



Purchasing Service Credit **Fact Sheet**

Absence Due to Pregnancy or Adoption

Section 3307.771, 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 Resignation or Leave of Absence Due to Pregnancy or Adoption* form be completed and submitted to certify leaves of absence or resignation due to pregnancy or adoption. The leave of absence or resignation must have been from a teaching position at a public school, college or university in Ohio. 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 should be completed for each period of absence 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. The member's resignation or leave must have been granted before July 1, 1982, and the member must have been actively employed in an STRS Ohio-covered position at the time.
2. The leave or resignation must have been from an STRS Ohio employer, not an out-of-state employer.
3. The member must have been pregnant or in the process of adopting a child at the time the leave or resignation began. If the child was born during the summer, the absence would need to have been requested before the birth of the child. Leaves or resignations due to adoption are also applicable to male STRS Ohio members.



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

The total service credit purchased under this section and all other previous open windows for absences and resignations due to pregnancy may not exceed a combined total of two years. For example, if two years of credit for a resignation due to pregnancy has already been purchased, no additional credit for an absence due to pregnancy can be purchased.

If a member purchased two years and had another absence due to pregnancy for which she was granted a leave of absence, that period of absence could be purchased as a past leave of absence. In this circumstance the member will need to complete a *Certification of Past Period of Absence* form, which can be obtained on the STRS Ohio website (www.strsoh.org) or by calling STRS Ohio toll-free at 888-227-7877.

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.

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.**

*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.

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.

Completing the certification form

Both the member and employer sections of the certification form need 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. Member's Application to Purchase Credit for Resignation Due to Pregnancy or Adoption

- This part must be completed by you. STRS Ohio requires the most current contact information for our records.

2. Part 1 — Employer Certification

- The reporting employer who accepted the resignation or granted the leave of absence must complete this part. In this section, the employer is providing the beginning date of your absence, the name of the district from which you left and the reason for the absence.
- If the reporting employer does not certify the reason for the absence as pregnancy, you may submit one of the following items with the certification form to prove you were pregnant or in the process of adoption when the absence was approved.
 - Copy of the child's birth certificate.
 - Either a statement from the physician or a copy of medical records (if the pregnancy did not result in a birth).
 - A copy of the court order granting adoption (if the member is certifying a leave or resignation due to adoption). The child must have been placed in the member's home within 12 months after the resignation or leave.

3. Part 2 — Employer Certification

- The reporting employer — the one who accepted the resignation or granted the leave of absence — is responsible for completing Part 1. That employer should return the form(s) to you. Next, you should have Part 2 completed by the first reporting employer who withheld STRS Ohio contributions following the absence. The employer for Part 1 and Part 2 may be the same employer. The employer who completes Part 2 should return the completed form to you and you will need to submit the form to STRS Ohio.



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.
 - 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. 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.
2. The determination of eligibility to purchase service credit will be delayed by any of the following:
 - The reason for the absence was not completed on the form or the absence was due to adoption and documentation was not included with the form.
 - The certification form is not completed correctly.
3. 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.
4. 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 may be made by check.
- Lump-sum purchase may be 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.