

Welcome to the first part of our *Higher Education Essentials* webinar series. My name is Patty Gordon and joining me today is Todd Wolford. For today's webinar:

- All participants' cameras are off and you are automatically muted.
- You can press the ALT key on your keyboard to open or close the Zoom control panel.
- You can ask questions in the Q&A pane on the control panel.

Today we will be covering membership, alternative retirement plan (ARP) election and reporting. This is the first of two webinars to cover topics specific to colleges and universities designed for individuals new to STRS Ohio reporting as well as experienced individuals who just need a refresher.

A copy of the slides from today's presentation with lines for note taking is available along with other helpful handouts. We recommend you get a binder and keep a copy of the handouts and slides for each of the topics. If you have attended any of our other webinars, this binder will serve as your own workbook to reference in the future.

## Agenda

- Membership criteria
- Student exemptions
- Notification process
- STRS Ohio member plans
- ARP election
- ARP contributions and reporting
- Mitigating rate change
- Resources



Today we will discuss:

- STRS Ohio membership criteria;
- Student exemptions;
- The notification process;
- Retirement plan options for members;
- The ARP election process;
- ARP contributions and reporting;
- A change to the mitigating rate effective July 1, 2022; and
- Resources available to you to help with ARP questions.

## Membership criteria

### STRS Ohio members

- Faculty, instructors, academic deans
- Administrators with faculty status
- Reemployed retirees holding STRS Ohio-covered positions
  - Reemployed retiree: anyone receiving a retirement benefit from an Ohio public retirement system or ARP
- Contact us if unclear



Ohio law defines STRS Ohio membership in Section 3307.01 of the Revised Code. Look at the bulleted list on Page 1 of your handout. STRS Ohio members are:

- Any teacher or faculty member employed in a state college or university
- Any teacher teaching to enrolled students
- Reemployed retirees — anyone receiving a retirement benefit from one of the six Ohio public retirement systems who has returned to Ohio public employment
- A person currently working in an STRS Ohio-covered position who retired from an Ohio public college or university and selected an ARP
- Employees who have retired from the private sector or who receive a benefit from an out-of-state retirement system are NOT considered reemployed retirees

If you are unsure whether someone should be a member, send us a copy of the job description.

## Student exemptions

- STRS Ohio members employed as part-time faculty and regularly attending classes
- Complete and submit exemption form within 30 days of employment (see handout for form)
- Doesn't apply to student employees who are not currently members of STRS Ohio



Administrative Code Rule 3307-4-1 allows members employed as faculty on a part-time basis by a college or university in which they are regularly attending classes to apply for exemption from contributions to STRS Ohio.

- This only applies to periods in which they are attending classes.
- Submit an *Exemption From Contributions for Student Employees* within 30 days of employment following each period of nonexempt employment.
- The exemption will remain in effect until employment as a student employee terminates or the employer submits contributions.
- Contributions are required for any period during which the faculty member is not attending classes — summer sessions, for example.

## Notification process

### Notifying STRS Ohio of new hires and reemployed retirees

- Employer is required to send the new hire or reemployed retiree notification within **10 business days of the member's first day worked**
- Notification is completed in Employer Self Service (ESS) or sent via secure file upload in a properly formatted file
- [Member Information](#) form (optional)
- Member's email address is required



To ensure that members receive timely information about their STRS Ohio plan options, employers are required to send a new hire or reemployed retiree notification within 10 business days of the member's first day worked. You can send the report in Employer Self Service (ESS) or via secure file upload on the STRS Ohio Employer Website.

You can use the *Member Information* form to request the information you need to complete the new hire or reemployed retiree notification.

The employee's email address is required in the notification so he or she can be contacted about plan options. STRS Ohio prefers a personal email address so members can still be reached if they change jobs.

## Notification process

### Other required notification: SSA-1945 form

- Form is available as handout
- Send via secure file upload or mail
- Can also fax to 614-744-3340 – use this fax number for this form only, no cover sheet needed
- Complete form and print for employee's signature

Social Security Administration

**Statement Concerning Your Employment in a Job Not Covered by Social Security**

Employee Name \_\_\_\_\_ Employee ID# \_\_\_\_\_  
Employer Name \_\_\_\_\_ Employer ID# \_\_\_\_\_

Your earnings from this job are not covered under Social Security. When you retire, or if you become disabled, you may receive a pension based on earnings from this job. If you do, and you are also entitled to a benefit from Social Security based on either your own work or the work of your husband or wife, or former husband or wife, your pension may affect the amount of the Social Security benefit you receive. Your Medicare benefits, however, will not be affected. Under the Social Security law, there are two ways your Social Security benefit amount may be affected.

**Windfall Elimination Provision**  
Under the Windfall Elimination Provision, your Social Security retirement or disability benefit is figured using a modified formula when you are also entitled to a pension from a job where you did not pay Social Security tax. As a result, you will receive a lower Social Security benefit than if you were not entitled to a pension from this job. For example, if you are age 62 in 2013, the maximum monthly reduction in your Social Security benefit as a result of this provision is \$365.50. This amount is updated annually. This provision reduces, but does not totally eliminate, your Social Security benefit. For additional information, please refer to Social Security Publication, "Windfall Elimination Provision."

**Government Pension Offset Provision**  
Under the Government Pension Offset Provision, any Social Security spouse or widower's benefit to which you become entitled will be offset if you also receive a Federal, State or local government pension based on work where you did not pay Social Security tax. The offset reduces the amount of your Social Security spouse or widower's benefit by two-thirds of the amount of your pension.

For example, if you get a monthly pension of \$600 based on earnings that are not covered under Social Security, two-thirds of that amount, \$400, is used to offset your Social Security spouse or widower's benefit. If you are eligible for a \$500 widower's benefit, you will receive \$100 per month from Social Security (\$500 - \$400 = \$100). Even if your pension is high enough to totally offset your spouse or widower's Social Security benefit, you are still eligible for Medicare at age 65. For additional information, please refer to Social Security Publication, "Government Pension Offset."

**For More Information**  
Social Security publications and additional information, including information about exceptions to each provision, are available at [www.ssa.gov/ncr/ssa1945](http://www.ssa.gov/ncr/ssa1945). You may also call toll free 1-800-772-1213, or for the deaf or hard of hearing call the TTY number 1-800-325-0778, or contact your local Social Security office.

I certify that I have received Form SSA-1945 that contains information about the possible effects of the Windfall Elimination Provision and the Government Pension Offset Provision on my potential future Social Security benefits.

Signature of Employee \_\_\_\_\_ Date \_\_\_\_\_

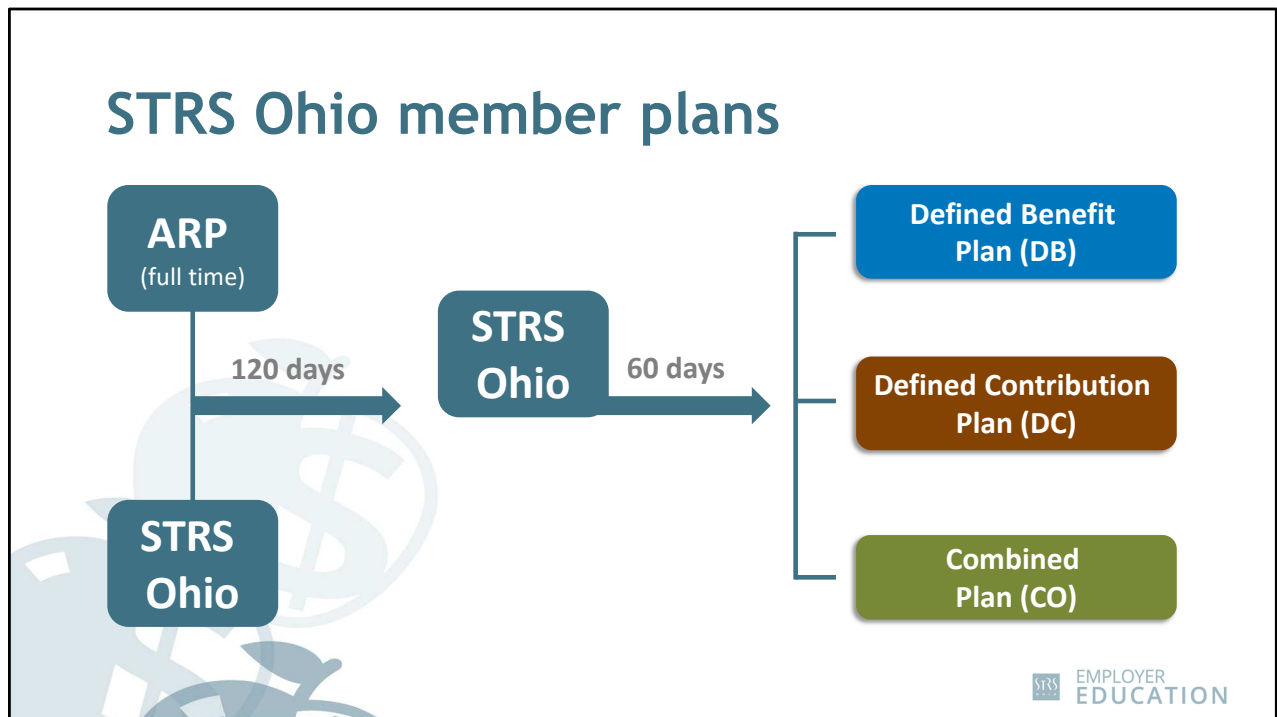
Form SSA-1945 (01-2013)  
Destroy Prior Editions



Employers must submit a signed SSA-1945 form for every new hire. This is a federally required form regarding employment in a job not covered by Social Security. You can find a copy of this form in the handouts for this webinar.

STRS Ohio prefers this form be scanned and uploaded using secure file upload on the employer website. You can also mail or fax the form to 614-744-3340. This fax number is dedicated to SSA-1945 forms and you do not need a cover sheet. For our members' protection, do not email scanned copies to STRS Ohio.

Be sure to print the form and get the employee's signature before sending it to STRS Ohio.



When hired, new members have a one-time opportunity to choose between a private vendor-offered alternative retirement plan — also known as an ARP — or an STRS Ohio retirement plan. If a member does not make a selection within 120 days from the first day of paid service, he or she will participate in STRS Ohio.

After choosing or defaulting to STRS Ohio, members have an additional 60 days to select the Defined Benefit Plan, Defined Contribution Plan or Combined Plan.

## STRS Ohio member plans

	Defined Benefit Plan	Defined Contribution Plan	Combined Plan
Investments selected by you		✓ (entire account)	✓ (defined contribution portion)
Predictable monthly retirement benefit	✓		✓ (defined benefit portion)
Greatest portability		✓	
Greatest investment risk		✓	
Disability and survivor benefits during career*	✓		✓
Access to health care coverage in retirement*	✓		✓

\*Upon meeting eligibility criteria.



Choosing an STRS Ohio plan depends on the member's needs. The three plan options offer different features that allow new members to select the best plan for them based on their preferences. Features such as plan portability, control over investments, access to health care coverage in retirement and disability and survivor benefits are considerations in making a plan selection.

- **Defined Benefit Plan** — Retirement income is based on a calculation using age, years of service and final average salary. STRS Ohio manages investments to provide the benefit.
- **Defined Contribution Plan** — The member makes all the investment choices for the contributions in his or her account. This is the most portable account; members can withdraw their contributions at any time.
- **Combined Plan** — Participants in this plan have both a defined benefit and a defined contribution portion of their account with access to most of the features of both plans.



## ARP election

### What is an ARP?

Alternative retirement plan

### Eligibility

- Full-time academic and administrative employees employed by a college or university
- Full-time reemployed retirees employed by a college or university
- ARP eligibility flow chart



ARP stands for alternative retirement plan.

- An ARP is a defined contribution plan offered to eligible public college and university full-time faculty teaching in Ohio. Plans are offered by private vendors and offer an alternative to participation in STRS Ohio.
- There are currently seven vendors that have been approved by the chancellor of the Ohio Department of Higher Education.

Certain academic and administrative full-time employees of colleges and universities are eligible to choose a retirement plan other than STRS Ohio. This group includes:

- New full-time academic and administrative faculty and
- Full-time reemployed retirees

See the *ARP Eligibility Decision Tree* in your handouts for more information.

## ARP election

### RETIREMENT PLAN CHOICES



Defined  
Benefit Plan

=

85%



Defined  
Contribution  
Plan

=

10%



Combined Plan

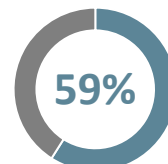
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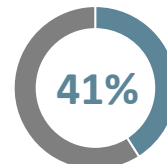
### CURRENT ACTIVE MEMBER ENROLLMENT

### ALTERNATIVE RETIREMENT PLANS (ARP)

NOTE: Current STRS Ohio plan versus ARP selection percentages for full-time higher education faculty



STRS Ohio Plan



ARP

STRS OHIO  
EMPLOYER  
EDUCATION

The majority of STRS Ohio members select the Defined Benefit Plan. Among higher education faculty, 59% are STRS Ohio members and 41% have chosen an ARP.

## ARP election

### Election period

- Full-time employees working in STRS-Ohio covered positions have **120 days** from employment start date to select a retirement plan
- If employee elects to contribute to an ARP, the choice can't be changed, and the election period is closed
- If employee does not choose an ARP, he or she has an additional **60** days to select one of the three STRS Ohio retirement plans
- Employees who do not select an STRS Ohio plan during the **180-day** period will automatically join the Defined Benefit Plan



Let's go over the election process for employees who choose to enroll in an ARP.

- A full-time employee working in an STRS Ohio-covered position has **120 days** from their first date of employment to select a retirement plan.
- An ARP is irrevocable — the choice to enroll cannot be changed, and the membership effective date is the first date of employment.
- If the employee does not select an ARP, they have an additional 60 days to choose one of the three STRS Ohio plans — if the employee does not submit an election form, they will default into the Defined Benefit Plan.

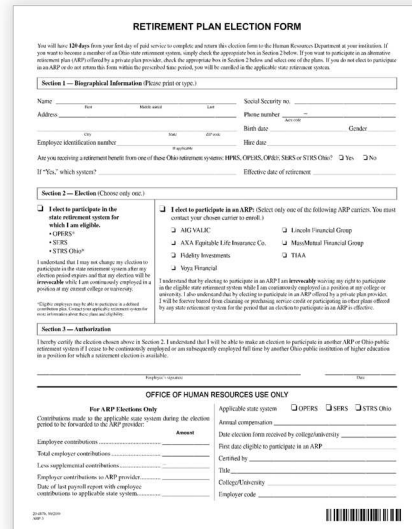
ARP participants who terminate employment in an ARP-eligible position must remain in the ARP as long as there is less than a one-year break in employment with their college or university.

- This rule also applies to ARP participants who move from a full-time to a part-time position and ARP participants whose break in service with their college or university is less than one year.

# ARP election

## Required Election Form

- Employee completes Sections 1-3
- Employer completes bottom section and sends to STRS Ohio within 10 days
  - Scan and send via secure file upload, or
  - Mail to: STRS Ohio, 275 E. Broad St. Columbus, OH 43215-3771
  - If an employee selects an STRS Ohio plan, indicate in Section 2. Employee should also submit plan selection form to STRS Ohio



The form is titled "RETIREMENT PLAN ELECTION FORM". It contains several sections: Section 1 - Biographical Information (Name, Address, Phone number, Birth date, Gender, Employee identification number, Social Security no.), Section 2 - Election (Choose only one), and Section 3 - Authorization. Section 2 includes options for "I elect to participate in the state retirement system for which I am eligible" (OPERS, STRS, STRS Ohio) and "I elect to participate in an ARP" (ARVALIC, AXA Equitable Life Insurance Co., Fidelity Investments, Lincoln Financial Group, MassMutual Financial Group, TIAA, Sun Life Financial). Section 3 includes a statement of understanding and a signature line. At the bottom, there is a section for the "OFFICE OF HUMAN RESOURCES USE ONLY" with fields for "Applicable state system", "Annual compensation", "Date election form received by college/university", "First date eligible to participate in an ARP", "Contracted by", "College/University", and "Employee code".

When filling out the *Retirement Plan Election Form*:

- The employee completes Sections 1, 2 and 3 and turns the form in to the employer.
- The employer completes the certification at the bottom and sends the form to STRS Ohio within 10 days of receipt.
  - You can scan and send the form via secure file upload, or
  - Mail it to STRS Ohio at the Broad Street address.
  - Employees who select an STRS Ohio plan should complete the plan selection form in their Online Personal Account, available on the member website. They will receive more information about how to complete this form in a mailing from STRS Ohio.

Include employee and employer contributions already remitted to STRS Ohio via payroll for the period beginning with the effective ARP date through the last date the employee was included on an STRS Ohio payroll report.

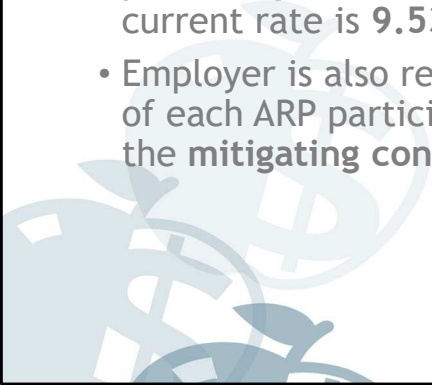
- STRS Ohio forwards contributions to the ARP vendor within 30 days of receiving the completed form.

**Do not include ARP contributions on your annual report.**

## ARP contributions and reporting

### Contribution requirements

- Ohio law requires employers to contribute to the ARP vendor a percentage of each ARP participant's compensation – the current rate is **9.53%**
- Employer is also required monthly to remit and report **4.47%** of each ARP participant's compensation to STRS Ohio – this is the **mitigating contribution rate**



Employers are required to report employees electing ARPs and contribute a percentage of those employees' compensation to STRS Ohio. These are called mitigating contributions.

Currently, the mitigating contribution rate is 4.47%. This was established to mitigate any negative financial impact of the ARP on the state retirement system. **This only applies to the employer contributions.**

## ARP contributions and reporting

- Member contribution: 14% of annual salary
- Employer contribution: 14% of member's annual salary
  - 9.53% to ARP account
  - 4.47% mitigating rate to STRS Ohio

**Member contribution (14%) + Employer contribution to ARP account (9.53%) = ARP account (23.53%)**



For example, contributions for a member enrolled in an ARP would break down as:

- The member contributes 14% to the ARP vendor
- The employer contributes 9.53% to the ARP vendor
- The employer contributes 4.47% to STRS Ohio

## ARP contributions and reporting

### ARP reporting process

- Submit monthly ARP report with mitigating contributions for each ARP participant
- One report only per month – report and contributions due by the 15<sup>th</sup> of the month for the prior month's payroll
  - Send via ESS, or
  - Send electronic file via secure file upload
  - See handouts for record layout
- Reporting errors are corrected by creating an ARP adjustment report in ESS



Employers should create a monthly ARP report in ESS or submit an electronic file via secure file upload in proper format. Your handouts include a record layout for an ARP report.

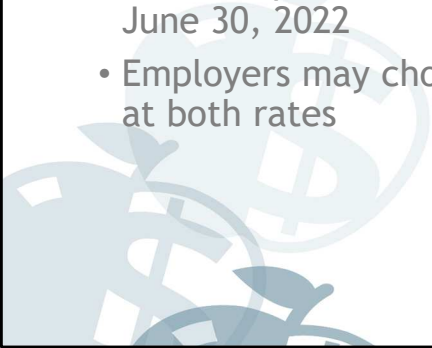
- Reports can only contain one record per person, per month.
- You should only report positive contributions on the monthly ARP contribution report.

Errors can be corrected by creating an ARP adjustment report in ESS.

- If a correction results in an additional contribution payment due, pay the necessary amount to STRS Ohio and submit a payment remittance if applicable.
- If the correction results in a net return of contributions to your school, email your payroll representative to let them know whether excess contributions can be used to pay future obligations or should be refunded to the school.

## Mitigating rate change

- Mitigating contribution rate will change to 2.91% of all new earnings for work performed July 1, 2022, and after
- The mitigating rate will continue to be 4.47% of all earnings for work performed prior to July 1, 2022, but paid after June 30, 2022
- Employers may choose to send two files if submitting earnings at both rates



The mitigating rate is reviewed every five years per Ohio law and can change at that time. The rate will change to 2.91% of all new earnings for work performed July 1, 2022, and after.

The mitigating rate will remain 4.47% of earnings for work performed prior to July 1, 2022, but paid after June 30, 2022. If you like, you can send two different ARP reports if you are submitting earnings at the two different rates.



## Resources

We're here to assist you:

### **STRS Ohio Employer Reporting**

ARP Reports and Payments

**Jim Peterman**

Employer Account Representative

614-228-7224

[petermaj@strsoh.org](mailto:petermaj@strsoh.org)

### **STRS Ohio Member Services**

ARP/STRS Ohio Plan Questions

**Shara Bailey**

Senior Counselor

614-227-5235

[baileys@strsoh.org](mailto:baileys@strsoh.org)

*Retirement Plan Options Video Series: Higher Education Faculty – available on employer website under Retirement Plans & Benefits*



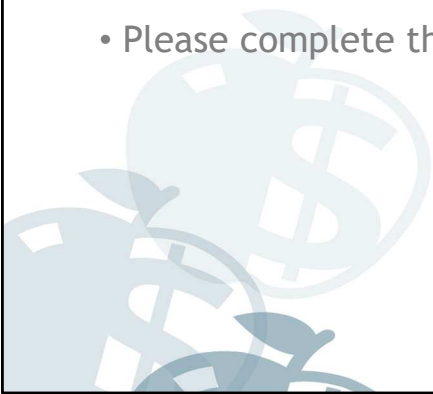
If you have specific questions about ARP reporting and payments, contact Jim Peterman in the Employer Reporting Department.

Shara Bailey in our Member Services Department is also available to answer questions regarding ARP and STRS Ohio plan eligibility and benefits.

A video about retirement plan options for higher education faculty is available on the employer website under Employer Reporting in the Retirement Plans & Benefits section.

## Thank You!

- A recording of this webinar will be available in the Education & Training section of the employer website
- Certificates of completion will be emailed within two weeks
- Please complete the evaluation



You will be able to view the recording of this webinar on the employer website within the next week.

Certificates of completion will be emailed within the next two weeks.

As you exit the webinar today, an evaluation will pop up. Please take a moment to give us your feedback.

We will stay on the line and check in with Todd for questions, but feel free to exit the webinar now. Thank you!