



This bulletin contains important information about new criteria for determining final average salaries and verifying service credit. Please call your employer advisor toll-free at **1-888-535-4050** if you have questions about the following information.

New Exceptions to Final Average Salary Limitations; Employer Assistance Needed

In August 2004, State Teachers Retirement Board Rule 3307:1-4-01 was amended to include new criteria for determining the percentage increase that may be included in compensation used to calculate a member's final average salary.

Prior to Aug. 19, 2004, a percentage increase otherwise excluded under Section 3307.501 of the Ohio Revised Code could be included in compensation if the same percentage increase was paid to other individuals employed in a similar position, provided that no more than one half of the similarly employed individuals were retiring. This provision no longer applies.

Effective Aug. 19, 2004, a percentage increase otherwise excluded under Section 3307.501, Revised Code, may be included in compensation used to determine final average salary if:

1. It is paid pursuant to a teacher salary schedule without regard to supplemental or extended pay contracts;
2. It is paid to an employee not paid under a teacher salary schedule up to the amount payable under a teacher salary schedule to employees with equivalent service and education without regard to supplemental or extended pay contracts; or
3. It is paid by a university or college as an average salary increase.

As a result of the amended Board Rule, STRS Ohio will need your help determining where members, who are not paid under a teacher salary schedule, would be placed on your school's teacher salary schedule based on their years of service and education.

If a member's final average salary is limited, an STRS Ohio retirement liaison will contact you to determine the member's placement on your school's teacher salary schedule. This placement will determine the percentage increase that may be used to calculate the member's final average salary.

Please visit the STRS Ohio Employer Web Site at www.strsoh.org/employer for a current version of all Board Rules.

Service Credit Requires Employer Verification

In October 2004, STRS Ohio members will receive an *Annual Statement of Account*. This statement is a personalized history of earnings, contributions and service credit for each fiscal year a member has worked.

To ensure member account information is accurate, members will be instructed in their annual statements to contact their employers regarding any fiscal year marked with an asterisk. An asterisk indicates that service credit may not be accurate based on compensation earned and service credit reported for the fiscal year.

For STRS Ohio to verify service credit, you must provide the supporting data used to calculate service credit for any fiscal year marked with an asterisk.

Please provide STRS Ohio with the number of days, hours or full-time equivalent by quarter or semester for each fiscal year marked. Using the definition of full time or part time for calculating service credit, please indicate if the member was employed on a full-time or part-time basis. (Refer to Section 7 of the *STRS Ohio Employers Manual* for a complete definition of full-time and part-time service.) STRS Ohio will use this information to make any necessary adjustments to the member's account.

In addition to annual statements, members whose accounts were reviewed as part of a service credit audit will receive a letter from STRS Ohio instructing them to contact their employer regarding any service credit in question. Employers must submit supporting data used to calculate service credit for any fiscal year listed in this letter. Please submit this information directly to your STRS Ohio employer advisor.

Verifying service credit is an important service you provide to your employees. By verifying service credit, you help to ensure that member accounts are accurate so that retirement benefits can be properly calculated in the future.