Completing My Service Retirement Application

Frequently Asked Questions and Next Steps to Retirement

For Members Enrolled in the Defined Benefit Plan

State Teachers Retirement System of Ohio
This booklet is designed to answer frequently asked questions about completing the Service Retirement Application. If you have a question that is not addressed here, please call STRS Ohio’s Member Services Center toll-free at 888-227-7877.

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FREQUENTLY ASKED QUESTIONS

SECTION 1 — PERSONAL INFORMATION

When is my “effective date of retirement?”

Your effective date of retirement is the date your benefits begin, not your last day of employment. The effective date of retirement is ALWAYS on the first of the month. Specifically, it is the first day of the month following the latter of:

- Your last day of teaching or other public service
  
  Example: If your last day of service is June 5, 2020, then your effective date of retirement would be July 1, 2020.

- Attainment of age and service requirements
  
  Example: If your 60th birthday is Oct. 15, 2020, then your effective date of retirement would be Nov. 1, 2020.

- Official certification with STRS Ohio of all purchasable service to be included in your retirement benefit, assuming the service is purchased no later than three months following your effective date of retirement
  
  Example: If the date your service is officially certified and a cost statement is issued on Dec. 18, 2020, then your effective date of retirement is Jan. 1, 2021.

How do I know if I need to name a former spouse as a beneficiary?

Review your divorce decree, Property Settlement Agreement or other court documentation related to your divorce to determine if you are to leave a portion of your retirement benefit that continues after your death to a former spouse. To provide a continuing benefit after your death, you must select a Joint and Survivor Annuity plan of payment option and name the individual as a beneficiary on your Service Retirement Application. If you are required to leave a continuing benefit after your death, STRS Ohio is required by Ohio law to pay the benefit in accordance with the court documentation pertaining to your divorce. If naming a former spouse as a beneficiary, you must submit with your application a copy of your divorce decree, Property Settlement Agreement or other court order that addresses your STRS Ohio retirement benefit. If the documentation and your plan of payment selection on the application are not clear, STRS Ohio will request clarification. Additional documentation from the court may be needed to clarify the interest a former spouse has in your benefit as a Joint and Survivor Annuity beneficiary if any.

If you are required to leave a portion of your benefit to a former spouse while you are receiving a benefit, it is most likely completed through a Division of Property Order (DOPO). A DOPO is issued through the court, sent directly to STRS Ohio by the clerk of courts and specifies an amount of your monthly benefit that must be paid to a former spouse while you are receiving a monthly benefit. A DOPO is a separate court document and does not impact your Service Retirement Application. You may be required to provide a benefit to a former spouse when your retirement begins (DOPO) and a benefit after your death (Joint and Survivor Annuity plan of payment).

What if I don’t know my last date of service?

If you are not sure of your last date of service at the time you are completing your Service Retirement Application, use the last day of your final month of service. For example, if your final month of service will be June 2020, use June 30, 2020.

How do I indicate plans for reemployment after retirement?

On Page 3 of the Service Retirement Application, you are asked to list all current and new Ohio public employers — school and nonschool. If you plan to continue or begin employment with any of these employers after retirement, check the “yes” box and provide the first date of service after retirement in the space provided.

Please review the “Terminating employment” and “Reemployment restrictions” sections on Page 1 of the Service Retirement Application for more information about reemployment.
How do I know if I have other service credit to purchase?

STRS Ohio members may purchase service credit for certain types of past employment — including out-of-state teaching service, private school teaching service, other types of public service and leaves of absence. Please refer to the Purchasing Service Credit brochure for a complete description of the types of purchasable service.

Because records are sometimes difficult to obtain, it is advisable to certify the service credit as soon as possible. This does not obligate you to buy the credit, but it does verify the credit amount and current cost. Service credit you want to purchase must be certified and a cost statement issued before your effective date of retirement. All purchases you plan to make must be paid in full within three months after your effective date of retirement.

Purchasing service credit may increase the amount of your retirement income and/or enable you to retire sooner.

SECTION 2 — PLAN OF PAYMENT SELECTION

What is “reversion?”

If you choose a Joint and Survivor Annuity (Plan II), you may select a “reversion” feature that allows you to revert to a Single Life Annuity in the following circumstances:

- Your beneficiary dies before you; or
- Your marriage to the beneficiary terminates, provided that you have written consent from your former spouse or the appropriate court document authorizing such a change.

What if I marry or remarry after retirement?

Within the first year following your marriage after retirement, you may make application to provide a continuing monthly benefit to a new spouse if one of the following conditions are met.

- If you chose a Single Life Annuity (Plan I), you may select a Joint and Survivor Annuity naming your new spouse as beneficiary; or
- If you chose a Joint and Survivor Annuity (Plan II with reversion), you may reselect your new spouse as the beneficiary. If your current Joint and Survivor Annuity plan included a former spouse or spouses as beneficiaries and you are required to retain these beneficiaries pursuant to a court order or court orders, you may add the new spouse only if you do not exceed a total of four beneficiaries or reduce your monthly benefit below the maximum Joint and Survivor benefit amount.

SECTION 3 — BENEFICIARY DESIGNATION FOR MONTHLY BENEFIT PAYMENTS

What is the difference between a primary and secondary beneficiary?

The primary beneficiary is the person (or persons) who will receive any remaining benefits from the retirement account following the death of the retiree. The plan of payment you choose will determine what, if any, benefits the primary beneficiary is eligible to receive.

The secondary (or contingent) beneficiary is the person (or persons) who would receive monthly payments for the balance of a guaranteed period under a Joint and Survivor Annuity, Option 1(B), 1(C), 2(B) or 2(C), if both the retiree and primary beneficiary die before the guaranteed period ends. If there are two or more contingent beneficiaries, each beneficiary would share equally in a lump-sum amount of the present value of future monthly payments.

For all other plans of payment, the secondary beneficiary is the person(s) who would receive any remaining contributions from the retirement account if both the retiree and primary beneficiary die before the total member contributions are paid. If the total monthly benefit payments are more than your contributions, the secondary beneficiary receives nothing.

Do I need to list a secondary beneficiary?

A secondary beneficiary is required if you choose one of the Joint and Survivor Annuity options with guaranteed years.
Can I name more than one primary beneficiary?
If you select Plan I — Single Life Annuity or Plan III — Annuity Certain as your plan of payment, you can name more than one primary beneficiary. Be sure to connect each full name with the word “and.” If necessary, you can include these names and addresses on a separate page.
If you select Plan II — Joint and Survivor Annuity, the only option that allows for multiple primary beneficiaries is Option 4. If you choose this option, you must complete Section 4 of the Service Retirement Application on Page 7.

SECTION 4 — MULTIPLE PRIMARY BENEFICIARIES

Why should I consider the Multiple Primary Beneficiaries Joint and Survivor Annuity?
If you need or want to provide financially for more than one individual following your death, this plan of payment option is available. For example, members who are divorced and required by court order to leave a continuing monthly benefit to a former spouse after the member’s death may take this option and also leave a benefit to a current spouse. Members who have a disabled child may want to leave continuing monthly benefits to a spouse and the disabled child.

How does the annuity work?
You can specify a percentage or fraction of your benefit or a flat dollar amount to be continued following your death to up to four beneficiaries. However, the amount cannot be less than 10% of your benefit unless a court order requires less than 10%. For example, upon your death, one beneficiary could receive 30% of your benefit, while a second could continue at 20%, and a third and fourth could continue at 10% each. Your benefit will be reduced based on the ages of the beneficiaries and the amount of the survivor benefit provided to each. The percentages designated to beneficiaries do not have to equal 100%.

A Benefit Estimate calculator is available on STRS Ohio’s website, www.strsoh.org, in the Resources section. You can use this tool to estimate benefits for all plan of payment options, including the Multiple Primary Beneficiaries Joint and Survivor Annuity. You may also call toll-free 888-227-7877 to request a benefit estimate or a counseling session to discuss retirement plans or plan of payment options.

Is there a limit to how much I can leave each beneficiary?
Your benefit and each beneficiary’s benefit are tested to verify the combination is valid. You cannot leave more monthly to the beneficiaries than you will receive monthly, and the Internal Revenue Service may limit the amount of monthly benefit a non-spouse may receive. Unless otherwise required by court order, the minimum payment to a beneficiary is 10% of your benefit. Under this plan of payment, if you and all of your beneficiaries die and the total monthly benefit payments were less than your contributions, the remaining contributions will be paid to your estate.

If the court requires you to leave a portion of your monthly benefit to a former spouse, you must submit a copy of the court order when you apply to retire.

If I select the Multiple Beneficiaries Joint and Survivor Annuity, can I change this plan of payment later?
You will be permitted to change this plan of payment only if:

• One of the beneficiaries is your spouse and the marriage terminates — provided written consent is submitted by the former spouse or there is appropriate court documentation authorizing such a change; or
• All beneficiaries named at retirement are non-spouses and you marry after retirement. Within the first year of marriage, you would be able to reselect a plan of payment with your new spouse as a beneficiary. Up to three beneficiaries named at retirement may be retained; however, the total amount payable to all beneficiaries at your death cannot exceed the benefit paid to you. Any amounts payable due to court orders must remain in place during the lifetime of that beneficiary. Former spouses named as beneficiaries as directed by a court order cannot be removed while living.

Survivor benefits provided to any non-spouse beneficiaries cannot be increased through a reselection.
SECTION 5 — PARTIAL LUMP-SUM OPTION PLAN (PLOP) ELECTION

What is the Partial Lump-Sum Option Plan (PLOP)?

The PLOP allows you to take an amount from six to 36 times the monthly Single Life Annuity benefit in a lump sum at retirement. Monthly benefits still begin with your effective date of retirement, but they are reduced to reflect the amount taken in a lump sum. More details about this plan of payment option can be found in the Service Retirement and Plans of Payment brochure.

Is a PLOP payment taxable?

PLOP payments made directly to you that are eligible for rollover are subject to a mandatory 20% federal tax withholding. You may be subject to a higher or lower federal tax rate for this payment and a 10% penalty for early withdrawal. This penalty does not apply if you receive the lump sum after you reach age 59-1/2 or you have separated from service and have taken payment in or after the year in which you turned age 55. A PLOP payment is also subject to Ohio state income tax if you reside in Ohio. For further information, consult a tax advisor.

You may roll over your PLOP payment to a traditional individual retirement account (IRA), a Roth IRA, a SEP-IRA, a SIMPLE IRA, an eligible employer plan or another qualified plan to avoid the immediate tax withholding and possible penalty. Qualified retirement plans include any IRA or Keogh plan, 401(a), 401(k), 403(b) accounts and 457(b) governmental plans. Retirement plans are not required to accept rollovers. Be sure to confirm that your plan administrator will accept these funds.

A Special Tax Notice will be mailed about one month before your payment is issued. Please review the document closely since it provides tax information that may be helpful to you and your tax preparer.

When is the PLOP payment paid?

A PLOP payment is paid no earlier than 91 days after your effective date of retirement or the date all necessary information is received and your retirement benefit is finalized, whichever is later.

SECTION 6 — SPOUSAL CONSENT AND NOTARY CERTIFICATION

Does my spouse have to sign this section and should it be notarized?

If you are married when you submit the Service Retirement Application, your spouse must consent to your selection if you have selected:

Plan I — Single Life Annuity

Plan II — Joint and Survivor Annuity:
• Protecting your spouse with less than one-half of the benefit, or
• Protecting a non-spouse beneficiary.

Plan III — Annuity Certain

Partial Lump-Sum Option Plan

If this applies to you, your spouse must consent to your selection by signing the Spousal Consent section on Page 11 of the Service Retirement Application before a notary public.

The spousal consent is not required if:
• You are required to elect a plan of payment pursuant to a court order and your current spouse is also a beneficiary under that plan; or
• You are required to provide an amount to a former spouse or spouses pursuant to a court order or orders that is the maximum amount payable in a Joint and Survivor Annuity plan of payment.

Without spousal consent for the plans as indicated, a Joint and Survivor Annuity with one-half of the benefit continuing to the spouse with reversion and without a PLOP payment will be automatically selected for you.
SECTION 7 — DIRECT DEPOSIT TO BANK ACCOUNT

How will I receive my benefit payments?
STRS Ohio will directly deposit all monthly benefit payments into your checking, savings or investment account. Instructions for setting up direct deposit are listed on Page 10 in the Service Retirement Application. If you have further questions, please contact STRS Ohio’s Member Services Center toll-free at 888-227-7877.

SECTION 8 — FEDERAL INCOME TAX WITHHOLDING

Is my retirement benefit subject to federal tax?
Yes, and unless you direct otherwise, STRS Ohio must withhold federal income tax starting with your first benefit payment. You must choose Option 1, 2 or 3 in the Federal Income Tax Withholding section on Page 13 of the Service Retirement Application. If this section is left blank, STRS Ohio will withhold federal taxes with the assumption that you are married with three allowances. For more information, see the Taxes and Your STRS Ohio Benefits leaflet.

How do I change my tax withholding?
You can change your state or federal tax withholdings on your monthly benefits anytime at www.strsoh.org in the Online Personal Account area. Your withholding will automatically adjust if the tax tables change or if your benefit changes.

What is the “Optional additional withholding?”
In addition to the calculated withholding (if you choose Option 2 or Option 3 on Page 13 of the Service Retirement Application), you may want to increase the amount of your withholding. If so, check the box under “Optional additional withholding” and enter the additional amount.

SECTION 9 — STATE INCOME TAX WITHHOLDING

Is my retirement benefit subject to state tax?
Your monthly retirement benefit is subject to Ohio income tax if you are an Ohio resident. State income tax will be withheld only for the state of Ohio and you must request this withholding in the State Income Tax Withholding section on Page 13 of the Service Retirement Application. Only whole dollar amounts or a percentage can be withheld from your monthly benefit. If you do not request a whole dollar amount or percentage, the amount will be rounded to the nearest dollar or whole percentage. The state of Ohio does not accept number of exemptions for retirement income withholding.

If you do not elect to withhold Ohio income tax, you will be responsible for paying Ohio income tax, if you reside in Ohio, through estimated payments or at the end of the year. For more information or to estimate state of Ohio tax withholding, see the Taxes and Your STRS Ohio Benefits leaflet.

SECTION 10 — DEATH BENEFIT LUMP-SUM PAYMENT

What is the death benefit?
All STRS Ohio service retirees enrolled in the Defined Benefit Plan are covered by an automatic death benefit funded by STRS Ohio. At your death, a $1,000 benefit will be paid in a single payment to the beneficiary you designate in the Death Benefit Lump-Sum Payment section on Page 13 of the Service Retirement Application.

You may increase the amount of the death benefit by $1,000 or $2,000 by authorizing a deduction from your monthly retirement benefit to pay for this additional coverage. For more information, please see the Death Benefits brochure.
Can I name a different beneficiary than the person(s) designated for my benefit payments?

Yes, the death benefit is separate from your benefit payments. You can name the same beneficiary for both, or you may name different beneficiaries. If you name more than one beneficiary, connect each full name with the word “and.” You may change your death benefit beneficiary anytime. If you do not name a beneficiary, the statutory succession of beneficiaries will apply. The death benefit proceeds would be payable in the following order:

- Surviving spouse, if any; or
- In equal shares to children of the deceased member; or
- In equal shares to the parents of the member; or
- To the estate of the member.

If you are under age 65 at retirement, you will have another opportunity to purchase additional death benefit coverage at age 65 at a higher rate.

SECTION 11 — ACKNOWLEDGMENT OF MEMBER

Please be sure to sign and date the application in ink.

ENROLLING IN THE STRS OHIO HEALTH CARE PROGRAM

Am I eligible for STRS Ohio health care?

Health care coverage is currently offered to members with 15 or more years of qualifying service credit (20 years if retiring on or after Aug. 1, 2023). The individual’s permanent residence must be in one of the U.S. 50 states or U.S. territories to be eligible for coverage. Eligibility for health care coverage is determined by the State Teachers Retirement Board and is subject to change.

Coverage under the STRS Ohio Health Care Program is limited for non-Medicare enrollees employed in public or private positions. Employed enrollees are eligible only for secondary health care coverage through STRS Ohio’s Basic Plan if they: (1) are eligible for medical and prescription drug coverage through their employer, or (2) hold a position for which other similarly situated employees are eligible for medical and prescription drug coverage at the same cost as full-time employees. The rule applies to all employed enrollees who are not eligible for Medicare, regardless of hire date or type of employment.

STRS Ohio requires all medical plan participants to enroll in Medicare Parts A & B at age 65 or when eligible. If Medicare Part A is not premium-free, you do not need to enroll in Part A. However, Medicare Part B is required. If you decline Medicare coverage, you will not be eligible for an STRS Ohio medical plan.

If I’m eligible for and elect health care coverage, when does my coverage begin?

Your effective date of health care coverage can be the effective date of retirement, the first of the month following the date we receive your application or the first of the month following termination of employer coverage, whichever is latest.

Please contact your employer to determine when your employer coverage ends. You will not be able to change the effective date of your STRS Ohio health care coverage after premium deductions and coverage begin.

If you return to work immediately and forfeit one or two months of your benefit, you may continue to participate in the STRS Ohio Health Care Program. Premiums will be billed to you directly for the months you are not receiving a benefit. Employed enrollees may be eligible only for secondary coverage.
Is dental and vision coverage included as part of my health care coverage?

No, the STRS Ohio health care plans do not provide dental and vision coverage. Separate plans are available for dental and vision coverage. You may choose to enroll in one or both of these plans. The same effective date must be selected for health care, dental and vision plans. Two separate information packets are sent to members: one containing dental and vision plan information and another that includes health care plan information.

How do I choose a plan and how much will it cost?

If you are eligible for the STRS Ohio Health Care Program and complete the Health Care Program section of the Service Retirement Application, we will mail you information packets. These packets will include enrollment instructions, plan coverage details and premium information. This information can also be viewed in the secure Online Personal Account area of the STRS Ohio website at www.strsoh.org.

GENERAL QUESTIONS AND NEXT STEPS

When do I need to submit my Service Retirement Application?

Your application should be submitted with STRS Ohio at least three months, but no more than 12 months, before your effective date of retirement.

Will STRS Ohio contact my employer?

After you submit your retirement application, STRS Ohio will contact your employer two months before the effective date of your retirement to obtain information to finalize your benefit. If you submit your application less than two months before your effective date of retirement, STRS Ohio will contact your employer upon receipt of your completed application.

When will I receive my first benefit payment?

If your Service Retirement Application is received by STRS Ohio at least 30 days before your effective date of retirement and you have provided complete information (including bank information), we will pay you a benefit on your effective date of retirement. If the actual benefit amount is not calculated by your effective date of retirement, a partial payment will be issued. Most members receive at least three partial payments of their monthly benefits. Once exact information is available, any balance will be retroactive to your effective date of retirement and will be paid as a catch-up payment, which is the difference between the partial payments you received and your regular payments. Benefits are deposited to your bank account on the first banking day of the month. The catch-up payment may be made on a day other than the first banking day of the month.

Can I make changes to my application after I send it to STRS Ohio?

Changes in your direct deposit or tax withholding may be made anytime. Changes to your effective date of retirement, plan of payment, PLOP payment amount, the account to which the PLOP payment is to be deposited and the decision to purchase service credit must be submitted in writing and received by STRS Ohio by the 15th of the month of your first regular benefit payment. You will be notified of the exact date these options are final.

The Service Retirement Process flowchart on Page 8 details the next steps in the retirement process once STRS Ohio receives your completed Service Retirement Application.

Will I receive a payment remittance statement every month?

No; however, you may review payment information monthly by accessing your Online Personal Account on the secure STRS Ohio website.

You will receive a payment remittance statement for each partial payment, the catch-up payment, the first regular benefit payment, if you change your direct deposit information and anytime there is a change in your monthly benefit amount. You will also receive a remittance statement each January showing the total payments and deductions for the previous calendar year.
SERVICE RETIREMENT PROCESS

Service Retirement Application is received by STRS Ohio.

Information from Service Retirement Application is entered into system. Staff requests missing information, if any, from the member.

STRS Ohio checks for current employer(s) and sends forms requesting final-year information. (Some employers wait until the school year has ended or until the last payroll has been made before supplying final information.)

STRS Ohio checks for service with OPERS and/or SERS and requests final information, if applicable. If member is currently in OPERS and/or SERS, the employer(s) contributing to those systems must submit final information.

Member’s file is held pending receipt of final information from employer(s), OPERS and/or SERS, and the member if applicable.

Most deductions are calculated and partial payments are issued monthly until member’s account can be finalized.

Final information from all sources is received by STRS Ohio. Information is verified and final average salary (FAS) is calculated.

Member’s FAS, total service credit, account balance and any other required information is compiled for final account audit.

Entire membership account and retirement calculation is audited for accuracy.

Final information is entered and verified on the system and a catch-up check is calculated.

If member’s FAS is not limited, a check remittance showing gross amount and deductions is printed and mailed with a benefit calculation report. The benefit payment is transmitted to the member’s bank. A letter with a detailed explanation of the limitation is prepared and mailed within four weeks to the member with an explanation of FAS and benefit calculations.

If member’s FAS is limited, a check remittance showing gross amount and deductions is printed and mailed. The benefit payment is transmitted to the member’s bank. A letter with a detailed explanation of the limitation is prepared and mailed within four weeks to the member with an explanation of FAS and benefit calculations.
A Legacy of Service

to Ohio Educators

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