

# **SECTION 2 — COMPENSATION**

## **Contents**

<b>COMPENSATION</b> .....	1
Table —	
Annual Compensation Limits .....	2
Table —	
Contribution Rates .....	3
<b>TAX-SHELTERED ANNUITIES</b> .....	4
<b>SALARY REIMBURSED FROM PRIVATE INCOME</b> .....	4
<b>TEACHER PROFESSIONAL ORGANIZATION (TPO) SERVICE</b> .....	4
<b>MILITARY SERVICE PAY</b> .....	5



# COMPENSATION

STRS Ohio members are required to contribute a percentage of earned compensation for teaching services, including supplemental and summer earnings. Employers must withhold the correct contribution amounts from STRS Ohio members' salary payments and remit contributions to STRS Ohio within five business days after each pay date. The contribution rates for each fiscal year are listed on the table on Page 3 of this section.

In addition, contributions are required for retirees of Ohio public retirement systems who are employed in STRS Ohio-covered positions. See Section 16 for more information about the employment of Ohio public retirees.

For purposes of STRS Ohio contributions, compensation is defined in Section 3307.01, R.C., as all salary, wages and other earnings, including compensation paid in accordance with supplemental contracts. Further, such amounts are subject to contributions without regard to whether the amounts are treated as deferred income for federal income tax purposes.

If a benefit cafeteria plan is available and a member elects to reduce stated salary to receive additional fringe benefits, retirement contributions must be based on the gross salary before reduction. Conversely, cash payments that are in addition to stated salary and are in lieu of cafeteria plan benefits are not subject to retirement contributions.

The following types of payments are specifically **excluded** from compensation for retirement purposes:

- Payments for accrued but unused sick leave or personal leave, including payments for perfect attendance and severance;
- Payments for accrued but unused vacation and vacation pay covering concurrent periods for which other salary or compensation is paid;
- Amounts paid to provide insurance coverage of any type and cash payments in lieu of providing insurance coverage, including payments for Medicare;
- Incidental benefits such as lodging, food, laundry, parking or services furnished by the employer; use of the employer's property or equipment; or job-related expenses such as housing, moving, travel or costs related to professional development;
- Anything of value that is based on retirement or an agreement to retire, including employees completing their contract early;
- Payments made by the employer in exchange for a member's waiver of a right to receive any payment amount or benefit;
- Retroactive increases that are not paid in accordance with uniform criteria applicable to all STRS Ohio members who are employed by the employer;
- Payments for services not actually rendered;
- Payments that exceed the annual compensation limits for plans qualified under Section 401 of the Internal Revenue Code. These limits can vary depending on the type of plan a member participates in. See the Annual Compensation Limits table on the following page for a complete listing of these limits; or
- Payments made as part of a settlement agreement or by court order unless member and employer contributions and interest are received for each fiscal year, which the board determines the teacher was improperly paid, regardless of the teacher's ability to recover on such amounts.

## ANNUAL COMPENSATION LIMITS

Fiscal Year	Defined Benefit Plan		Defined Contribution Plan		Combined Plan	
	For new members on or after July 1, 1996	For members before July 1, 1996	For new members on or after July 1, 1996	For members before July 1, 1996	For new members on or after July 1, 1996	For members before July 1, 1996
2019–2020	\$280,000	\$415,000	\$237,994*	\$237,994*	\$280,000	\$415,000
2018–2019	\$275,000	\$405,000	\$237,994	\$237,994	\$275,000	\$405,000
2017–2018	\$270,000	\$400,000	\$233,744	\$233,744	\$270,000	\$400,000
2016–2017	\$265,000	\$395,000	\$229,787	\$229,787	\$265,000	\$395,000
2015–2016	\$265,000	\$395,000	\$235,556	\$235,556	\$265,000	\$395,000
2014–2015	\$260,000	\$385,000	\$246,512	\$246,512	\$260,000	\$385,000
2013–2014	\$255,000	\$380,000	\$253,659	\$253,659	\$255,000	\$380,000
2012–2013	\$250,000	\$375,000	\$248,780	\$248,780	\$250,000	\$375,000
2011–2012	\$245,000	\$360,000	\$243,902	\$243,902	\$245,000	\$360,000
2010–2011	\$245,000	\$360,000	\$239,024	\$239,024	\$245,000	\$360,000
2009–2010	\$245,000	\$360,000	\$239,024	\$239,024	\$245,000	\$360,000
2008–2009	\$230,000	\$345,000	\$230,000	\$239,024	\$230,000	\$345,000
2007–2008	\$225,000	\$335,000	\$224,390	\$224,390	\$225,000	\$335,000
2006–2007	\$220,000	\$325,000	\$214,634	\$214,634	\$220,000	\$325,000
2005–2006	\$210,000	\$315,000	\$204,878	\$204,878	\$210,000	\$315,000
2004–2005	\$205,000	\$305,000	\$200,000	\$200,000	\$205,000	\$305,000
2003–2004	\$200,000	\$300,000	\$195,121	\$195,121	\$200,000	\$300,000
2002–2003	\$200,000	\$295,000	\$200,000	\$202,020	\$200,000	\$295,000
2001–2002	\$170,000	\$285,000	\$170,000	\$176,768	\$170,000	\$285,000
2000–2001	\$170,000	\$275,000				
1999–2000	\$160,000	\$270,000				
1998–1999	\$160,000	\$265,000				
1997–1998	\$160,000	\$261,600				
1996-1997	\$150,000	\$247,600				

These amounts are based on compensation limits under 401(a)(17) and contribution limits\*\* under 415(c) of the Internal Revenue Code. If an amount is not shown, annual compensation limits were not applicable for that time period.

\*Amounts have not been updated by the IRS for the 2019–2020 fiscal year. Amounts to be revised when available.

\*\*Contribution limits have been converted to compensation amounts for convenience.

## CONTRIBUTION RATES

Year*	Member	Employer
1975-1976	8.0%	12.55%
1976-1977	8.0%	12.55%
1977-1978	8.5%	13.50%
1978-1979	8.5%	13.50%
1979-1980	8.5%	13.50%
1980-1981	8.5%	13.50%
1981-1982	8.5%	13.50%
1982-Dec. 31, 1983	8.5%	13.50%
Eff. Jan. 1, 1984	8.75%	14.00%
1984-1985	8.75%	14.00%
1985-1986	8.75%	14.00%
1986-1987	8.75%	14.00%
1987-1988	8.75%	14.00%
1988-1989	8.77%	14.00%
1989-1990	8.77%	14.00%
1990-1991	9.25%	14.00%
1991-1992	9.25%	14.00%
1992-1993	9.25%	14.00%
1993-1994	9.25%	14.00%
1994-1995	9.30%	14.00%
1995-1996	9.30%	14.00%
1996-1997	9.30%	14.00%

Year*	Member	Employer
1997-1998	9.30%	14.00%
1998-1999	9.30%	14.00%
1999-2000	9.30%	14.00%
2000-2001	9.30%	14.00%
2001-2002	9.30%	14.00%
2002-2003	9.30%	14.00%
2003-2004	10.00%	14.00%
2004-2005	10.00%	14.00%
2005-2006	10.00%	14.00%
2006-2007	10.00%	14.00%
2007-2008	10.00%	14.00%
2008-2009	10.00%	14.00%
2009-2010	10.00%	14.00%
2010-2011	10.00%	14.00%
2011-2012	10.00%	14.00%
2012-2013	10.00%	14.00%
2013-2014	11.00%	14.00%
2014-2015	12.00%	14.00%
2015-2016	13.00%	14.00%
2016-2017	14.00%	14.00%
2017-2018	14.00%	14.00%
2018-2019	14.00%	14.00%

\*Fiscal year unless otherwise noted.

Contact STRS Ohio toll-free at 888-535-4050 for contribution rates before 1975.

## TAX-SHELTERED ANNUITIES

Annuities paid on behalf of a member are considered compensation for STRS Ohio purposes if the amount is part of the member's compensation for services and is not excluded for some other reason, such as an annuity in lieu of insurance benefits, under Section 3307.01(L)(2), R.C. These annuity payments should be treated as supplemental compensation, and contributions must be remitted to STRS Ohio for the fiscal year in which annuity payments are earned.

## SALARY REIMBURSED FROM PRIVATE INCOME

In accordance with Section 3307.24, R.C., STRS Ohio will deny the right to contribute on any compensation that is reimbursed to employers unless specifically provided for by statute or Administrative Code Rule. This includes programs established by employers that allow members to voluntarily increase their compensation by reimbursing the employer for the amount of the increase from private income. Unauthorized contributions will be returned to the employer.

## TEACHER PROFESSIONAL ORGANIZATION (TPO) SERVICE

STRS Ohio members who are paid for service to a teacher professional organization (TPO) may qualify to make contributions on part or all of their earnings for this service. A TPO is an organization of teaching professionals that qualifies as an employee organization under the terms of Section 4117.01, R.C.

Administrative Code Rule 3307-6-01 permits contributions for TPO service. STRS Ohio members who meet all of the following criteria may be eligible to complete contributions:

- Worked full time or part time for a TPO,
- Received compensation for service to a TPO, and
- Are not eligible for any other retirement benefits, based on the money received for performing such service, except Social Security.

Contributions on payments for local, state or national TPO service can be remitted to STRS Ohio if a member meets the above criteria **and** the total annual compensation on which contributions are based does not exceed an amount calculated by multiplying the member's per diem contract rate for actual teaching service by 250 days. A member may also contribute on supplemental duties not related to the TPO.

Compensation for TPO service must be part of the collective bargaining agreement between the employer and TPO to qualify for contributions. The agreement must specify that compensation will be paid for TPO service, name of individual or title of the position to be paid, the rate of pay for the service and the time period for which service will be paid, such as per hour, day or week. Contributions to STRS Ohio are required if provided for by the agreement. **Employers must submit a copy of the agreement for STRS Ohio to review.**

Employers are required to certify the amount of contributions submitted for TPO service annually. See Section 5 for more information on the certification process.

## **MILITARY SERVICE PAY**

When Ohio teachers are called to active military duty, Section 5923.05(B), (C) and (E), R.C., requires employers to pay the lesser of the following:

1. The difference between the permanent public employee's gross monthly wage or salary as a permanent public employee and the sum of the permanent public employee's gross uniformed pay and allowances received that month; or
2. Five hundred dollars.

In addition to payments required under Ohio law, some STRS Ohio employers are continuing to pay these employees all or a portion of their salaries.

By law, STRS Ohio **cannot** accept retirement contributions on payments made under Section 5923.05(B), (C) and (E), R.C., or continuing salary payments made by employers to teachers called to active duty.

Members should contact the STRS Ohio Member Services Center toll-free at 888-227-7877 for information about service credit during active military duty.