



# Death Benefits

For members enrolled in the  
Defined Benefit Plan



2018|2019

## Table of Contents

<b>Death Benefits Overview .....</b>	<b>1</b>
Death benefit options and eligibility .....	2
Cost of coverage.....	4
Effective date of coverage.....	7
Miscellaneous.....	9
<b>Contacting STRS Ohio .....</b>	<b>12</b>
<b>Publications available .....</b>	<b>13</b>

STRS Ohio's death benefits may help defray expenses incurred when an STRS Ohio service retirement or disability benefit recipient dies.

STRS Ohio service retirement and disability benefit recipients enrolled in the Defined Benefit Plan are covered by an automatic \$1,000 death benefit funded by STRS Ohio. Disability and service retirement benefit recipients may also purchase an additional death benefit, called a retiree-funded death benefit.

The information in this brochure will help you understand the STRS Ohio-funded death benefit and the retiree-funded death benefit.

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This brochure is a summary written in plain language for use by STRS Ohio members. It is not intended as a substitute for the Ohio Revised Code or the Ohio Administrative Code or for any state or federal law or regulation, nor will its interpretation prevail should a conflict arise between it and any law or regulation. More information may be obtained by contacting STRS Ohio toll-free at 888-227-7877.

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## Death benefit options and eligibility

### STRS Ohio-funded death benefit

Upon the death of an STRS Ohio service retirement or disability benefit recipient, STRS Ohio pays a \$1,000 tax-free death benefit to a designated or qualified beneficiary. **This benefit is automatic to benefit recipients enrolled in the STRS Ohio Defined Benefit Plan.**

### Retiree-funded death benefit

Service retirement and disability benefit recipients may purchase an additional death benefit of \$1,000 or \$2,000. This taxable benefit is optional and is funded by the benefit recipient through deductions from the regular monthly STRS Ohio benefit payments. Listed below are the death benefit options available:

Option	Automatic STRS Ohio-Funded Death Benefit		Optional Retiree-Funded Death Benefit		Total Death Benefit
1	\$1,000	+	None	=	\$1,000
2	\$1,000	+	\$1,000	=	\$2,000
3	\$1,000	+	\$2,000	=	\$3,000

### Who is eligible to obtain death benefits?

The STRS Ohio-funded death benefit is provided to all service retirement and disability benefit recipients enrolled in the STRS Ohio Defined Benefit Plan.

The retiree-funded death benefit is available to service retirement and disability benefit recipients in the Defined Benefit Plan.

### How do I obtain death benefits?

The \$1,000 STRS Ohio-funded death benefit is automatically part of your benefits when you retire or when you begin receiving disability benefits. You name a beneficiary for the death benefit when you complete your *Service Retirement Application* or *Disability Information for Payment of Benefit* form.

To purchase an additional retiree-funded death benefit of either \$1,000 or \$2,000 at retirement, you must complete the appropriate section of your *Service Retirement Application* or *Disability Information for Payment of Benefit* form.

### Will I be able to obtain the retiree-funded death benefit at a later date?

#### Benefits begin before age 65

If you are under age 65 when your service retirement or disability benefits are effective, you have the following options:

- Do not purchase retiree-funded death benefit when benefits begin.** Then, within the three months immediately before the end of the month you turn age 65 you may choose to purchase an additional \$1,000 or \$2,000 retiree-funded death benefit.
- Purchase the \$1,000 retiree-funded death benefit when benefits begin.** Then, within the three months immediately before the end of the month you turn age 65 you may choose to purchase an additional \$1,000 retiree-funded death benefit.
- Purchase the \$2,000 retiree-funded death benefit when benefits begin.**

#### Benefits begin at age 65 or older

If you are age 65 or older when you retire or when disability benefits begin, your only opportunity to purchase the additional \$1,000 or \$2,000 retiree-funded death benefit is when your benefits begin.

## Cost of coverage

### *How much will be deducted from my STRS Ohio benefit payment if I decide to purchase the retiree-funded death benefit?*

The cost is based on your age at the time the retiree-funded death benefit deduction begins, the amount of retiree-funded death benefit you obtain, and whether you receive a service retirement benefit or a disability benefit. The table on Page 5 shows the monthly amount for a service retirement benefit recipient and the table on Page 6 shows the monthly amount for a disability benefit recipient.

Once the retiree-funded death benefit is in effect, your cost does not change as you get older. However, if the cost structure for all premiums changes, your premium could be adjusted.

Once you reach age 100, you will no longer be required to pay a monthly premium; however, coverage will continue.

The following example illustrates the pricing structure: A service retiree, who is age 60 at retirement, obtains \$1,000 of retiree-funded death benefits. At age 65, the retiree obtains an additional \$1,000 of retiree-funded death benefit. Using the table on Page 5, the death benefit deduction for this person is as follows:

Age	Retiree-Funded Death Benefit	Monthly Service Retiree Deduction
60	\$1,000	\$1.78
65	<u>+ \$1,000</u>	<u>+ \$2.45</u>
	\$2,000	\$4.23

Service Retirement Benefit Recipient		
Age as of Purchase Date of Death Benefit	Monthly Benefit Deduction for Retiree-Funded Death Benefit	
	\$1,000 Benefit	\$2,000 Benefit
50	.93	1.86
51	.99	1.98
52	1.06	2.12
53	1.13	2.26
54	1.21	2.42
55	1.29	2.58
56	1.37	2.74
57	1.47	2.94
58	1.56	3.12
59	1.67	3.34
60	1.78	3.56
61	1.90	3.80
62	2.02	4.04
63	2.15	4.30
64	2.30	4.60
65	2.45	4.90
66	2.62	5.24
67	2.79	5.58
68	2.99	5.98
69	3.19	6.38
70	3.42	6.84
71	3.66	7.32
72	3.91	7.82
73	4.19	8.38
74	4.48	8.96
75	4.80	9.60
76	5.14	10.28
77	5.51	11.02
78	5.91	11.82
79	6.35	12.70
80	6.82	13.64
81	7.33	14.66
82	7.87	15.74
83	8.44	16.88
84	9.06	18.12
85	9.72	19.44
86	10.45	20.90
87	11.27	22.54
88	12.18	24.36
89	13.18	26.36
90	14.26	28.52
91	15.41	30.82
92	16.61	33.22
93	17.93	35.86
94	19.48	38.96
95	21.51	43.02
96	24.37	48.74
97	28.68	57.36
98	36.20	72.40
99	53.28	106.56

Disability Benefit Recipient		
Age as of Purchase Date of Death Benefit	Monthly Benefit Deduction for Retiree-Funded Death Benefit	
	\$1,000 Benefit	\$2,000 Benefit
Under 50	\$ 3.57	\$ 7.14
50	3.57	7.14
51	3.57	7.14
52	3.57	7.14
53	3.57	7.14
54	3.57	7.14
55	3.57	7.14
56	3.57	7.14
57	3.57	7.14
58	3.57	7.14
59	3.57	7.14
60	3.57	7.14
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64	3.57	7.14
65	3.57	7.14
66	3.57	7.14
67	3.57	7.14
68	3.57	7.14
69	3.57	7.14
70	3.57	7.14
71	3.66	7.32
72	3.91	7.82
73	4.19	8.38
74	4.48	8.96
75	4.80	9.60
76	5.14	10.28
77	5.51	11.02
78	5.91	11.82
79	6.35	12.70
80	6.82	13.64
81	7.33	14.66
82	7.87	15.74
83	8.44	16.88
84	9.06	18.12
85	9.72	19.44
86	10.45	20.90
87	11.27	22.54
88	12.18	24.36
89	13.18	26.36
90	14.26	28.52
91	15.41	30.82
92	16.61	33.22
93	17.93	35.86
94	19.48	38.96
95	21.51	43.02
96	24.37	48.74
97	28.68	57.36
98	36.20	72.40
99	53.28	106.56

## Effective date of coverage

### *When will the STRS Ohio-funded death benefit and the retiree-funded death benefit be effective?*

#### Service retirement benefit recipients

The automatic \$1,000 STRS Ohio-funded death benefit begins at retirement. This benefit will be paid to the beneficiary regardless of when the retiree's death occurs.

The optional retiree-funded death benefit selected at retirement is effective on either the service retirement date or the first of the month after the retiree submits a *Service Retirement Application* — whichever is later. This benefit is payable regardless of when the retiree's death occurs. There is no waiting period.

An optional retiree-funded death benefit bought after retirement and within the three months immediately before the end of the month you turn age 65 is subject to a six-month waiting period. If the retiree dies within six months of the effective date of the retiree-funded death benefit, STRS Ohio refunds to the beneficiary the deductions withheld but does not pay the retiree-funded death benefit.

For example, a service retiree, age 55 at retirement on July 1, 2019, purchases a \$1,000 retiree-funded death benefit in addition to the \$1,000 STRS Ohio-funded death benefit. At age 65 on Jan. 1, 2029, the retiree purchases an additional \$1,000 retiree-funded death benefit. The retiree dies on April 10, 2029. The following death benefits are payable:

Example	
Automatic STRS Ohio-funded death benefit	\$1,000.00
Retiree-funded death benefit obtained at retirement	\$1,000.00
Refund of deductions for an additional \$1,000 retiree-funded death benefit obtained at age 65 ( $\$2.45 \times 4$ months)	+ \$9.80
<b>Total STRS Ohio death benefits payable</b>	<b>\$2,009.80</b>

In the example on the previous page, if the retiree dies on or after July 1, 2029 (six months or more after the effective date of the retiree-funded death benefit), the beneficiary would receive \$3,000 in STRS Ohio death benefits.

### Disability benefit recipients

The automatic \$1,000 STRS Ohio-funded death benefit begins on the effective date of the disability benefit. This benefit will be paid to the beneficiary when the disability benefit recipient's death occurs.

The optional retiree-funded death benefit is subject to a six-month waiting period regardless of when the benefit is purchased. If the disability benefit recipient dies within six months of the effective date of the retiree-funded death benefit, STRS Ohio refunds to the beneficiary the deductions withheld but does not pay the retiree-funded death benefit.

For example, a disability benefit recipient, age 45 when disability benefits began on Dec. 1, 2018, purchases a \$2,000 retiree-funded death benefit. The benefit recipient dies on March 10, 2019. The following death benefits are payable:

Example	
Automatic STRS Ohio-funded death benefit	\$1,000.00
Refund of deductions for retiree-funded death benefit of \$2,000 ( $\$7.14 \times 4$ months)	+ \$28.56
<b>Total STRS Ohio death benefits payable</b>	<b>\$1,028.56</b>

In the above example, if the benefit recipient dies on or after June 1, 2019 (six months or more after the effective date of the retiree-funded death benefit), the beneficiary would receive \$3,000 in STRS Ohio death benefits.

### May I decrease or cancel my retiree-funded death benefit at a later date?

Yes. You may decrease or cancel your retiree-funded death benefit at any time. For example, if you bought \$2,000 of optional retiree-funded death benefits, you may decrease the optional benefit to \$1,000 or cancel it completely. Your STRS Ohio-funded death benefit would still apply if you decrease or cancel your retiree-funded death benefit.

To decrease or cancel your benefit, please send STRS Ohio a signed notification. If your notice is received on or before the 15th of the month, we will decrease or cancel the amount you specify on the first day of the following month. If notice is received after the 15th, we will decrease or cancel the amount you specify on the first day of the second month following receipt of your notification.

When you decrease or cancel your retiree-funded death benefit, past deductions are not refundable.

If you are under age 65 when you decrease or cancel your retiree-funded death benefit, you will have an opportunity to obtain the benefit again within the three months immediately before the end of the month you turn age 65.

If you are age 65 or older when you decrease or cancel your retiree-funded death benefit, you will have no further opportunity to buy additional coverage.

## Miscellaneous

### *If I am a disability benefit recipient, what happens to my death benefits if my disability benefits terminate?*

If your disability benefits terminate for any reason, the STRS Ohio-funded death benefit and the retiree-funded death benefit ends. Past deductions are not refundable.

There is no STRS Ohio death benefit between the time your disability benefits end and your service retirement benefits begin. When you apply for service retirement, the STRS Ohio-funded death benefit and the optional retiree-funded death benefit will again be available. The cost will be based on your age as of the effective date of service retirement.

### *What do I need to know about naming a beneficiary for STRS Ohio death benefits?*

When applying for service retirement benefits, you will be asked to designate a beneficiary for death benefits on the *Service Retirement Application*. As a service retiree, you may change your beneficiary

designation anytime after monthly benefits begin through your Online Personal Account at [www.strsoh.org](http://www.strsoh.org) or by completing and submitting the *Beneficiary Designation — All STRS Ohio Death Benefits* form available on the website or by calling STRS Ohio toll-free at 888-227-7877.

Disability benefit recipients will be asked to designate a beneficiary for death benefits on the *Disability Information for Payment of Benefit* form following approval of the disability benefit. After monthly benefits begin, disability benefit recipients may change their beneficiary designation anytime through their Online Personal Account at [www.strsoh.org](http://www.strsoh.org) or by completing and submitting the *Beneficiary Designation — All STRS Ohio Death Benefits* form available on the website or by calling STRS Ohio toll-free at 888-227-7877.

If you change the beneficiary for your monthly pension benefit, your death benefit beneficiary is **not** automatically changed.

The beneficiary you name must be the same for the \$1,000 STRS Ohio-funded death benefit and the retiree-funded death benefit. However, the beneficiary for your monthly pension benefit may be different from your death benefit beneficiary.

If you name more than one beneficiary, they will share equally in your death benefit payments. You cannot designate unequal shares to your beneficiaries. For example, you could not designate \$2,000 to one beneficiary and \$1,000 to a different beneficiary.

You may name your estate as your beneficiary.

If you do not name a beneficiary, or if you have an invalid beneficiary designation on file at the time of your death, payment will be made by statutory succession as follows:

A. A qualified beneficiary in the following order:

1. Surviving spouse
2. Children
3. Parents
4. Estate

B. Person who paid your burial expenses

### **How are STRS Ohio death benefits paid?**

Upon notification to STRS Ohio of your death, an application packet will be mailed to the beneficiaries of your death benefit for payment of the benefit. A copy of the death certificate is required.

### **Are death benefits taxable?**

The \$1,000 STRS Ohio-funded death benefit is considered a nontaxable life insurance payment; therefore, it is a tax-free benefit to the beneficiary.

The optional retiree-funded death benefit is taxable. However, premiums paid by the retiree for the optional retiree-funded death benefit are nontaxable if refunded to the beneficiary due to the member's death occurring within six months of the effective date of the retiree-funded death benefit.

If the beneficiary is the spouse or a named beneficiary, we will automatically withhold 20% from the retiree-funded death benefit for federal taxes. However, federal tax can be deferred if the beneficiary completes a rollover of the death benefits to a traditional IRA or other qualified plan.

If the estate or a trust is the beneficiary, we will automatically withhold 10% from the retiree-funded death benefit for federal taxes unless the executor or trustee requests no withholding. Benefits payable to the estate or trust cannot be rolled over.

Your beneficiaries will receive information about taxation and rollovers upon applying for payment of the death benefit.

*For more details about taxation of benefits, contact the Internal Revenue Service, the Ohio Department of Taxation or a qualified tax consultant. STRS Ohio cannot provide tax advice.*



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

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## On the Internet: **www.strsoh.org**

A quick way to access information is through STRS Ohio's website, where you will find the items below and much more.

- Benefit information (while teaching and in retirement)
- Online Personal Account information
- Videos and on-demand webinars
- Counseling and seminar information
- STRS Ohio publications and forms
- Benefit calculators

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## By email: **contactus@strsoh.org**

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## Email news service

STRS Ohio updates members about legislation, benefits and other issues affecting the STRS Ohio membership through our email news service — *eUPDATE*. All members with an email on file receive the *eUPDATE*.

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## Publications available

The following STRS Ohio publications are available on the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org) or by calling toll-free 888-227-7877:

- *Account Withdrawal*
- *Comprehensive Annual Financial Report*
- *Death Benefits*
- *Disability Allowance*
- *Disability Retirement*
- *Educational Opportunities*
- *Employment After Retirement*
- *Preparing for Retirement*
- *Purchasing Service Credit*
- *Service Credit Guidelines*
- *Service Retirement and Plans of Payment*
- *Survivor Benefits*
- *Understanding Your STRS Ohio Benefits — Plan Summary*





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