

# RETIREMENT PLAN RESELECTION



**Defined Contribution and Combined Plan Participants  
Fifth Year of Membership**

20-660, 2/23/0

Defined Contribution and Combined Plan participants in their fifth year of STRS Ohio membership are now eligible to reselect their retirement plan. This *Retirement Plan Reselection* presentation provides information to help these individuals evaluate whether to remain in their current STRS Ohio plan or move to one of the other two plans.

## Four Steps. One Deadline.



- ☐ **STEP 1 — Know your plan options**
- ☐ **STEP 2 — Review the plan features**
- ☐ **STEP 3 — Select the best plan for you**
- ☐ **STEP 4 — Notify STRS Ohio by June 1**

CHOICES

While it's true selecting a retirement plan is a big decision, approaching it as four key steps may help simplify your plan selection decision.

1. Know your plan options
2. Review the plan features
3. Select the best plan for you
4. Notify STRS Ohio by June 1

## It's Your Choice!



**Defined Benefit Plan**

**Defined Contribution Plan**

**Combined Plan**

**What happens if you don't make a decision?**

You will remain in your current plan.

**Is your decision permanent?** Yes.

\*The information provided in this presentation is based on current rates, factors and laws — all of which are subject to change.

## Know Your Plan Options

STRS Ohio offers three retirement plans — the Defined Benefit Plan, the Defined Contribution Plan and the Combined Plan.

If you do not inform STRS Ohio of a plan change, you will remain in the plan you originally selected.

The plan you choose now will be your STRS Ohio retirement plan for as long as you remain a member of the system.

Let's look at the features of each of the three plans.

## Defined Benefit Plan

### Review the Plan Features



The Defined Benefit Plan offers a predictable monthly retirement benefit payment. Of the three retirement plans offered, it requires the least account management by you throughout your career.

## Defined Benefit Plan

### Retirement income

- **Age**
- **Years of service**
  - 2.2%\* for each year
- **Final average salary (FAS)**
  - Five highest years of earnings

### EXAMPLE

**2.2%\***

**X 35 years**

**77% of FAS**

\*This multiplier is set by statute and is subject to change.

Under this plan, your retirement income is based on a calculation that uses your age, years of service and final average salary — FAS.

The FAS is the average of your five highest years of Ohio public earnings, and the retirement benefit will be based on 2.2% of your FAS for all years of service. For example, if you retire with 35 years, you would receive 77% of your FAS.

## Defined Benefit Plan



### Retirement benefit eligibility (unreduced)

- Age 65 with five years, or
- Any age and 34 years — increases to 35 years on Aug. 1, 2023

### Reduced benefit eligibility

- STRS Ohio website, under Preparing for Retirement

Defined Benefit Plan participants can retire with an unreduced benefit at age 65 with five years of service or at any age with 34 years of service. The required service credit increases to 35 years, effective August 1, 2023.

If a member retires before these age and service requirements are met, benefits are reduced. Those eligibility requirements are available on the STRS Ohio website.

## Defined Benefit Plan



### Other key features

- **Survivor and disability benefits**
- **Health care coverage in retirement\***
- **May be eligible to purchase service credit**

\*Coverage under 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.

CHOICES

Current Defined Benefit Plan benefits include survivor and disability benefits during your career when eligibility conditions are met. Access to health care coverage in retirement is also available to those meeting eligibility requirements.

Under this plan, you have the option to purchase service credit for certain types of employment if you are eligible. Purchasing credit can increase the amount of your retirement benefit or may enable you to retire sooner.

## Defined Contribution Plan

Review the Plan Features



The Defined Contribution Plan offers you control over your entire retirement account. Under this plan you have the ability to monitor and change your investment choices to align them with your retirement goals.



## Defined Contribution Plan



### **Retirement income — distributions at age 50**

- **Lifetime annuity or lump-sum payment**
- **Payment based on:**
  - Amount contributed to your account
  - Performance of investments you select
  - Annuity rates at retirement

Under the Defined Contribution Plan, once you terminate all STRS Ohio-covered employment, distributions from your account are available beginning at age 50. You can take your retirement income as a lifetime annuity or lump-sum payment. The amount will be based upon your contributions and the amount of employer contributions added to your account, the performance of investments you select and annuity rates in effect at the time of your retirement.

## Defined Contribution Plan



### Other key features

- No survivor or disability benefits
- No access to STRS Ohio health care in retirement
- Not eligible to purchase credit

CHOICES

The Defined Contribution Plan does not offer survivor benefits and disability benefits during your career nor does it offer access to STRS Ohio health care in retirement.

You are not eligible to purchase service credit under this plan; however, you may make contributions on salary not earned if your teaching career is interrupted by military service, provided you meet the eligibility requirements.

## Combined Plan

### Review the Plan Features



The Combined Plan includes features of both the Defined Benefit Plan and Defined Contribution Plan. It provides you with a predictable monthly benefit in retirement from the defined benefit portion and gives you control of your contributions for the defined contribution portion.

## Combined Plan

### Retirement income

- **Defined benefit portion: Age 60 with five years**
  - 1%\* of FAS per year of service
- **Defined contribution portion: Distributions at age 50**
  - Lifetime annuity or lump sum
  - Payment based on:
    - Deposits to defined contribution account
    - Performance of investments you select
    - Annuity rates at retirement

\*This multiplier is set by statute and is subject to change.

Under this plan, retirement income is based on separate retirement benefits paid from the defined benefit and defined contribution portions of your account.

You are eligible to receive a retirement benefit from the defined benefit portion at age 60 with five years of service. That benefit will be 1% of your final average salary per year of service.

For the defined contribution portion, once you end all STRS Ohio-covered employment, distributions from your account are available beginning at age 50. You can take that retirement income as a lifetime annuity or lump-sum payment. The payment will be based upon the amount deposited to the defined contribution portion of your account, performance of investments you select and annuity rates in effect at the time of your retirement.

## Combined Plan

### Other key features

- **Survivor and disability benefits**
- **Health care coverage in retirement\***
- **Purchasable service credit**
  - Service interrupted by military service or leaves of absence

\*Coverage under 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.

Current Combined Plan benefits include survivor and disability benefits during your career and access to health care coverage in retirement upon meeting eligibility requirements.

Under this plan, you can also purchase service credit if teaching was interrupted by military service or a leave of absence.

## Your STRS Ohio Account



### Changing to the **Defined Benefit Plan**

- **Current account is closed**
  - Existing funds and future contributions used to fund benefits under Defined Benefit Plan
- **Defined benefit account opened**
  - Based on years of service accumulated if you had originally selected this plan
- **STRS Ohio will manage account**

If you decide to change retirement plans, what will happen to your STRS Ohio account?

If you select the Defined Benefit Plan, your current account will be closed. Funds from that account, as well as future member and employer contributions, will be used to fund the benefits that are available to you under the Defined Benefit Plan.

A defined benefit account will be created based on your years of service as if you had originally selected the Defined Benefit Plan when you made your initial retirement plan selection.

STRS Ohio will manage your account's contributions.

## Your STRS Ohio Account



### Changing to the **Defined Contribution Plan**

- **Combined Plan account is closed**
- **Defined Contribution Plan account is opened**
  - Account balance from defined contribution portion of Combined Plan
  - Withdrawal value from defined benefit portion of Combined Plan
- **You will manage the entire account**

If you are currently a Combined Plan participant and change to the Defined Contribution Plan, your current account will be closed.

The new Defined Contribution Plan account will include the account balance, plus gains or losses, from the defined contribution portion of your Combined Plan account. It will also include the withdrawal value, if any, from the defined benefit portion. The withdrawal value — determined once final service credit has been reported at the end of the current fiscal year — will be added to your account following your current investment allocation instructions.

You will manage the entire Defined Contribution Plan account.

## Your STRS Ohio Account



### Changing to **Combined Plan**

- **Your existing contributions and earnings**
  - deposited to the defined contribution portion of the account
- **Your future contributions:** split between both portions of the account
- **Employer contributions and earnings** (existing and future): Deposited to the defined benefit portion of the account
- **Credited with service credit at the end of current fiscal year**
- **STRS Ohio manages defined benefit portion; you manage defined contribution portion**

If you are currently a Defined Contribution Plan participant and select the Combined Plan, your existing contributions and earnings will be deposited to the defined contribution portion of your new account. Those allocations will be managed by you.

Your future contributions will be split between the defined contribution and defined benefit portions.


Employer contributions and earnings currently included in your defined contribution account as well as future employer contributions will fund the defined benefit portion of your Combined Plan account.

You will also be credited with the years of service credit accumulated through the end of the current fiscal year.

STRS Ohio will manage the defined benefit portion of your account and you will manage the defined contribution portion.



# Comparing Plans



	Defined Benefit Plan	Defined Contribution Plan	Combined Plan
<b>Predictable monthly retirement benefit</b>	✓		✓ <small>(defined benefit portion)</small>
<b>Greatest portability</b>		✓	
<b>Greatest investment risk</b>		✓	
<b>Disability and survivor benefits during career*</b>	✓		✓
<b>Access to health care coverage in retirement*</b>	✓		✓

\* Upon meeting eligibility criteria.

## Select the Best Plan for You

As you decide whether to remain in your current plan or change plans, it may help to focus on the key differences among the three plans.

The Defined Benefit Plan offers you the most predictability related to your retirement benefit amount seeing as that monthly benefit is defined by a calculation set by statute.

The Defined Contribution Plan offers the greatest portability, which can be an appealing feature if you don't plan to be a career educator. The Defined Contribution Plan also involves the most risk related to the impact of your investment selections on your retirement benefit amount.

Both the Defined Benefit Plan and Combined Plan offer disability benefits and survivor benefits during your career and access to health care coverage in retirement upon meeting eligibility requirements.

## Further Information



### Retirement plan reselection packet

- Letter with account information
- *Retirement Plan Reselection Options* brochure
  - Includes plan comparison chart

Access the STRS Ohio website or call 888-227-7877



Further details to guide you in your decision can be found in the retirement plan reselection packet sent to eligible members. Included are a personalized letter with your account information and a brochure detailing plan options and features.

Plan information is also available on the STRS Ohio website. If you have questions, you can also contact STRS Ohio toll-free at 888-227-7877.

## Informing STRS Ohio of Your Selection



### **Make your plan selection online**

- Access your Online Personal Account on the STRS Ohio website.
  - Select "Member Information" from the top menu.
  - Select "Retirement Plan Reselection" under Useful Links.

### **Staying in your current plan? No action required.**

*\*The information provided in this presentation is based on current rates, factors and laws — all of which are subject to change.*

## **Notify STRS Ohio by June 1**

To complete your selection, access your Online Personal Account on the STRS Ohio website. Click on "Member Information" in the top menu and then "Retirement Plan Reselection" under Useful Links.

The deadline for making your plan selection is June 1. If you are staying in your current plan, no action is required.

We hope this presentation has been helpful to you as you evaluate your plan options and the best plan for you.

State Teachers Retirement System of Ohio  
Retirement Plan Reselection

