



Purchasing Service Credit **Fact Sheet**

Other Public Service in Ohio — Ohio Public Employees Retirement System (OPERS)

Section 3307.76, Ohio Revised Code

Credit for past employment that STRS Ohio members may purchase — also known as purchasable service credit — can be used to increase a member's service credit for retirement. Most types of private or public teaching or public employment for which the member did not contribute to an Ohio public retirement system are purchasable. There are numerous types of purchasable service, each with certain eligibility requirements. Most service credit purchases increase the amount of the retirement benefit. Sometimes the purchase of service credit allows a member to meet the age and service requirements for retirement earlier.

STRS Ohio requires that the *Certification of Other Public Service in Ohio* form be completed and submitted to certify nonteaching Ohio public employment with a state, county or city employer, who did not deduct retirement contributions that would have been made to Ohio Public Employees Retirement System (OPERS). If this is not the type of service you want to certify, please call STRS Ohio toll-free at 888-227-7877 or visit www.strsoh.org for a different certification form and fact sheet.

Because records are sometimes difficult to obtain, it is advisable to certify service credit as soon as possible. All of the information requested on the form is required so that eligibility for purchasing service can be determined promptly and accurately. A separate form must be completed by each employer for the service you wish to purchase.

The rest of this fact sheet gives important information about this type of purchasable service credit, such as how the cost is calculated and how much the purchase may increase your benefit at retirement.

Eligibility requirements

1. Nonteaching service rendered in the state of Ohio at a city, state or county employer may be eligible if contributions would have been applicable to OPERS. This includes employment at most state universities and colleges. Service rendered with not-for-profit community-based organizations is not eligible for purchase with STRS Ohio.
2. A member can purchase credit applicable to OPERS provided the:
 - Service is not used in the calculation of any retirement benefit currently being paid or payable in the future or has not already been used in the payment of a retirement benefit.
 - Member did not make retirement contributions to OPERS for this service. (If the member withdrew contributions, he or she can purchase the withdrawn service credit directly from OPERS.)
 - Member is not eligible to purchase credit for this service in OPERS.
 - Member made contributions to STRS Ohio following this type of employment.



3. A member who served as an elected official may be eligible to purchase that service if retirement contributions were not deducted from payments. Also, established members of OPERS may be eligible to purchase an additional .35 of a year of credit for each year served as an elected official. To qualify for this, the member must:
 - Have been elected into the position.
 - Have made retirement contributions to OPERS on the funds paid to serve as an elected official.
 - Have served and been paid for at least 12 full months.

This type of service can be obtained only through OPERS. STRS Ohio does not offer the additional .35 of a year of credit option. The member may be eligible to purchase credit for time served as an elected official for the same time period the member was teaching and contributing to STRS Ohio.

4. If the annual retirement benefit will exceed the limits stated in Internal Revenue Code 415(b) and 415(c), the member will be eligible to purchase service credit only with pretax funds rolled in from a traditional IRA; SEP-IRA or SIMPLE IRA; 401(a) state-sponsored retirement plan, including a 401(k); 403(b) tax-sheltered annuity or 457(b) deferred compensation plan maintained by a state or local government.

Service credit

1. There is no limit to the total amount of credit a member can buy, except that the total service credit cannot exceed one year in any STRS Ohio fiscal year. For example, a member who earned .50 of a year of credit for the 1989–1990 fiscal year may purchase up to a maximum of .50 of a year for that same year. The exception would be elected official credit that may be purchased in addition to a member already having 1.00 year of service for any given fiscal year.
2. The amount of credit eligible for this service is determined based on the number of days or months worked in a 12-month calendar year.

Cost information

A purchase of service credit can impact a member's benefit in one of the following three ways:

1. **Increase the retirement benefit** — A member who is already eligible for a retirement benefit without the purchase of credit may purchase credit to increase the amount of that benefit. For example, a member purchases one year of service credit to receive an additional 2.2% of the final average salary (FAS) every year for the member's lifetime.
2. **Eliminate or lower the early retirement reduction** — Members may retire early with an actuarially reduced benefit based on years of service credit and age at retirement. Purchasing additional credit could help the member reach eligibility for unreduced benefits or lessen the actuarial reduction the member will incur due to an early retirement.
3. **Create retirement eligibility** — A member who is not yet eligible for a retirement benefit may purchase credit to reach eligibility. For example, a member who is one year away from reaching 33 years of service and retirement eligibility buys 1.00 year of credit during the 32nd year of service to become eligible for retirement a year sooner.* This type of purchase results in the highest cost.

**Effective Aug. 1, 2019, the eligibility requirement for an unreduced benefit is any age with 33 years of service. The required service credit increases every two years thereafter until reaching a requirement of 35 years of service on Aug. 1, 2023. A minimum age 60 requirement will be added beginning Aug. 1, 2026.*



Because purchasing credit may increase the amount of your retirement income and/or enable you to retire sooner, the amount you pay to purchase the credit reflects the additional liability to STRS Ohio resulting from your purchase.

Purchasable service at 100% liability must be purchased in whole-year increments. A member who certifies and purchases only a partial year of credit has the option to certify and purchase the balance of that year at a later time for no additional cost.

The cost for service credit is based on your salary multiplied by a factor that is based on your age and years of service credit. **For a cost estimate, go to www.strsoh.org and click on “Calculators” under Resources.**

Calculating the retirement benefit with the purchased credit

1. The benefit formula is 2.2% for all years of service and the FAS calculation is based on the average of the five highest years of earnings. There is an exception for members retiring after July 1, 2015, and eligible for a transition benefit. The transition benefit is the monthly benefit amount members would have received if they were eligible for service retirement and had retired on July 1, 2015.
2. The retirement benefit cannot exceed 100% of the FAS. Any service credit purchased that is not required for the maximum retirement benefit will be refunded to the member with no payment of interest for the time STRS Ohio held the funds.
3. If the purchase is made at OPERS, the OPERS and STRS Ohio accounts may be combined at retirement.

Completing the certification form

The certification form needs to be completed and submitted to STRS Ohio either online or by mail. Directions for submitting online or by mail are detailed in the Certification Form Instructions included with the certification form.

1. **Part 1 must be completed by you.** STRS Ohio requires the most current contact information for our records.
2. **Part 2 must be completed by the official employer or custodian of records.** Ohio statute requires all of this information to determine the eligible amount of service credit and cost. Please ask the official employer or custodian of records to pay special attention to our instructions under the Record of Purchasable Service section in order to obtain the maximum service credit available.

STRS Ohio certification process and cost statement information

1. STRS Ohio will send a letter of acknowledgment to you after receiving the form. If the form is submitted online, an acknowledgment email will be sent within one business day of STRS Ohio receiving the form.
2. If the form is completed correctly, a reply will be sent to you as outlined below.
 - STRS Ohio will notify you in writing if the form has been forwarded to OPERS for evaluation.
 - After STRS Ohio receives a reply from OPERS, we will notify you in writing whether or not the service is eligible for purchase.
 - If OPERS determines you are not eligible to obtain credit for the service for reasons of non-membership with OPERS, you may still be eligible to purchase the credit with STRS Ohio.



- If the service is eligible for purchase, a cost statement will be mailed. Carefully read the notes that may be printed across the bottom of the cost statement for specific information. If you signed an exemption for the service, a cost statement will be mailed by the retirement system in which you have the greatest amount of service credit.
 - You will receive a lump-sum cost unless an installment payment cost is requested.
 - If the service is not eligible for purchase or if additional information is required, you will be notified in writing.
 - In some situations, OPERS may determine an employer error occurred and you could possibly receive the credit free of charge.
 - If you receive correspondence from OPERS, you should respond as quickly as possible. OPERS will not provide information to STRS Ohio until it receives everything it requires from you.
3. The determination of eligibility to purchase service credit can be delayed by any of the following:
 - The certification form is not completed correctly.
 - The certifying official is not recognized by OPERS.
 - You fail to respond to a request made directly by OPERS.
 4. The service credit may be purchased within the valid period on the cost statement or another cost statement may be requested at a later date.
 5. If the service credit is certified and at least one cost statement is issued before your retirement date, you may purchase service credit up to three months after the retirement effective date, as long as the benefit calculation has not been finalized. For example, if the retirement effective date is July 1, service credit must be purchased by Sept. 30.

Methods for purchasing service credit

- Lump-sum purchase made by check.
- Lump-sum purchase made with pretax rollovers or direct transfer of funds.
- A lump-sum tax-deferred payment will be accepted from an employer.
- Installment payments may be arranged with your employer. Some schools offer only pretax plans or after-tax plans, and some schools offer both plans.

More information about the methods to purchase service credit will be mailed to you with the cost statement if the service is eligible for purchase.

Contacting STRS Ohio

By phone: 888-227-7877 (toll-free) | **Online: www.strsoh.org** | **By email: contactus@strsoh.org**
Our benefits counselors can provide more detailed information with one-on-one consultation in our Columbus office, through a teleconference or during field counseling sessions held throughout the state each year. Call Monday–Friday, 8 a.m.–5 p.m. to schedule an appointment.