



Helping Your Future Grow



An Introduction to STRS Ohio for New Members

21-1280, 2/17/E

Helping Your Future Grow

STRS Ohio 2017



Congratulations on your new position! As an Ohio educator, you are now a member of one of the nation's premier retirement systems — STRS Ohio. You will be hearing a lot from us during your career because we want to make sure you are informed about the benefits available to you from your pension system and that you know the steps you should take during your career to prepare for a financially sound retirement. The purpose of this *Helping Your Future Grow* presentation is to inform you of what you will want to know as a new STRS Ohio member.

What You Will Learn

- Plan features and options
- Selection deadline and considerations
- Plan selection resources



During this presentation, we will provide a brief overview of:

- Your three STRS Ohio retirement plan options,
- Your retirement plan selection deadline, and
- The available resources to guide you through the retirement plan selection process.

Facts About Your Pension System

- Established in **1920**
- More than **half a million** members
- **One of the largest** pension systems in the nation
- More than **\$70 billion** in investment assets



State Teachers Retirement System of Ohio was established prior to the creation of Social Security and has been providing financial security to Ohio's educators since 1920 — currently to more than half a million active, inactive and retired members. STRS Ohio is one of the nation's largest public pension funds with billions of dollars in investment assets.

Facts About Your Pension System

- Operates under **Ohio Revised Code**
- Governed by **State Teachers Retirement Board**



STRS Ohio operates under guidelines set forth by the Ohio Revised Code and is governed by the State Teachers Retirement Board. It is legally separate from and fiscally independent of state and local governments.



STRS Ohio's Mission:
To **partner** with our
members in helping to **build**
retirement security.



The mission of STRS Ohio is to partner with our members in helping to build retirement security. It may seem premature to consider retirement planning if you are at the beginning of your career. Nevertheless, it is important to understand how early planning can benefit you in the future. STRS Ohio is a key piece of your retirement puzzle.

Contributions

- STRS Ohio member contribution: 14%
- Employer contribution: 14%



There are many reasons why you will want to familiarize yourself with STRS Ohio. Most important is the requirement to pay a portion of your earnings into STRS Ohio in lieu of Social Security. If you look at your pay stub, you will notice that 14% of your salary is contributed to STRS Ohio each year. Your employer contributes an additional 14% of your annual salary to help cover retirement, survivor and disability benefits.

Your Choice: Three Plans

- Defined Benefit Plan
- Defined Contribution Plan
- Combined Plan

New member: One who has not previously contributed to STRS Ohio



Now that you know *who* STRS Ohio is and how much you will be contributing, let's take a look at your retirement plan options. STRS Ohio offers three plans: the Defined Benefit Plan, the Defined Contribution Plan and the Combined Plan. As a new member, you have an opportunity to choose one of these three options. It is important to clarify that not all new hires are new members. A new member is defined as an individual who has *not* previously contributed to STRS Ohio.

So, let's review the differences among these plans.

Defined Benefit Plan (DB)

- **Investments:** STRS Ohio assumes selection and risk
- **Retirement income:** Age, years of service and final average salary (FAS)
- **Survivor and disability benefits**
- **Access to health care in retirement***



* 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.

Under the Defined Benefit Plan, all contributions are managed by STRS Ohio. Upon retirement, income is determined by age, years of service and final average salary, or FAS. This plan offers survivor and disability benefits during your career once you reach eligibility. It also provides access to health care coverage in retirement.

STRS Ohio currently offers access to medical, dental and vision coverage for Defined Benefit Plan members who have 15 or more years of qualifying service. Members retiring August 1st, 2023, or later, must have 20 years of qualifying service to be eligible for health care coverage.

Defined Contribution Plan (DC)

- **Investments:** Selection and risk by you
- **Retirement income:** Contributions to your account, investment performance and annuity rates at retirement
- **No survivor or disability benefits**
- **No access to STRS Ohio health care in retirement**

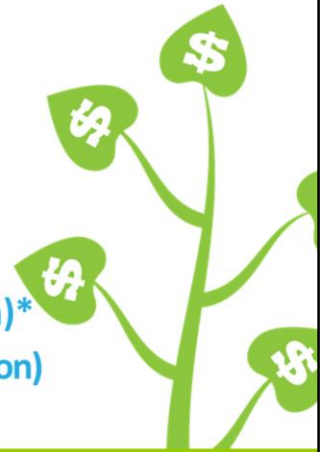


Under the Defined Contribution Plan, contributions are managed by you. Retirement income is determined by contributions, the performance of your investment choices and the annuity rates in effect at the time of your retirement. This plan does not provide for survivor benefits or disability benefits. In the event of your death or should you become disabled and need to stop teaching, your family would be limited to the value of your account.

Unlike the Defined Benefit Plan, the Defined Contribution Plan does not offer access to STRS Ohio health care coverage.

Combined Plan (CO)

- **Survivor and disability benefits (DB portion)**
- **Retirement income:**
 - DB portion: Years of service and FAS
 - DC portion: Contributions, investment performance and annuity rates at retirement
- **Access to health care in retirement (DB portion)***
- **Investments: Selection and risk by you (DC portion)**



* 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.

And finally, the Combined Plan, which includes features of both the Defined Benefit and Defined Contribution Plans. A small percentage of your contributions are combined with your employer's contributions and placed in a defined benefit account. These funds help pay for service retirement, disability and survivor benefits. The remainder is placed in a defined contribution account where *you* select the investment funds and choose how to allocate your contributions. You also assume the risks for any gains or losses.

Retirement income from the defined benefit portion of the plan is determined by years of service and your final average salary. Retirement income from the defined contribution portion of the plan is determined by your contributions, performance of investments and annuity rates at retirement.

The Combined Plan offers survivor and disability benefits during your career once you reach eligibility. It also provides access to health care coverage in retirement. Like the Defined Benefit Plan, if you retire August 1st, 2023, or later, you must have 20 years of service credit to be eligible for health care coverage.

Plan Selection

- 180 days to make plan selection
- Fifth year plan reselection option
 - Defined Contribution or Combined Plan



Now that we have reviewed the three STRS Ohio retirement plan options, let's discuss the importance of making a selection. You have 180 days from the first day of paid service to choose a plan.

New members who choose the Defined Contribution Plan or Combined Plan will have an opportunity to reevaluate their retirement plan selection during their fifth year of membership. At that time, Defined Contribution or Combined Plan members may remain in the same plan or transfer to another STRS Ohio plan.

Defined Benefit Plan: Considerations

- Permanent plan selection
- Predictable benefit in retirement
- Service credit
 - Option to purchase
 - Option to combine with other systems
 - Further details: www.strsoh.org



There are a few things to consider before making a selection.

New members who choose the Defined Benefit Plan will remain in that plan throughout the duration of their membership. If a new member fails to choose a plan within the 180-day window, STRS Ohio will default them to the Defined Benefit Plan. Again, whether by selection or default — enrollment in the Defined Benefit Plan is permanent.

The Defined Benefit plan offers a lifetime benefit based on age and years of service credit.

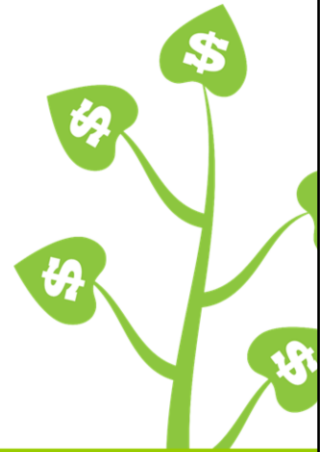
Defined Benefit Plan members may purchase additional service credit for certain types of past employment and leaves of absence. Purchasing service credit may increase the amount of your retirement income or enable you to retire sooner.

Members in the Defined Benefit Plan may also combine service credit with other Ohio retirement systems, including Ohio Public Employees Retirement System and School Employees Retirement System of Ohio.

For further information, see the *Purchasing Service Credit* brochure available in the Publications area of the STRS Ohio website.

Defined Contribution Plan: Considerations

- No option to purchase service credit
- Investment risk assumed by you
- Length of Ohio teaching career
- Asset management fees
- Can change plans during fifth year



With the Defined Contribution Plan, members are not eligible to purchase service; however, you may deposit contributions on salary not earned if your teaching career is interrupted due to military service.

The defined contribution account value is subject to fluctuations in the market. Therefore, performance of your investment choices carry a significant amount of weight.

It offers the greatest portability for individuals who plan to have an abbreviated Ohio teaching career or are not sure they will be staying in Ohio permanently.

As with any investment, there are administrative costs and fees associated with the management of the Defined Contribution Plan.

Also, don't forget, there is a reselection option during the fifth year of membership.

Combined Plan: Considerations

- May purchase credit for leaves of absence or military service
- Predictable monthly benefit (DB portion)
- Control of investment allocations (DC portion)
- Investment risk (DC portion) assumed by you
- Asset management fees
- Can change plans during fifth year



Enrollment in the Combined Plan offers elements of both the Defined Benefit and Defined Contribution plans.

Combined Plan members may purchase service credit for leaves of absence and teaching interrupted due to military service.

The defined benefit portion of the plan provides a predictable monthly benefit in retirement and the defined contribution portion allows you to control your investment contributions. However, with that control, the member also assumes investment risks and asset management fees.

Like the Defined Contribution Plan, there is a plan reselection option during the fifth year of membership.

Plan Selection Resources

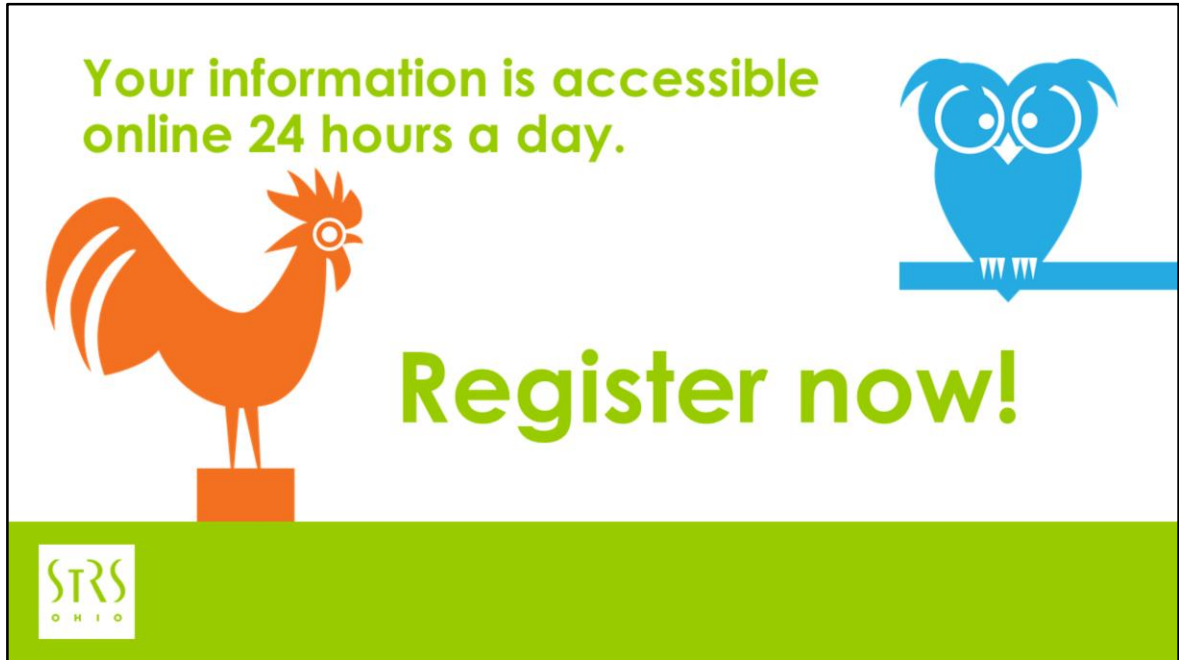
- New member packet
- Online presentations
- STRS Ohio
 - 888-227-7877 (toll-free)
- Nationwide Retirement Solutions
 - 866-332-3342 (toll-free)



STRS Ohio will automatically mail new members a *Retirement Plan Options* packet which includes further information to help you make a selection, including a selection form and an *Investment Options Guide*.

For additional information to help you choose the retirement plan that is right for you, STRS Ohio offers several resources:

- A *Retirement Plan Options* presentation is available at www.strsoh.org.
- Members may speak directly to a benefits counselor by calling STRS Ohio toll-free at 888-227-7877, Monday through Friday, 8 a.m. to 5 p.m.
- Members may also contact Nationwide Retirement Solutions toll-free at 866-332-3342 to speak to a retirement specialist regarding asset allocation or investment advice for the STRS Ohio Defined Contribution Plan.



We know you have things to do and limited time to do them. That's why we offer the convenience of making your STRS Ohio account information accessible online.

Online Personal Account

- Register for counseling sessions, seminars
- View your documents
- Change contact information and beneficiaries



There is a lot of information you can access using your Online Personal Account. Just to name a few, you can:

- Register for events and counseling,
- View important documents such as your *Annual Statement of Account*, and
- Change your contact information and beneficiaries.

Remember, if you select the Defined Contribution or Combined Plan, you will have an option to change plans during your fifth year of membership. It is important that STRS Ohio has your updated home address, phone number and email address so that you don't miss out on important information or notifications regarding your STRS Ohio account.

Member Services

- Providing you the information you need throughout your career
 - One-on-one counseling
 - Meetings and seminars
 - Webinars and on-demand videos



STRS Ohio offers educational opportunities to members during every stage of their career. A number of services are available at various locations throughout the state, including:

- One-on-one counseling sessions,
- Educational programs with special interests for members, ranging from early to late career, and
- Employer-requested meetings where a representative comes to the school district to present STRS Ohio benefit information.

Webinars and on-demand videos about STRS Ohio benefits and preparing for retirement are offered through the STRS Ohio website.

Contact Us Anytime

- www.strsoh.org
- 888-227-7877 (toll-free)
- Email: contactus@strsoh.org



A fast and easy way to access information is through the STRS Ohio website where you will find details on benefits and services, personal account information, presentations, benefit calculators and more.

If you have questions, STRS Ohio member service representatives are available Monday through Friday from 8 a.m. to 5 p.m. You may also email questions or comments to contactus@strsoh.org.

eUPDATE

- Email news service
- Updates about
 - Legislation
 - Benefits
 - Other issues impacting STRS Ohio membership



STRS Ohio updates members about legislation, benefits and other issues affecting the STRS Ohio membership through our *eUPDATE* email news service. All members with an email address on file with STRS Ohio receive this email.

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STRS Ohio appreciates the opportunity to serve you and thousands of other Ohio educators. We are happy to partner with you in helping to build your retirement security and helping your future grow. We hope this presentation has provided you with a better understanding about STRS Ohio and the benefits it provides to you.

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