

Retirement Definitions

Mitigating Rate: A % taken from the employer contribution of any defined contribution plan offering. The % taken goes to the STRS Defined Benefit Plan (Faculty) or the OPERS Traditional Pension Plan (Staff) account to help fund past service liabilities, as required by law.

FAS: Final Average Salary—current law states the final average salary is the highest five years of salary averaged out. FAS pertains to the defined benefit plans only.

RMA: Retiree Medical Account—account set aside for you to be reimbursed for health care expenditures at the time you retire/terminate. RMA is only available in the OPERS Member-Directed Plan.

Windfall Elimination Provision: The Windfall Elimination Provision affects how the amount of your retirement or disability benefit is calculated if you receive a pension from work where Social Security taxes were not taken out of your pay. A modified formula is used to calculate your benefit amount, resulting in a lower Social Security benefit than you otherwise would receive.

Retirement Overview

- OSU is a public employer and employees do not pay into Social Security
 - If eligible, there may be a reduction in your Social Security Benefit
- Retirement is mandatory for all eligible employees—there is no way to opt out
- Retirement amounts come out each and every pay period and are pre-tax
 - Federal and state taxes are deferred until benefits are paid
- Faculty members pay into State Teachers Retirement System (STRS)
- Staff members pay into Ohio Public Employee Retirement System (OPERS)
- Faculty and staff also have the option to pay into the Alternative Retirement Plan (ARP) if their FTE is 75% or greater
- Eligible faculty and staff have 120 days to choose between STRS and ARP (faculty) or OPERS and ARP (staff)
- If no election is made or if faculty/staff member misses 120 day deadline, they will default into applicable state system
- If state system (STRS/OPERS) is elected or defaulted, faculty/staff member has additional 60 days for a total of 180 days to choose between the three state system plans
- Retirement deduction amounts for employee and employer are state mandated and cannot be increased or decreased
- Pension changes were approved by the state in September 2012
- Faculty/Staff who need help choosing which retirement plan is best for their situation should contact a financial advisor

Important Links

OSU retirement page for new hires

http://hr.osu.edu/benefits/rb_newhire.aspx

OPERS Webinars for new hires

<https://www.opers.org/members/plan-select/index.shtml>

STRS Information for new hires

<https://www.strsoh.org/new/2a.html>

Social Security Windfall Elimination

<http://www.ssa.gov/pubs/10045.pdf>

This chart is intended to be a high level summary of retirement plan provisions. For additional information, go to www.strs.org (faculty). In the event the information in this chart differs from the plan in any way, the plan will govern.

Feature	ARP	STRS Defined Contribution Plan	STRS Pension Plan	STRS Combined Plan
Plan Type	Defined Contribution	Defined Contribution	Defined Benefit	Defined Contribution and Defined Benefit
Eligibility	Faculty at least 75% FTE	All Faculty	All Faculty	All Faculty
Enrollment	120 days from eligible appointment to elect between ARP and STRS			
Electing Plan Options	120 days from eligible appointment—must choose provider	180 days from eligible appointment	180 days from eligible appointment	180 days from eligible appointment
Employee Contributions	11% of eligible gross per pay (pre-tax) Employee contributions will increase 1% each year and will max out at 14% July 1, 2016			
University Contributions	14% of eligible gross per pay (breakdown below)			
	9.5% goes into employee account	9.5% goes into employee account	14% goes to the pension	14% goes to the pension
Mitigating Rate	4.5% goes to STRS pension	4.5% goes to STRS pension	NA	NA
Benefit Structure	Employee makes all investment decisions—gains and losses based on investments	Employee makes all investment decisions—gains and losses based on investments	Retirement benefit based on formula: 2.2% x Final Average Salary x years of service	DC portion—employee makes all investment decisions DB portion—benefit based on formula: 1% x Final Average Salary x years of service
Vesting	Employee 11% immediate Employer 9.5% vested after one year of service	Employee 11% immediate Employer vested in 20% increments over a 5 year period	Employee 11% immediate Employer 14% -- only a portion vested after 5 years	Employee 11% immediate Employer 14% -- after 5 years vested in the present value of future benefit
Investment Management	ARP provider chosen by employee	STRS Employee assumes all risk	STRS Employee assumes no risk	STRS DC-employee assumes all risk DB-employee assumes no risk
Termination Options	1. Leave it with provider 2. Roll over to qualified account 3. Cash out with penalty	1. Leave it with provider 2. Roll over to qualified account 3. Cash out with penalty	1. Leave it with provider 2. Roll over to qualified account 3. Cash out with penalty	1. Leave it with provider 2. Roll over to qualified account 3. Cash out with penalty
Retirement Age	Any*	50	Depends on Age and Retirement Date	Defined Contribution—Age 50 Defined Benefit—Age 60
Retiree Health Benefits	No	No	Yes if eligibility requirement met—currently 15 years of service required If retiring after 2023—20 years of service required Not guaranteed	Yes if eligibility requirement met—currently 15 years of service required If retiring after 2023—20 years of service required Not guaranteed
Disability Benefits	No	No	Yes if eligibility requirement met	Yes if eligibility requirement met
Cost of Living Adjustments (COLA)	No	No	Yes	Yes
Survivor Benefits	Yes	Yes	Yes	Yes

*Withdrawals made before age 59 ½ may be subject to an additional federal tax penalty