



Account Withdrawal

For members enrolled in the
Defined Benefit Plan
Defined Contribution Plan
Combined Plan



2022|2023

Table of Contents

Account Withdrawal Overview	1
Spousal consent on account withdrawals	1
Account withdrawal restrictions and considerations	2
Loss of benefits with account withdrawal	3
Service credit canceled with account withdrawal	4
Reemployment after account withdrawal	5
If you are considering withdrawing your account	5
Monthly payments vs. account withdrawal	6
If you decide to withdraw your account	7
How withdrawal amounts are calculated	7
Defined Benefit Plan	7
Defined Contribution Plan	8
Combined Plan	8
Account withdrawal payment options	8
Special tax notice regarding lump-sum payments	10
General information about rollovers	10
Special rules and options	14
For more information.....	18
Questions and answers	19
STRS Ohio Resources	22

If you are considering withdrawing your STRS Ohio account, please review this brochure carefully. It explains who is eligible to withdraw an account, how the withdrawal amount is calculated and payment options. This brochure also provides important information about the taxation of lump-sum payments.

To fully understand the information in this brochure, you must know which STRS Ohio retirement plan you selected — the Defined Benefit Plan, the Defined Contribution Plan or the Combined Plan. If you are unsure, this information can be found in the Member Information section of your Online Personal Account. Unless otherwise noted, the information in this brochure applies to all three plans.

Spousal consent on account withdrawals

As required by Ohio law, all married members must obtain spousal consent in the following retirement plans and situations:

Defined Benefit Plan — Spousal consent is required if you are eligible for service retirement.

Defined Contribution Plan or Combined Plan members — Spousal consent is required if you are age 50 or older and your account value is \$5,000 or more.

If required, your spouse must provide his or her consent by completing the spousal affidavit section of the withdrawal application. If your spouse does not sign and notarize the spousal affidavit and one is required, your withdrawal application will be considered an application for retirement and you will receive a monthly benefit paid as a Joint and Survivor Annuity with one-half to beneficiary.

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.

Account withdrawal restrictions and considerations

You cannot withdraw your STRS Ohio account if you are:

- Under any form of teaching contract, including substitute teaching with an STRS Ohio contributing employer;
- Under any type of verbal or written agreement for future teaching with an STRS Ohio public employer under the retirement law;
- On a leave of absence;
- In the STRS Ohio Defined Benefit Plan and terminated your employment in an STRS Ohio-covered position but are now working with the same employer in an Ohio Public Employees Retirement System (OPERS) or School Employees Retirement System (SERS) position;
- Receiving service retirement or disability benefits from STRS Ohio; or
- Currently contributing to a college or university alternative retirement plan (ARP). Only a transfer of STRS Ohio funds to the ARP is permitted. For more information on how an ARP affects your STRS Ohio account, call toll-free at 888-227-7877.

If you are in the Defined Benefit Plan or Combined Plan, you should consider keeping your account with STRS Ohio if you:

- Have completed 5.00 or more years of service as an Ohio teacher or if you have other teaching or public service that can be combined with your Ohio service to give you a total of 5.00 years. With 5.00 years of qualifying service credit,* you can meet the statutory requirements for STRS Ohio retirement benefits when you reach age 60.
- May return to service in the public or state-supported schools of Ohio.

*For Defined Benefit Plan members, qualifying service credit includes earned credit with STRS Ohio, Ohio Public Employees Retirement System (OPERS) or School Employees Retirement System (SERS); restored withdrawn credit with STRS Ohio, OPERS or SERS; interrupted Ohio public service due to military service; and earned and restored credit that transfers from Ohio Police & Fire Pension Fund, Highway Patrol Retirement System or Cincinnati Retirement System.

- Are in the Defined Benefit Plan and may be employed by an Ohio city, county, municipality or political subdivision.
- Are entering military service. If teaching service in Ohio is interrupted by service in the U.S. armed forces, you may be eligible to receive additional retirement credit or make additional contributions to your account.

If you are in the Defined Contribution Plan, you should consider keeping your account with STRS Ohio if you:

- May return to service in the public or state-supported schools of Ohio.
- Are entering military service. If teaching service in Ohio is interrupted by service in the U.S. armed forces, you may be eligible to make additional contributions to your account.

Loss of benefits with account withdrawal

If you are in the Defined Benefit Plan or Combined Plan and withdraw your STRS Ohio account, you will lose the opportunity to qualify for valuable benefits:

- Survivor benefits are available to qualified survivors (spouse, children and parents) when the member dies after meeting eligibility requirements. Benefits for qualified survivors may continue for up to 27 months following the member's last contributing service (for existing members on June 30, 2013) or up to 12 months (for new members on or after July 1, 2013). Survivors may also enroll in the STRS Ohio Health Care Program if eligible.*
- Disability benefits are available to members who have met eligibility requirements and have a disabling injury or illness that prevents the individual from performing their most recent job duties. Disability benefit recipients also have the opportunity to enroll in the STRS Ohio Health Care Program if eligible.* For existing members

*The STRS Ohio Health Care Program is not guaranteed. STRS Ohio may change or discontinue all or part of the program for all or a class of eligible benefit recipients and covered dependents at any time. Currently, members must have at least 15 years of service credit (or 20 years of service credit for retirement on or after August 1, 2023) to qualify for access to the STRS Ohio Health Care Program (medical/prescription, dental and vision).

on June 30, 2013, eligibility for disability benefits continues for two years following the member's last date of STRS Ohio-covered employment. For new members on or after July 1, 2013, disability benefits continues for one year following the member's last date of STRS Ohio-covered employment.

After you are eligible for service retirement, you qualify for:

- Lifetime monthly pension.
- Continuing lifetime benefits to survivors if you choose.
- Currently, members must have at least 15 years of service credit to have access to the STRS Ohio Health Care Program (medical/prescription, dental and vision plans). Members who retire on or after Aug. 1, 2023, must have at least 20 years of service credit.*

If you are in the Defined Benefit Plan, you also qualify for:

- Cost-of-living adjustments (COLA) on the monthly benefit.**
- Automatic \$1,000 death benefit payable to a beneficiary you select.

Service credit canceled with account withdrawal

If you are in the Defined Benefit Plan:

- Your accumulated service credit will be canceled if you withdraw your STRS Ohio account. You may restore withdrawn service credit if you later earn 1.50 years of service with an Ohio public retirement system. To restore the service, you

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**New STRS Ohio benefit recipients are eligible to receive a COLA beginning on the fifth anniversary of their retirement date. The State Teachers Retirement Board will periodically evaluate whether a cost-of-living increase is payable in accordance with the law in effect at that time (Section 3307.67, Revised Code). If a COLA is granted, you will receive it on the anniversary of your retirement date.

must pay an amount equal to the amount you withdrew — including any interest or matching funds paid to you — plus interest at a rate established by STRS Ohio. The rate is currently 8% compounded annually but is subject to change without notice.

If you are in the Defined Contribution Plan or Combined Plan:

- Withdrawn accounts, including withdrawn service credit on Combined Plan accounts, cannot be restored.

Reemployment after account withdrawal

If you want to become reemployed after a full withdrawal of your account:

- There are no restrictions on reemployment after you fully withdraw your STRS Ohio account. If you return to teaching after withdrawing your account, you will either be placed back in the same retirement plan or be eligible to make a new plan selection, depending on whether or not your current plan is considered to be your permanent choice.

If you want to become reemployed after a partial withdrawal of your Combined Plan account:

- Only withdraw the defined contribution portion of your account. Contributions upon reemployment will be deposited in an annuity account payable when you reach age 65 or terminate employment, whichever is later. You must wait two months before beginning Ohio public employment to avoid reemployment penalties.

If you are considering withdrawing your account

If you are considering withdrawing your STRS Ohio account, a conference with a benefits counselor is recommended. A counselor can explain the potential benefits you will lose by withdrawing your account, which may be substantial. A benefits counseling appointment can be scheduled at www.strsoh.org using your Online Personal Account. (To register for an Online Personal Account, go to the home page of the STRS Ohio website and click “Register.”)

Monthly payments vs. account withdrawal

Defined Benefit and Combined Plan members are eligible for a monthly service retirement benefit with 5.00 or more years of qualifying service credit once age requirements are met. Defined Contribution Plan members are eligible for a monthly service retirement benefit after the age of 50 assuming the account balance is enough to provide at least a \$100 monthly benefit for the plan of payment chosen.

Plan Feature	Monthly Payments	Account Withdrawal
Lifetime monthly benefit	Yes	No
Survivor benefits	Yes (Defined Benefit and Combined Plans only)	No
Access to health care coverage ¹	Yes (Defined Benefit and Combined Plans only)	No
Cost-of-living adjustments (COLA) ²	Yes (Defined Benefit Plan only)	No
Direct control over funds	No	Yes
Possible rollover to a qualified plan	No	Yes
Possible tax penalties	No	Yes
Death benefits ³	Yes	No
Possible investment costs	No	Yes
Individual investment risk	No	Yes
Subject to reemployment guidelines for Ohio public positions ⁴	Yes	No

Note: Any payments you receive from STRS Ohio may affect your eligibility for Social Security benefits. For more information, contact Social Security toll-free at 800-772-1213.

¹The STRS Ohio Health Care Program is not guaranteed. STRS Ohio may change or discontinue all or part of the program for all or a class of eligible benefit recipients and covered dependents at any time. Currently, members must have at least 15 years of service credit (or 20 years of service credit for retirement on or after Aug. 1, 2023) to qualify for access to the STRS Ohio Health Care Program (medical/prescription, dental and vision).

²New STRS Ohio benefit recipients are eligible to receive a COLA beginning on the fifth anniversary of their retirement date. The State Teachers Retirement Board will periodically evaluate whether a cost-of-living increase is payable in accordance with the law in effect at that time (Section 3307.67, Revised Code). If a COLA is granted, you will receive it on the anniversary of your retirement date.

³Defined Benefit Plan retirees have a \$1,000 automatic death benefit with the option to purchase an additional \$1,000 or \$2,000. Defined Contribution and Combined Plan retirees may purchase an optional death benefit of \$1,000 or \$2,000.

⁴For the Combined Plan, assumes both the defined benefit and defined contribution portions of the account are withdrawn.

If you decide to withdraw your account

If after meeting with a benefits counselor and reviewing this brochure, you decide to withdraw your account:

Log in to your Online Personal Account, select “Member Information” from the top menu and then select “Apply for Account Withdrawal” under Useful Links. Follow the instructions for completing the application.

You can access an account withdrawal packet that includes a paper copy of the *Application for Withdrawal Payment* on the website (in the Forms section). Due to the fact the application is dated, please do not request the application more than 30 days before your last day of teaching service.

Your withdrawal payment will be made within 30 days of STRS Ohio’s receipt of a properly completed application or your last payroll date, whichever is later. If you have questions about completing the application, please call STRS Ohio.

How withdrawal amounts are calculated

Defined Benefit Plan

Account withdrawals consist of member contributions plus an additional amount payable under Section 3307.563 of the Revised Code (R.C.). The additional amount payable depends on years of qualifying service credit* and the rates of interest established by the State Teachers Retirement Board. **The interest rates noted below are subject to change without notice.** To confirm current interest rates, contact STRS Ohio toll-free at 888-227-7877.

- **With 5.00 or more years of qualifying service credit,*** interest at a current rate of 3% compounded annually will be paid on your member contributions and an additional amount equal to 50% of the sum of your member contributions, plus interest, will also be paid.

*When referring to withdrawals, “qualifying service credit” refers to Ohio teaching service, restored withdrawn credit, purchased service for Ohio public teaching from which no STRS Ohio contributions were withheld, and credit obtained for leaves of absence under Section 3307.77 of the Revised Code.

- **With at least 3.00 years but less than 5.00 years of qualifying service credit,*** interest at a current rate of 3% compounded annually will be paid on your member contributions.
- **With less than 3.00 years of qualifying service credit,*** interest at a current rate of 2% compounded annually will be paid on your member contributions.

Interest for all years withdrawn begins to accrue at the beginning of the fiscal year following deposit. For example, interest on 2022–2023 contributions would begin accruing July 2023 and be payable August 2023 or later. No interest is payable if a member withdraws his or her account in July and contributed to STRS Ohio for only the year just ended. Interest stops accruing the month before account withdrawal.

Defined Contribution Plan

Account withdrawal amounts consist of member contributions plus any gains or losses on those contributions. Withdrawal amounts will also include the employer portion of the account (consisting of the employer contributions plus any gains or losses), according to the following vesting schedule:

- **If your membership began before July 1, 2013,** you are 100% vested in the employer portion of the account after one year of membership.
- **If your membership began on or after July 1, 2013,** you are vested in 20% of the employer portion of the account for each full year of membership.

Your withdrawal amount might be affected by fees and early withdrawal penalties.

Combined Plan

For the defined contribution portion of the account, the withdrawal amount consists of member contributions plus any gains or losses on those contributions. The withdrawal amount may be affected by low balance fees or early withdrawal penalties.

*When referring to withdrawals, “qualifying service credit” refers to Ohio teaching service, restored withdrawn credit, purchased service for Ohio public teaching from which no STRS Ohio contributions were withheld, and credit obtained for leaves of absence under Section 3307.77 of the Revised Code.

For the defined benefit portion of the account, members with 5.00 or more years of service credit are eligible for the greater of: (1) the present value of the future benefits, or (2) the member’s total contributions to the defined benefit portion of the account.

The defined benefit portion of the account consists of the member’s total contributions to the defined benefit portion of the account if the member withdraws before accumulating 5.00 years of service credit.

Account withdrawal payment options

If you are eligible for and wish to withdraw your STRS Ohio account, payments can be:

- Paid directly to you, or
- Rolled over to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan or governmental section 457(b) plan) of the Internal Revenue Code that will accept the rollover.

Account withdrawals are final when your account is closed.

If you are currently contributing only to a college or university alternative retirement plan (ARP), you are not eligible to receive direct payment or to roll over your STRS Ohio account; however, you may be eligible to withdraw your STRS Ohio account and transfer the funds to your ARP account.

If you transfer your funds, you could lose the opportunity to qualify for valuable STRS Ohio benefits. Contact STRS Ohio toll-free at 888-227-7877 for additional information.

Special tax notice regarding lump-sum payments

This notice contains important information you will need before you decide how to receive your payment from STRS Ohio, including information about rollovers. A payment from STRS Ohio can be processed in three ways. You can have: (1) all of the payment paid by direct rollover to an IRA or an eligible employer plan; (2) all of the payment paid to you; or (3) some portion paid as a rollover with the remaining amount paid to you. Rules that apply to most payments are described below under “General information about rollovers.” Special rules that only apply in certain circumstances are described under “Special rules and options” on Page 14.

General information about rollovers

Your right to waive the 30-day notice period

Neither a direct rollover nor a payment can be made by STRS Ohio before 30 days and no later than 180 days after your receipt of this notice. After receiving this notice, you have at least 30 days to decide whether or not to have all or part of your payment directly rolled over. If you do not wish to wait until this 30-day notice period ends before making your decision, you may waive the notice period. Your withdrawal will then be processed as soon as possible after it is received by STRS Ohio.

How a rollover affects your taxes

You will be taxed on a payment from STRS Ohio if you choose not to roll over the payment. If you are under age 59-1/2 and choose not to roll over the payment, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59-1/2 unless an exception applies). However, if you choose a rollover, you will not have to pay tax until you receive payments at a later date and the 10% additional income tax will not apply if those payments are made after you are age 59-1/2 (or if an exception applies).

Where you may roll over the payment

You may roll over the payment to an IRA (an individual retirement account or individual

retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan or governmental section 457(b) plan) of the Internal Revenue Code that will accept the rollover. A rollover of a lump-sum payment due to the death of a member may be permitted or required to be rolled into an inherited IRA. The rules of the IRA or eligible employer plan that holds the rollover will determine your investment options, fees and rights to payment from the IRA or eligible employer plan (e.g., no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to an eligible employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You also need to know about any documents that are required before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts.

If an eligible employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse’s consent for any subsequent distribution. A subsequent payment from the plan that accepts your rollover may also be subject to different tax treatment than payments from STRS Ohio. Check with the administrator of your eligible employer plan before making the rollover.

How you roll over the payment

There are two ways to roll over the payment. You can do either a direct rollover or a 60-day rollover.

- **If you choose a direct rollover**, STRS Ohio will make the payment directly to your IRA or an eligible employer plan. You should contact the IRA sponsor or administrator of the plan for information on how to make a direct rollover.
- **If you do not choose a direct rollover**, you may still make a rollover by depositing the payment from STRS Ohio into an IRA or eligible employer plan that will accept it. You will have 60 days after

you receive the payment to make the deposit. If you do not choose a direct rollover, STRS Ohio is required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld (e.g., your savings, a loan, etc.). If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59-1/2 (unless an exception applies).

How much you may roll over

If you choose to roll over, you may roll over all or part of the amount eligible for rollover. Any payment from STRS Ohio is eligible for rollover except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary).
- Required minimum distributions after age 72 (or after death).

STRS Ohio can tell you what portion of a payment is eligible for rollover.

A 10% additional income tax on early distributions may apply if you do not choose a rollover

If you are under age 59-1/2, you will have to pay the 10% additional income tax on early distributions for any payment from STRS Ohio (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does **not** apply to the following payments from STRS Ohio:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy

(or the lives or joint life expectancy of you and your beneficiary);

- Payments after your death;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a division of property order (DOPO);
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year); or
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after Sept. 11, 2001, for more than 179 days.

A 10% additional income tax on early distributions may apply to distributions from an IRA

If you receive a payment from an IRA when you are under age 59-1/2, you will have to pay the 10% additional income tax on early distributions from the IRA (unless an exception applies). In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed on Pages 12–13 for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for payments made under a DOPO does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for: (1) payments for qualified higher education expenses; (2) payments up to \$10,000 used in a qualified first-time home purchase; and (3) payments

for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Special rules and options

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you choose a direct rollover of only a portion of the amount paid from STRS Ohio and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a complete distribution of your benefit, which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from STRS Ohio to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you receive a distribution of \$10,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$8,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is

taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an eligible employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a 457(b) plan). You can make the rollover within 60 days to an eligible employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the Internal Revenue Service (IRS) has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a self-certification. Otherwise, to apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you were born on or before Jan. 1, 1936

If you were born on or before Jan. 1, 1936, and receive a lump-sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If you roll over your payment to a Roth IRA

You can roll over a payment from STRS Ohio to a Roth IRA, but not to a designated Roth account in an eligible employer plan.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take

the amount rolled over out of the Roth IRA within five years, counting from Jan. 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59-1/2 (or after your death or disability, or as a qualified first-time home buyer distribution of up to \$10,000) and after you have had a Roth IRA for at least five years. In applying this five-year rule, you count from Jan. 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you are not a member of STRS Ohio

- **Payments after death of the member.** If you receive a distribution after the member's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions does not apply, and the special rule described under "If you were born on or before Jan. 1, 1936" on Page 15, applies only if the member was born on or before Jan. 1, 1936.
 - **A surviving spouse**, receiving a payment from STRS Ohio, has the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to roll over to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59-1/2 will be subject to the 10% additional income tax on early distributions (unless an exception

applies) and required minimum distributions from your IRA do not have to start until after you are age 72.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 72.

- **A surviving beneficiary other than a spouse**, receiving a payment from STRS Ohio, has only one rollover option — a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.
- **Payments under a DOPO.** A division of property order (DOPO) is an order issued by a court in connection with a divorce or legal separation. If you are the spouse or former spouse of the member who receives a payment from STRS Ohio under a DOPO, you generally have the same tax options the member would have. You may choose to have the payment paid in a direct rollover to an IRA or an eligible employer plan that will accept it. You may also choose to have the payment paid to you. If the payment is made directly to you, you can keep it or you may roll over the payment to an IRA. Payments under a DOPO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not choose a direct rollover to a U.S. IRA or U.S. eligible employer plan, instead of withholding 20%, STRS Ohio is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may

happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

A direct rollover will not be processed by STRS Ohio if the payment is payable to a trust, an estate or for amounts totaling less than \$200. There will also be no federal income tax withheld from amounts less than \$200. In addition, eligible rollover distributions less than \$500 cannot be split between a direct rollover and a payment made payable to you. You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

For more information

This notice summarizes only the federal (not state or local) tax rules that may apply to your payment. The rules described in this notice are complex and contain many conditions and exceptions that are not included in this notice. You should consult with a professional tax advisor before taking a payment from STRS Ohio. You can also find more detailed information on the federal tax treatment of payments from eligible employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs) and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, online at www.irs.gov or by calling toll-free 800-829-3676.

Questions and answers

What kind of retirement plan is STRS Ohio?

STRS Ohio is a qualified pension plan under Section 401(a) of the Internal Revenue Code.

How much will I receive when I withdraw my account?

The exact amount of your withdrawal depends on the month your distribution is paid and the amount of contributions and service credit certified by your employer. Based on this information, STRS Ohio will calculate your contributions plus, if applicable, any interest or additional funds to determine the total amount of your distribution. In most cases, withdrawal estimates are available from STRS Ohio. See Pages 7–9 for information on how withdrawal amounts are calculated and the various factors that might affect the calculation.

Can I withdraw only a portion of my Defined Benefit Plan or Defined Contribution Plan account?

No, partial withdrawals or loans are not allowed under the law.

Can I withdraw only a portion of my Combined Plan account?

If you withdraw your account before age 50, you must withdraw both the defined benefit and defined contribution portions of your account. At age 50 or after, you may withdraw the defined contribution portion upon terminating employment and leave the defined benefit portion on account for a benefit at age 60. You may withdraw the defined benefit portion only if you are withdrawing the defined contribution portion or receiving a monthly benefit from the defined contribution portion.

If you are at least 50 years of age, you may receive the defined contribution portion as a lifetime annuity. For more information, call STRS Ohio toll-free at 888-227-7877.

Why should I keep my STRS Ohio account if I am no longer contributing to STRS Ohio?

The withdrawal of your account cancels potential benefits for you and your family. For more information about benefits you might be forfeiting, contact STRS Ohio toll-free at 888-227-7877.

Can I withdraw my account instead of applying for a monthly retirement benefit or annuity?

Yes. However, before withdrawing your account, you should consider carefully the potential benefits you are forfeiting. For more information, contact STRS Ohio toll-free at 888-227-7877.

How quickly will I receive my account withdrawal?

Payment of an account withdrawal is generally made within 30 days after receipt of the valid, properly completed application from the certifying employer or your last payroll date, whichever is later.

What are my rollover options and tax consequences?

All or part of your account value may be rolled over to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan or governmental section 457(b) plan) of the Internal Revenue Code that will accept the rollover. STRS Ohio will forward these amounts directly to your financial institution if the amount eligible to be rolled over exceeds \$200. Eligible amounts less than \$200 are taxable but are exempt from federal withholding and can be rolled over by the member. Taxable amounts rolled over remain in a tax-deferred status until withdrawn.

For further information, refer to the special tax notice starting on Page 10.

Is there a penalty for early withdrawal?

You may roll over taxable and nontaxable amounts to another eligible retirement account without taxes or penalties. Taxable amounts that you do not roll over are subject to a mandatory 20% federal tax

withholding. In addition, you may be subject to a 10% penalty for early withdrawal if you withdraw before age 59-1/2. (For further information, consult your tax advisor.) Nontaxable amounts are not subject to additional taxes or penalties because you have already paid taxes on these contributions.

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, videoconference or during field counseling sessions.

On the Internet: www.strsoh.org

A quick way to access information is through STRS Ohio’s website. You’ll find:

- Information on benefits and services while teaching and in retirement;
- Personal account information;
- Your *Annual Statement of Account* providing your account withdrawal value;
- An online account withdrawal application
- A special section for higher education faculty; and
- Much more.

By email:

- Go to www.strsoh.org and select “Contact” from the top menu.

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*.



Publications available

The following STRS Ohio publications are available on the STRS Ohio website at www.strsoh.org.

- *Account Withdrawal*
- *Annual Comprehensive Financial Report*
- *Death Benefits*
- *Disability Allowance*
- *Disability Benefits (Combined Plan)*
- *Disability Retirement*
- *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*

STATE TEACHERS RETIREMENT SYSTEM OF OHIO
275 East Broad Street • Columbus, OH 43215-3771
888-227-7877 • www.strsoh.org





APPLICATION FOR WITHDRAWAL PAYMENT

For Members Enrolled in the STRS Ohio Defined Benefit, Defined Contribution or Combined Plan

Please read the information that accompanies this application before applying for a withdrawal payment. If you decide to withdraw your account, please note:

- You must sign this application on Page 4 to receive payment. In addition, your affidavit and signature must be notarized if:
 - You are in the Defined Benefit Plan and have 5.00 or more years of total service credit, or
 - You are in the Defined Contribution Plan or Combined Plan and your total withdrawal value is \$5,000 or more.
- If you are married, your spouse's affidavit and notarized signature are required on Page 4 if either of the following is true:
 - You are in the Defined Benefit Plan and are eligible for service retirement, or
 - You are in the Defined Contribution Plan or Combined Plan, you are age 50 or older and your account value is \$5,000 or more.
- If you are in the STRS Ohio Defined Benefit Plan and terminated your employment in an STRS Ohio-covered position but are now working with the same employer in an Ohio Public Employees Retirement System (OPERS) or School Employees Retirement System (SERS) position, then you cannot withdraw your STRS Ohio account.
- If you were employed in a public or state-supported school in Ohio during the last 18 months, STRS Ohio may need to contact one or more of your recent STRS Ohio-contributing employers to obtain their certification of your termination of employment and final information about your STRS Ohio contributions and earned service credit. Your withdrawal payment cannot be processed until STRS Ohio obtains any needed certifications.
- Your account withdrawal check will be sent to the address shown on this application unless STRS Ohio receives a written, signed notice of your change of address. The withdrawal check cannot be picked up at the STRS Ohio offices.
- Federal tax requirements state that account withdrawal checks cannot be issued before 30 days and no later than 180 days from the date STRS Ohio provides special tax information to you (this information accompanies this application). Your signature on Page 4 indicates that you wish to waive the 30-day waiting period. Please call us if you do not wish to waive this waiting period. STRS Ohio issues checks within three to four weeks after receipt of a properly completed application or your last pay date, whichever is later.
- The signed application must be mailed to:
STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771

Special Tax Notice Provided _____

Section 1 — General Information *(Please use ink.)*

Member's full name _____
First Middle Maiden Last

Member's Social Security number _____
or STRS Ohio account number _____ Phone (_____) _____
Area code

Home address _____
Street City State ZIP code

Date of birth _____ Male Female Email address _____

Are you married? Yes No If yes, please provide spouse's name _____

Are you receiving a monthly retirement benefit from OPERS, SERS, Ohio Police & Fire Pension Fund, Highway Patrol Retirement System, City of Cincinnati Retirement System or an alternative retirement plan established under Ohio Revised Code, Section 3305? Yes No

If yes, identify the retirement system and provide the effective date of retirement:
System _____ Effective date of retirement _____

If you are in the Combined Plan, are age 50 or older, and have 5.00 or more years of service credit, please check the portion of your account that you would like to withdraw:

- Defined contribution and defined benefit portions
- Defined contribution portion only
- Defined benefit portion only (available if defined contribution portion was previously withdrawn or annuitized)

If you are in the Combined Plan and withdraw before age 50 or have less than 5.00 years of service credit, then your withdrawal payment will include both the defined contribution and defined benefit portions of your Combined Plan account.



Section 2 — Direct Rollover or Transfer

DIRECT ROLLOVER TO ELIGIBLE RETIREMENT PLAN

IMPORTANT — Any portion of the account that you do not choose to directly roll over will be paid directly to you. If you do not wish to roll over any portion of your account, do not complete this section and proceed to Section 3. If you are rolling over only part of your account to another eligible plan, please complete this section; then proceed to Section 3. Please review the accompanying information regarding taxes and penalties that may apply, as well as other important tax provisions.

- I wish to directly roll over all or part of my eligible account withdrawal to an eligible retirement plan. Retirement plans eligible for direct rollover are either an IRA or an eligible employer plan that will accept the rollover. The rules of the IRA or eligible employer plan that holds the rollover will determine your investment options, fees and rights to payment from the IRA or eligible employer plan (e.g., no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan. (You should confirm that your plan administrator accepts direct rollovers from Section 401(a) employer plans. Please also refer to the accompanying information for tax restrictions applicable to lump-sum payments and rollovers before completing this application.)

Name _____ Last four digits of Social Security number _____

Account number of the plan accepting the rollover _____

Type of plan (check one):

- | | | |
|--|---|-------------------------------------|
| <input type="checkbox"/> Traditional IRA | <input type="checkbox"/> 457(b) governmental plan | <input type="checkbox"/> SEP-IRA |
| <input type="checkbox"/> Roth IRA | <input type="checkbox"/> 401(k) | <input type="checkbox"/> SIMPLE IRA |
| <input type="checkbox"/> 403(b) | <input type="checkbox"/> 401(a) [including: defined benefit, profit-sharing and governmental pension] | <input type="checkbox"/> Keogh |

Rollover distribution to be made payable to:

Name of financial institution or plan trustee _____

Attention _____

Address _____

City _____ State _____ ZIP code _____

Complete one:

- I wish to roll over 100% of my payment (both taxable and nontaxable amounts).
- I wish to roll over _____% of my taxable payment and _____% of my nontaxable payment.
- I wish to roll over \$_____ of my taxable payment and \$_____ of my nontaxable payment.

Any money remaining in your account after the above amounts are rolled over will be paid directly to you and any taxable amounts will be subject to 20% federal income tax withholding.

TRANSFER TO ALTERNATIVE RETIREMENT PLAN (FOR COLLEGE AND UNIVERSITY PERSONNEL)

IMPORTANT — This is the only option available to college or university personnel who are employed full time in an STRS Ohio-covered position and are contributing to an alternative retirement plan.

- I wish to directly transfer all of my account withdrawal to the alternative retirement plan noted below. I understand that 100% of my withdrawn account will be transferred to the alternative retirement plan. (Please consult with your employer to ensure you are eligible to transfer your account withdrawal to an alternative retirement plan before completing the information below.)

Name _____ Last four digits of Social Security number _____

Alternative retirement plan account number: _____

Account transfer to be made payable to: _____
Name of alternative retirement plan

NOTE: The direct transfer check will be mailed to the alternative retirement plan.

Section 3 — Federal Income Tax Withholding

The Internal Revenue Code provides a default 20% federal tax withholding rate for lump-sum payments not rolled over and paid directly to you. You may withhold more than the default 20% but cannot withhold less than 20%. Complete only one option below. If more than one option is completed, STRS Ohio will apply the one that results in the higher federal tax withholding amount. See Form W-4R, available at www.irs.gov, and the Marginal Rate Tables below for additional information.

If you are age 72 or older, or will turn 72 in the current year, a portion of your payment is a required minimum distribution not eligible for rollover and has a default withholding rate of 10%. You can choose a different rate for this portion of the payment (see option #3 below). You cannot choose less than 10% for payments to be delivered outside of the United States and its possessions.

- Withhold the default federal income tax rate(s) from the entire taxable portion of my payment and distribute the balance to me. (The default rate is 20% for the eligible rollover portion and 10% for the required minimum distribution portion of payments paid directly to me.)
- Withhold a rate greater than the 20% federal income tax rate from the entire taxable portion of my payment. I elect to have more than 20% withheld from my total lump-sum payment. Percent to withhold: _____%
- Withhold a rate less than 20% from the taxable portion of my required minimum distribution. This rate applies only to the required minimum distribution portion. The default rate of 20% will be withheld from any eligible rollover portion of the payment paid directly to me. I elect to have _____% withheld from the required minimum distribution portion of my payment if any.

If no box is chosen, or if this form is not completed, STRS Ohio will automatically withhold 20% federal income tax from the taxable portion of this payment as required by the Internal Revenue Service (IRS).

2023 Marginal Rate Tables

You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. See www.irs.gov/pub/irs-pdf/fw4r.pdf for more information on how to use this table.

Single or Married filing separately		Married filing jointly or Qualifying surviving spouse		Head of household	
<i>Total income over —</i>	Tax rate for every dollar more	<i>Total income over —</i>	Tax rate for every dollar more	<i>Total income over —</i>	Tax rate for every dollar more
\$0	0%	\$0	0%	\$0	0%
13,850	10%	27,700	10%	20,800	10%
24,850	12%	49,700	12%	36,500	12%
58,575	22%	117,150	22%	80,650	22%
109,225	24%	218,450	24%	116,150	24%
195,950	32%	391,900	32%	202,900	32%
245,100	35%	490,200	35%	252,050	35%
591,975*	37%	721,450	37%	598,900	37%

*If married filing separately, use \$360,725 instead for this 37% rate.

Section 4 — Affidavit and Notarization

MEMBER AFFIDAVIT

I **certify** that I am no longer teaching in an STRS Ohio-contributing position, including substitute teaching; I am neither under contract nor do I have any verbal or written agreement to teach in an STRS Ohio-contributing position in the future with any board of education or other STRS Ohio employer; and I am not on leave of absence from any STRS Ohio-contributing position. I understand that the withdrawal of my STRS Ohio account cancels all my service credit, all membership privileges and my beneficiary designation. I have reviewed and understand the important information in this *Application for Withdrawal Payment*, as well as the information that accompanies this application. I understand that my withdrawal is final once the check is issued. I declare that the information submitted on this application is true and accurate.

If I am in the Defined Benefit Plan, I certify I am not a member of OPERS or SERS whose employment under OPERS or SERS is with the public employer that was my employer under STRS Ohio at the time my service was terminated.

If I am in the Defined Contribution Plan or Combined Plan, I understand that I cannot restore my account if I return to employment in an STRS Ohio-contributing position.

IMPORTANT — You must sign below to receive payment. In addition, your signature must be notarized below if:
(1) you are in the Defined Benefit Plan and have 5.00 or more years of total service credit, or (2) you are in the Defined Contribution Plan or Combined Plan and your total withdrawal value is \$5,000 or more.

Name of STRS Ohio member (please print) _____

Signature of STRS Ohio member _____ Date _____

Last four digits of Social Security number _____

The individual identified above did personally appear before me and did sign the foregoing instrument by his/her own free act and deed.

Sworn to before me and signed this _____ day of _____ in the year _____

State of _____ County of _____ Commission expires _____

Notary Seal

Signature of notary public _____

SPOUSAL AFFIDAVIT

I **certify** that my spouse has elected to withdraw his/her STRS Ohio account. I consent to this election by my spouse and understand that my consent is irrevocable. I am aware that withdrawal results in forfeiture of all retirement benefits my spouse has earned and is eligible to receive. It also results in a forfeiture of benefits for a surviving spouse in the event of death. These benefits may include a monthly pension and for members in the Defined Benefit Plan and Combined Plan, may also include access to coverage in the STRS Ohio Health Care Program and survivor benefits. I further understand that if I do not consent, my spouse — the STRS Ohio member — will receive a benefit paid as a Joint and Survivor Annuity, one-half to me in the event of my spouse's death. I have reviewed and understand the important information in this *Application for Withdrawal Payment*, as well as the information that accompanies this application. I declare that the information submitted on this application is true and accurate.

IMPORTANT — Spousal signature is required below and must be notarized if either of the following is true: (1) my spouse, the STRS Ohio member, is in the Defined Benefit Plan and is eligible for service retirement, or (2) my spouse, the STRS Ohio member, is in the Defined Contribution Plan or Combined Plan, is age 50 or older and has an account value of \$5,000 or more.

Name of spouse (please print) _____

Signature of spouse _____ Date _____

Social Security number _____

The individual identified above did personally appear before me and did sign the foregoing instrument by his/her own free act and deed.

Sworn to before me and signed this _____ day of _____ in the year _____

State of _____ County of _____ Commission expires _____

Notary Seal

Signature of notary public _____



SPECIAL TAX NOTICE REGARDING LUMP-SUM PAYMENTS

This notice contains important information you will need before you decide how to receive your payment from STRS Ohio, including information about rollovers. A payment from STRS Ohio can be processed in three ways. You can have: (1) all of the payment paid by direct rollover to an IRA or an eligible employer plan; (2) all of the payment paid to you; or (3) some portion paid as a rollover with the remaining amount paid to you. Rules that apply to most payments are described below under “General Information About Rollovers.” Special rules that only apply in certain circumstances are described under “Special Rules and Options” on Page 3.

General Information About Rollovers

Your right to waive the 30-day notice period

Neither a direct rollover nor a payment can be made by STRS Ohio before 30 days and no later than 180 days after your receipt of this notice. After receiving this notice, you have at least 30 days to decide whether or not to have all or part of your payment directly rolled over. If you do not wish to wait until this 30-day notice period ends before making your decision, you may waive the notice period. Your withdrawal will then be processed as soon as possible after it is received by STRS Ohio.

How a rollover affects your taxes

You will be taxed on a payment from STRS Ohio if you choose not to roll over the payment. If you are under age 59-1/2 and choose not to roll over the payment, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59-1/2 unless an exception applies). However, if you choose a rollover, you will not have to pay tax until you receive payments at a later date and the 10% additional income tax will not apply if those payments are made after you are age 59-1/2 (or if an exception applies).

Where you may roll over the payment

You may roll over the payment to an IRA (individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan or governmental section 457(b) plan) of the Internal Revenue Code that will accept the rollover. A rollover of a lump-sum payment due to the death of a member may be permitted or required to be rolled into an inherited IRA. The rules of the IRA or eligible employer plan that holds the rollover will determine your investment options, fees and rights to payment from the IRA or eligible employer plan (e.g., no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to an eligible employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You also need to know about any documents that are required before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If an eligible employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse’s consent for any subsequent distribution. A subsequent payment from the plan that accepts your rollover may also be subject to different tax treatment than payments from STRS Ohio. Check with the administrator of your eligible employer plan before making the rollover.

How you roll over the payment

There are two ways to roll over the payment. You can do either a direct rollover or a 60-day rollover.

- **If you choose a direct rollover**, STRS Ohio will make the payment directly to your IRA or an eligible employer plan. You should contact the IRA sponsor or administrator of the plan for information on how to make a direct rollover.

- **If you do not choose a direct rollover**, you may still make a rollover by depositing the payment from STRS Ohio into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not choose a direct rollover, STRS Ohio is required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld (e.g., your savings, a loan, etc.). If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59-1/2 (unless an exception applies).

How much you may roll over

If you choose to roll over, you may roll over all or part of the amount eligible for rollover. Any payment from STRS Ohio is eligible for rollover except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary).
- Required minimum distributions after age 72 (or after death).

STRS Ohio can tell you what portion of a payment is eligible for rollover.

A 10% additional income tax on early distributions may apply if you do not choose a rollover

If you are under age 59-1/2, you will have to pay the 10% additional income tax on early distributions for any payment from STRS Ohio (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does **not** apply to the following payments from STRS Ohio:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments after your death;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a division of property order (DOPO);
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year); or
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after Sept. 11, 2001, for more than 179 days.

A 10% additional income tax on early distributions may apply to distributions from an IRA

If you receive a payment from an IRA when you are under age 59-1/2, you will have to pay the 10% additional income tax on early distributions from the IRA (unless an exception applies). In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for payments made under a DOPO does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for: (1) payments for qualified higher education expenses; (2) payments up to \$10,000 used in a qualified first-time home purchase; and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Special Rules and Options

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you choose a direct rollover of only a portion of the amount paid from STRS Ohio at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a complete distribution of your benefit, which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from STRS Ohio to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you receive a distribution of \$10,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$8,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an eligible employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a 457(b) governmental plan). You can make the rollover within 60 days to an eligible employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the Internal Revenue Service (IRS) has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you were born on or before Jan. 1, 1936

If you were born on or before Jan. 1, 1936, and receive a lump-sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If you roll over your payment to a Roth IRA

You can roll over a payment from STRS Ohio to a Roth IRA, but not to a designated Roth account in an eligible employer plan.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within five years, counting from Jan. 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59-1/2 (or after your death or disability, or as a qualified first-time home buyer distribution of up to \$10,000) and after you have had a Roth IRA for at least five years. In applying this five-year rule, you count from Jan. 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you are not a member of STRS Ohio

- **Payments after death of the member.** If you receive a distribution after the member's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions does not apply, and the special rule described under "If you were born on or before Jan. 1, 1936" above, applies only if the member was born on or before Jan. 1, 1936.
 - **A surviving spouse**, receiving a payment from STRS Ohio, has the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to roll over to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59-1/2 will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 72.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 72.
 - **A surviving beneficiary other than a spouse**, receiving a payment from STRS Ohio, has only one rollover option — a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.
- **Payments under a DOPO.** A division of property order (DOPO) is an order issued by a court in connection with a divorce or legal separation. If you are the spouse or former spouse of the member who receives a payment from STRS Ohio under a DOPO, you generally have the same tax options the member would have. You may choose to have the payment paid in a direct rollover to an IRA or an eligible employer plan that will accept it. You may also choose to have the payment paid to you. If the payment is made directly to you, you can keep it or you may roll over the payment to an IRA. Payments under a DOPO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not choose a direct rollover to a U.S. IRA or U.S. eligible employer plan, instead of withholding 20%, STRS Ohio is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

A direct rollover will not be processed by STRS Ohio if the payment is payable to a trust, an estate or for amounts totaling less than \$200. There will also be no federal income tax withheld from amounts less than \$200. In addition, eligible rollover distributions less than \$500 cannot be split between a direct rollover and a payment made payable to you. You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

For More Information

This notice summarizes only the federal (not state or local) tax rules that may apply to your payment. The rules described in this notice are complex and contain many conditions and exceptions that are not included in this notice. You should consult with a professional tax advisor before taking a payment from STRS Ohio. You can also find more detailed information on the federal tax treatment of payments from eligible employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs) and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, online at www.irs.gov or by calling toll-free 800-829-3676.