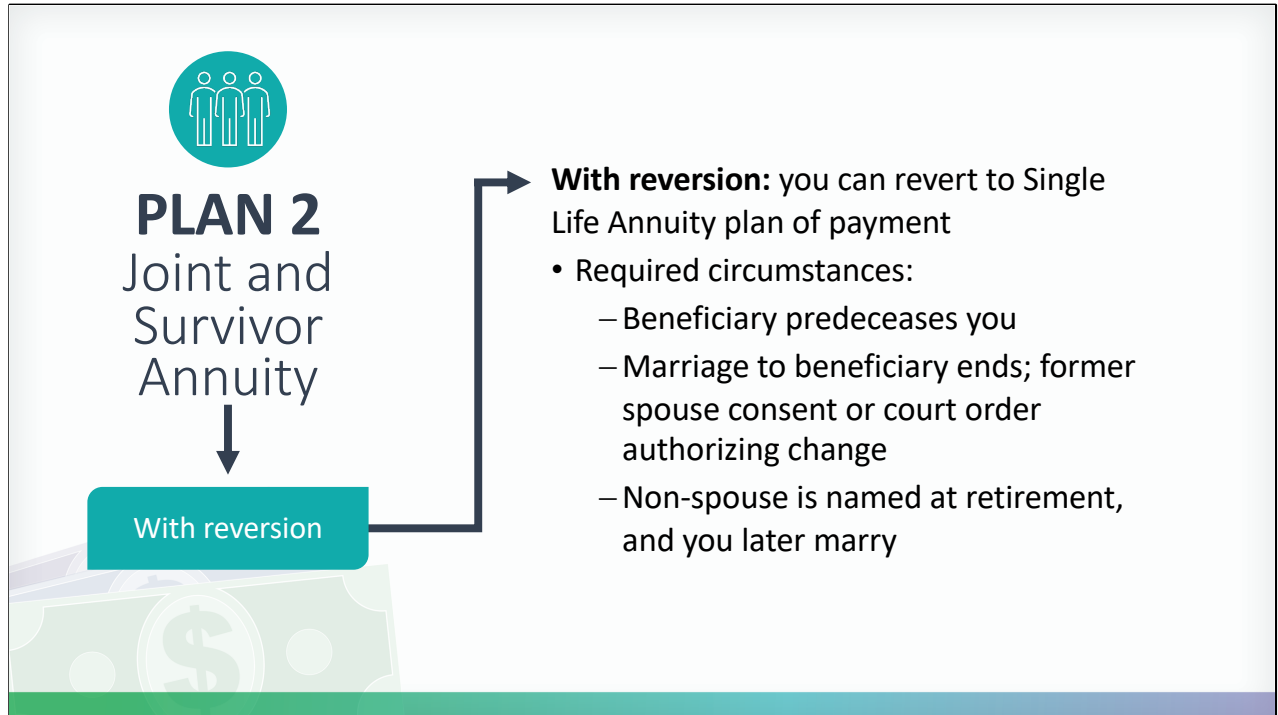
Upon your death, one or multiple primary beneficiaries receive a lifetime monthly benefit

- Reduced lifetime monthly benefit for you
- Four beneficiary options
  - **Option 1:** *same* amount you received
  - **Option 2:** *one-half* the benefit you received
  - **Option 3:** an *amount or percentage* designated by you
  - **Option 4:** Monthly benefit for up to four primary beneficiaries designated by you

Next is the Joint and Survivor Annuity plan of payment option. This plan provides a lifetime monthly benefit to one or multiple primary beneficiaries upon your death. In contrast with the Single Life Annuity, this plan would result in a reduced lifetime monthly benefit for you.

Once you have indicated your beneficiary — an individual of your choosing — you will select from among four options for the benefit level you wish to leave to your beneficiaries.

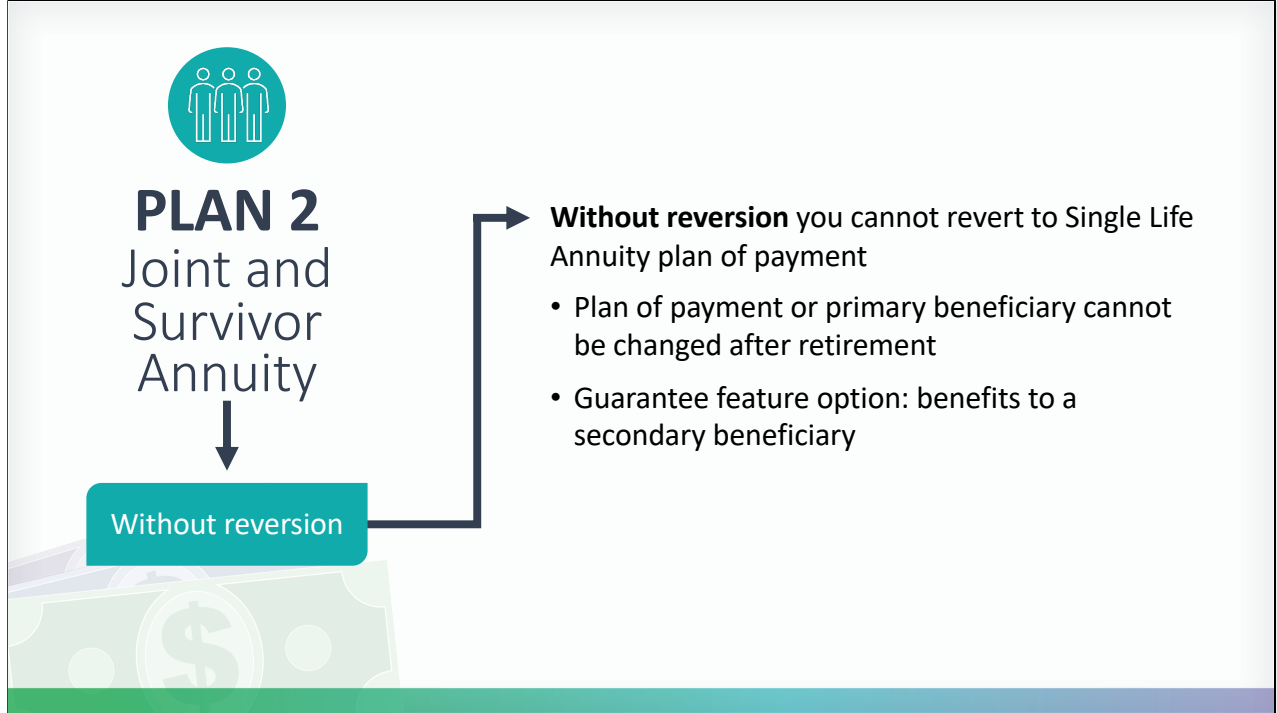
- Under Option 1, the beneficiary would receive the same amount you received.
- Under Option 2, the beneficiary would receive one-half of what you received.
- Under Option 3, the beneficiary can receive an amount or percentage designated by you.
- Under Option 4, you could leave a benefit for up to four primary beneficiaries. The total amount payable to all beneficiaries cannot be less than 10% or exceed the amount payable to you.



There are two additional features under the Joint and Survivor Annuity plan of payment — with reversion **and** without reversion.

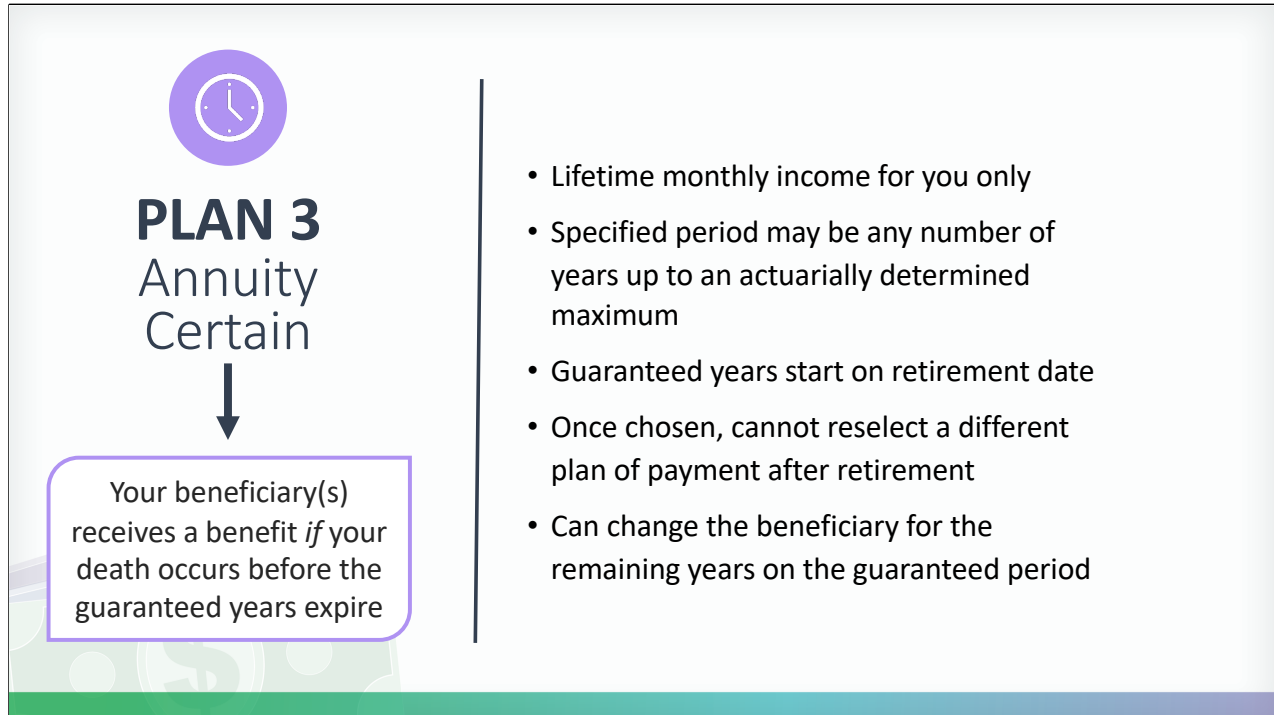
Selecting “with reversion” allows you to revert to a Single Life Annuity plan of payment — the largest benefit payment option — under these specific circumstances:

- Your beneficiary predeceases you;
- Your marriage to the beneficiary ends and there is consent by the former spouse or a court order that authorizes this change; or
- A non-spouse is named at retirement, and you later marry. You may reselect your new spouse as beneficiary within one year of the marriage.



*Without reversion* you cannot revert to a Single Life Annuity plan of payment. Your plan and the named beneficiary cannot be changed after retirement.

This plan of payment option can include a guarantee feature that provides benefits to a secondary beneficiary for a specific number of years. A benefit is only payable *if* both you **and** your primary beneficiary pass away before the specified period expires. This period starts to wind down with your effective retirement date. Regardless of the number of guaranteed years selected under this option, there would be a continuing benefit for you and your primary beneficiary's lifetimes.



**PLAN 3**  
Annuity  
Certain

Your beneficiary(s) receives a benefit *if* your death occurs before the guaranteed years expire

- Lifetime monthly income for you only
- Specified period may be any number of years up to an actuarially determined maximum
- Guaranteed years start on retirement date
- Once chosen, cannot reselect a different plan of payment after retirement
- Can change the beneficiary for the remaining years on the guaranteed period

The third plan of payment option is the Annuity Certain. In contrast to the Joint and Survivor Annuity, this option allows you to take a *lesser* reduction in your lifetime monthly benefit to provide beneficiary protection for a limited number of years. Your beneficiary will receive the same monthly benefit only *if* your death occurs before the guaranteed number of years end.

Additional features to note with the Annuity Certain plan of payment:

- There is an actuarially determined maximum on how many years you can specify.
- The guaranteed years start on your retirement date.
- Once an Annuity Certain is chosen, you cannot reselect a different plan of payment after retirement.
- You can change the beneficiary for the remaining years on the guaranteed period.



## Impact of Plan of Payment Selection on Monthly Payment (Example)

**Scenario based on:**  
Member age: 60  
Beneficiary age: 58

Single Life Annuity (SLA) Maximum monthly benefit	Joint and Survivor Annuity	Benefit for your lifetime		Thereafter to survivor	Annuity Certain 10-year guarantee
<b>\$5,130</b>	<b>Same to Beneficiary</b>				<b>\$5,073</b> 98.90% of SLA
	1(A) with reversion	\$4,678	91.19% of SLA	\$4,678	
	1(B) 5-year guarantee without reversion	\$4,711	91.83% of SLA	\$4,711	
	1(C) 15-year guarantee without reversion	\$4,705	91.73% of SLA	\$4,705	
	<b>1/2 to Beneficiary</b>				
	2(A) with reversion	\$4,893	95.39% of SLA	\$2,446	
	2(B) 7-year guarantee without reversion	\$4,911	95.74% of SLA	\$2,455	
	2(C) 15-year guarantee without reversion	\$4,909	95.69% of SLA	\$2,454	
	<b>1/3 to Beneficiary</b>				
	3(A) with reversion	\$4,971	96.91% of SLA	\$1,640	
3(B) without reversion	\$4,983	97.15% of SLA	\$1,644		

Let's look at an example reflecting how the payment options impact the monthly benefit. Your estimated amounts will differ based on your age, beneficiary and specific account information. All three payment options — Single Life Annuity, Joint and Survivor Annuity and Annuity Certain — provide a lifetime monthly benefit payment to you.

The Single Life Annuity — the largest benefit payable — is \$5,130. It does not provide a continuing benefit upon your death.

Next, the Joint and Survivor Annuity option amounts shown reflect a continuing benefit for your beneficiary. The amounts shown here reflect a member age of 60 and a beneficiary age of 58. You will take a reduction in the Single Life Annuity amount to secure a lifetime benefit to your primary beneficiary upon your death. The level of decrease varies based on the age of yourself and your beneficiary; the amount designated to your survivor; and the selection of with reversion or without reversion.

The third option is Annuity Certain with a 10-year guarantee to your beneficiary. If you were to pass away before the 10-year period expires, your beneficiary receives the balance of benefit payments.

## Partial Lump-Sum Option Plan (PLOP)

Defined Benefit and Combined Plan Participants



Portion of STRS Ohio  
account balance as  
lump sum at retirement



**Minimum:** six times monthly  
Single Life Annuity benefit

**Maximum:** 36 times monthly  
Single Life Annuity benefit

- May be selected with any plan of payment (Single Life Annuity, Joint and Survivor Annuity or Annuity Certain)
- Must be elected in \$1,000 increments, unless minimum or maximum is selected

If you are a Defined Benefit Plan or Combined Plan participant, you have an additional payment option at the time of retirement. You may elect a Partial Lump-Sum Option Plan — also referred to as PLOP. This option allows you to take a portion of your STRS Ohio account balance as a lump-sum payment.

PLOP may be selected in conjunction with Single Life Annuity, Joint and Survivor Annuity or Annuity Certain. Unless you elect to take the minimum or the maximum PLOP payment permitted, the amount must be elected in \$1,000 increments.

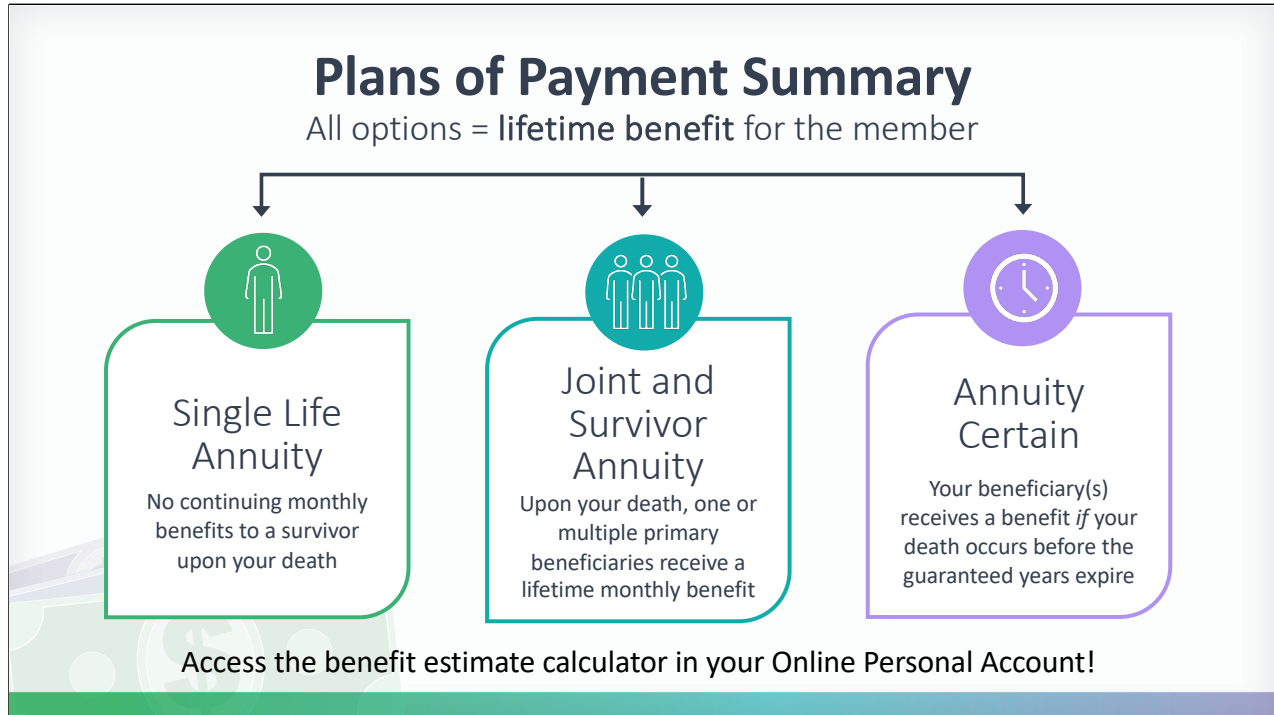
## Important PLOP Considerations



- Permanent monthly benefit reduction
- Applicable future benefit changes calculated on reduced benefit
- Additional reduction for continuing benefit upon your death
- Tax implications
- Social Security benefit reductions based on pre-PLOP amount

The decision to elect a PLOP payment can have long-lasting implications. Carefully consider that doing so will result in a permanent reduction in your lifetime monthly benefit amount. Here are additional important considerations:

- Any future benefit changes are calculated on the reduced monthly benefit amount.
- There would be an additional reduction for continuing benefits to your beneficiaries.
- There may be tax implications. Under federal tax laws, lump-sum payments paid directly to you are subject to a mandatory 20% federal tax withholding. State taxes may apply as well.
- You may also be impacted by Social Security reductions based on the pre-PLOP amount.



Let's recap the key features of the three plan of payment options. Remember, all of them provide a lifetime benefit for you. Choosing a plan is really about the want or need to protect a loved one.

- The Single Life Annuity provides no continuing monthly benefits to a survivor upon your death.
- The Joint and Survivor Annuity provides a lifetime monthly benefit to one or multiple primary beneficiaries upon your death.
- The Annuity Certain provides a benefit to your beneficiary or beneficiaries if your death occurs before the guaranteed years you specify expire.

Access your Online Personal Account on the STRS Ohio website to generate your own retirement benefit estimate. Using the benefit estimate calculator, you can evaluate your specific retirement options and save the estimates for future reference.

## Resources Available to You



- STRS Ohio website
  - Benefit brochures (Publications section)
- 888-227-7877 (toll-free)
- Seminars and webinars
- Individual or group benefits counseling (virtual or in-person)



This concludes our overview of retirement payment options.

Further details about plan of payment options are available in the *Service Retirement and Plans of Payment* brochure, available on the STRS Ohio website.

STRS Ohio also offers the following member services: our Member Services Center toll-free number, member seminars and webinars, and benefits counseling (offered virtually or in-person).

Thank you for your interest in one of many STRS Ohio member education opportunities!