



## Fees should be considered when selecting a retirement plan

There are several items new higher education faculty should take into consideration when selecting a retirement plan. Future career path, risk tolerance and investment experience ... just to name a few. One important consideration sometimes overlooked is asset management fees. New faculty should be aware of fees they will incur as a participant in STRS Ohio's Defined Contribution (DC) or Combined (CO) Plan or the fees associated with any alternative retirement plan they are considering.

Members who participate in STRS Ohio's DC and CO plans are charged asset management fees annually, with the exception that no separate fee is charged for participation in the Total Guaranteed Return Choice. The table to the right shows the annual fees one would incur on a hypothetical investment of \$1,000 in each STRS Ohio allocation choice.\* The fees are taken from the net asset value of each choice each valuation day. For this example, to calculate annual fees, the total fee is multiplied by the year-end account balance in that option.

The table assumes (a) continuation into future years of the applicable STRS Ohio fee; (b) a 5% annual return; and (c) disbursement at each time period shown. In addition to the fees shown at right, a quarterly account fee of \$10 is charged to DC or CO Plan participants.

	1 Year	3 Years	5 Years	10 Years
STRS Money Market Choice	\$1	\$3	\$6	\$13
STRS Barclays U.S. Universal Bond Index Choice	\$2	\$5	\$9	\$20
STRS Large-Cap Core Choice	\$3	\$10	\$17	\$40
STRS Russell 1000 Index Choice	\$1	\$3	\$6	\$13
STRS Russell Midcap Index Choice	\$1	\$3	\$6	\$13
STRS Russell 2000 Index Choice	\$1	\$3	\$6	\$13
STRS REIT Index Choice	\$2	\$5	\$9	\$20
STRS MSCI World ex USA Index Choice	\$2	\$7	\$12	\$26
STRS Target Choice Options	\$2	\$7	\$12	\$26
STRS Total Guaranteed Return Choice	\$0	\$0	\$0	\$0

Further information about the STRS Ohio investment allocation options can be found in the *Investment Options Guide*, available in the Publications section of the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

\*This example should not be considered a representation of past or future expenses. Actual expenses may be greater or lesser than shown, depending on factors such as actual performance.

### Member contribution rate to increase on July 1

Pension reform legislation passed in 2012 included increasing the member contribution rate to 14%. This increase has been phased in 1% per year, with the final scheduled increase to take effect on July 1, 2016, when the rate increases to 14% from 13%.

The current mitigating rate is 4.5%. For DC Plan and alternative retirement plan (ARP) participants, this means that 4.5% of the 14% employer contribution is directed to STRS Ohio, by law, as recognition of the employer's obligation to help fund the system. The remaining 9.5% of the 14% contribution is allocated to the individual's DC/ARP account.

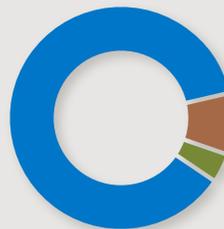
For STRS Ohio's CO Plan participants, effective July 1, 2016, the member contribution rate of 14% will have 12% allocated to the member's DC account and 2.0% allocated to the DB portion of the CO Plan.

### Retirement Plan Selections\*

STRS Ohio ..... 56%

ARP ..... 44%

### STRS Ohio Plan Selections



Defined Benefit Plan ..... 87%\*\*

Defined Contribution Plan ... 9%

Combined Plan ..... 4%

\*Fiscal year to date as of May 2016

\*\*Includes 76% who defaulted to DB Plan (no plan selection made by the deadline)

# Individual benefits counseling recommended twice prior to retirement

STRS Ohio recommends that members meet with a benefits counselor at least three years before retirement and again six to 12 months from retirement. During this session, the counselor will: review account information; discuss purchasable service credit; provide a retirement estimate; explain STRS Ohio benefits and review applications processes and deadlines.

A schedule of upcoming dates for locations around Ohio is available at [www.strsoh.org](http://www.strsoh.org) — click on “Counseling & Seminars” under “During Your Career.” Members can schedule an appointment using an Online Personal Account at [www.strsoh.org](http://www.strsoh.org) or by calling 888-227-7877 (toll-free). Appointments are also available in STRS Ohio’s Columbus office or by phone (through an individual TeleConference) and can be made by calling 888-227-7877.

## Online resources help simplify plan selection process

**Retirement Plan Options presentation** — For new members making their retirement plan selection, this presentation provides details pertaining to the plan selection timeline, features of the three STRS Ohio retirement plan options, alternative retirement plan (ARP) features and considerations when making a plan selection. The presentation can be accessed at [www.strsoh.org](http://www.strsoh.org) in the Videos section.

**Retirement plan election and selection forms** — New members can access both the *Retirement Plan Election Form* (completed to indicate ARP or STRS Ohio election) as well as the *Retirement Plan Selection Form* (completed to indicate STRS Ohio retirement plan selection), at [www.strsoh.org](http://www.strsoh.org) under “During Your Career” and “Forms.” These fillable PDF forms can be completed online and printed for submission to your employer (election form) or STRS Ohio (selection form).



[www.strsoh.org](http://www.strsoh.org)



## Plan reselection option available in fifth year of membership

STRS Ohio’s Defined Contribution Plan and Combined Plan participants have a one-time opportunity in their fifth year of membership to stay in their current STRS Ohio retirement plan or switch to one of the other two STRS Ohio plans. Members are sent plan reselection materials when they reach this eligibility. The plan the member selects during their plan reselection period becomes their permanent plan for as long as they remain an STRS Ohio member. The three plan options are as follows:

- **Defined Benefit Plan (DB)** — The retirement benefit is based on a defined formula using the member’s age, years of service and final average salary (FAS) — the average of the five highest years of Ohio public earnings.
- **Defined Contribution Plan (DC)** — The retirement benefit is based on contributions to the member’s account, performance of investments selected by the member and annuity rates at retirement.
- **Combined Plan** — Offers features of both the DB Plan and DC Plan. The retirement benefit from the DB portion is based on a defined formula using the member’s age, years of service and FAS. The retirement benefit from the DC portion is based on contributions to the member’s account, performance of investments selected by the member and annuity rates at retirement.

## TIAA-CREF is now TIAA

Early this year, TIAA-CREF announced a name change to TIAA. The financial services company also launched a website redesign at that time. Newly hired full-time faculty members have 120 days from the first day of paid service to choose between participating in STRS Ohio’s retirement plans or electing an ARP, such as TIAA. If you have questions related to TIAA, please contact your local TIAA representative.