

STRS Ohio Pension Legislation

Topic	Current Law	H.B. 69 (as introduced)	Jan. 27, 2011 Plan																
Contributions	Employee: Up to 10%, which is currently being collected.	Employee: Beginning July 1, 2011, increase contributions by 2.5% to 12.5%, phased in 0.5% per year through July 1, 2015.	Employee: Beginning July 1, 2012, increase contributions by 3% to 13%, phased in 1% per year through July 1, 2014, with authority given to Retirement Board to increase contributions up to 14%.																
	Employer: Up to 14%, which is currently being collected.	Employer: No change.	Employer: No change.																
Eligibility for Retirement	<p>Eligible to retire with an <i>unreduced</i> benefit as follows:</p> <ul style="list-style-type: none"> • Any age with 30 years of service. • Age 65 with 5 years of service. 	<p>Beginning Aug. 1, 2015, eligible to retire with an <i>unreduced</i> benefit as follows:</p> <ul style="list-style-type: none"> • Any age with 35 years of service. • Age 60 with 30 years of service. • Age 65 with 5 years of service. 	<p>Beginning Aug. 1, 2015, eligible to retire with an <i>unreduced</i> benefit as follows:</p> <ul style="list-style-type: none"> • Minimum age 60 and 35 years of service. • Age 65 with a minimum of 5 years of service. <p>This change would be phased in based on the following timeline:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr style="background-color: black; color: white;"> <th style="text-align: center;">Unreduced Benefit for Retirement Between:</th> <th style="text-align: center;">Minimum Age and Years of Service</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">Now–7/1/2015</td><td style="text-align: center;">Any age and 30 yrs.</td></tr> <tr><td style="text-align: center;">8/1/2015–7/1/2017</td><td style="text-align: center;">Age 56 and 31 yrs.</td></tr> <tr><td style="text-align: center;">8/1/2017–7/1/2019</td><td style="text-align: center;">Age 57 and 32 yrs.</td></tr> <tr><td style="text-align: center;">8/1/2019–7/1/2021</td><td style="text-align: center;">Age 58 and 33 yrs.</td></tr> <tr><td style="text-align: center;">8/1/2021–7/1/2023</td><td style="text-align: center;">Age 59 and 34 yrs.</td></tr> <tr><td style="text-align: center;">8/1/2023</td><td style="text-align: center;">Age 60 and 35 yrs.</td></tr> <tr><td style="text-align: center;">8/1/2015</td><td style="text-align: center;">Age 65 and 5 yrs.</td></tr> </tbody> </table>	Unreduced Benefit for Retirement Between:	Minimum Age and Years of Service	Now–7/1/2015	Any age and 30 yrs.	8/1/2015–7/1/2017	Age 56 and 31 yrs.	8/1/2017–7/1/2019	Age 57 and 32 yrs.	8/1/2019–7/1/2021	Age 58 and 33 yrs.	8/1/2021–7/1/2023	Age 59 and 34 yrs.	8/1/2023	Age 60 and 35 yrs.	8/1/2015	Age 65 and 5 yrs.
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<p>For a <i>reduced</i> benefit:</p> <ul style="list-style-type: none"> • Age 55 with 25 years of service. • Age 60 with 5 years of service. 	<p>For an <i>actuarially reduced</i> benefit:</p> <ul style="list-style-type: none"> • Age 55 with 30 years of service. • Age 60 with 5 years of service. 	<p>For an <i>actuarially reduced</i> benefit:</p> <ul style="list-style-type: none"> • Age 55 with 30 years of service. • Minimum age 60 with 5 years of service. <p>This change would be phased in based on the following timeline:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr style="background-color: black; color: white;"> <th style="text-align: center;">Actuarially Reduced Benefit for Retirement Between:</th> <th style="text-align: center;">Minimum Age and Years of Service</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">Now–7/1/2015</td><td style="text-align: center;">Age 55 and 25 yrs.</td></tr> <tr><td style="text-align: center;">8/1/2015–7/1/2017</td><td style="text-align: center;">Age 55 and 26 yrs.</td></tr> <tr><td style="text-align: center;">8/1/2017–7/1/2019</td><td style="text-align: center;">Age 55 and 27 yrs.</td></tr> <tr><td style="text-align: center;">8/1/2019–7/1/2021</td><td style="text-align: center;">Age 55 and 28 yrs.</td></tr> <tr><td style="text-align: center;">8/1/2021–7/1/2023</td><td style="text-align: center;">Age 55 and 29 yrs.</td></tr> <tr><td style="text-align: center;">8/1/2023</td><td style="text-align: center;">Age 55 and 30 yrs.</td></tr> <tr><td style="text-align: center;">8/1/2015</td><td style="text-align: center;">Age 60 and 5 yrs.</td></tr> </tbody> </table>	Actuarially Reduced Benefit for Retirement Between:	Minimum Age and Years of Service	Now–7/1/2015	Age 55 and 25 yrs.	8/1/2015–7/1/2017	Age 55 and 26 yrs.	8/1/2017–7/1/2019	Age 55 and 27 yrs.	8/1/2019–7/1/2021	Age 55 and 28 yrs.	8/1/2021–7/1/2023	Age 55 and 29 yrs.	8/1/2023	Age 55 and 30 yrs.	8/1/2015	Age 60 and 5 yrs.	
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Benefit Formula	2.2% of final average salary (FAS) for years 1–30; escalating formula for years beyond 30. With 35 or more years of service, the first 31 years are multiplied by 2.5%; then escalating formula.	Beginning Aug. 1, 2015, 2.2% of final average salary (FAS) for years 1–30; 2.5% per year thereafter.	Beginning Aug. 1, 2015, 2.2 of final average salary (FAS) for all years of service. Members who meet age and service eligibility for service retirement as of July 1, 2015, receive the greater of: <ul style="list-style-type: none"> • The benefit as of July 1, 2015, under the current formula; or • The benefit upon retirement under the new formula.
Final Average Salary (FAS)	Three highest years of earnings.	Beginning Aug. 1, 2015, five highest years of earnings.	No change from H.B. 69; beginning Aug. 1, 2015, five highest years of earnings.
Cost-of-Living Adjustment (COLA)	Annual 3% simple COLA beginning 12 months after effective date of retirement.	Beginning July 1, 2011, current retirees would receive an annual 2% simple COLA; members retiring Aug. 1, 2011, or later would receive an annual 1.5% simple COLA.	Beginning July 1, 2012, current retirees would receive an annual 2% simple COLA; members retiring Aug. 1, 2012, and later would also receive a 2% simple COLA, but it will not begin until 60 months after effective date of retirement.
Age and Service Reduction Factors	For members who retire with a reduced benefit, a reduction factor, established in statute, is applied to the base benefit.	Beginning Aug. 1, 2015, for members who retire with a reduced benefit, a reduction factor that will be determined by the actuary is applied to the base benefit.	No change from H.B. 69; beginning Aug. 1, 2015, for members who retire with a reduced benefit, a reduction factor that will be determined by the actuary is applied to the base benefit.
Disability Benefits	Five years of earned Ohio service is required for eligibility.	No change from current law.	For new members July 1, 2012, and later: Increase the service requirement for eligibility to 10 years of earned Ohio service.
	Members may apply for disability up to two years after last date of earned service.	No change from current law.	Reduce time period members can apply for disability to one year after last date of earned service.
Disability Benefits	Member who returns to work and earns two years of service credit receives credit toward service retirement for the time on disability.	No change from current law.	For all members beginning July 1, 2012: Service credit granted upon a member returning to work would match either (1) return-to-work service up to five years, or (2) time on disability, whichever is less.
Survivor Benefits	1.5 years of earned Ohio service is required for eligibility.	No change from current law.	For new members July 1, 2012, and later: Increase the service requirement for eligibility to five years of earned Ohio service.
	Member is eligible for survivor benefits up to 27 months after last date of service.	No change from current law.	Reduce the time period for survivor benefit eligibility to 12 months after last date of service.

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Service Credit Purchases	<p>Statute establishes the cost of the following types of service credit purchases:</p> <ul style="list-style-type: none"> • Waived/exempted service; • Out-of-state, private teaching, federal civilian service; • Non-Ohio-valued service; • Prior military service; • Other Ohio public service; • Leaves of absence; • Resignation due to pregnancy; • Ohio school board service. 	No change from current law.	<p>Eliminate purchase service subsidies and require members to pay the projected liability created by the purchase of service; eliminate interest-free period for completing deposits on a leave of absence as follows:</p> <ul style="list-style-type: none"> • Waived/exempted service. Keep 100% liability, but calculate same as other types of service. Eliminate the calculation that increases the cost based on interest once the member has purchased some credit; each purchase would be calculated separately as a 100% liability. • Out-of-state, private teaching, federal civilian service; prior military service; other Ohio public service; resignation due to pregnancy. 100% liability. • Ohio school board service. Keep 100% liability, but calculate same as other types of service. • Leaves of absence. Eliminate the interest-free period; interest on the member and employer contributions should begin July 1 following each year of leave. • Non-Ohio valued service. Repeal as of July 1, 2014. <p>Members must file all necessary forms for certification by Dec. 31, 2013, and purchase the credit by June 30, 2014, to purchase at current lower rates.</p>
Retirement Incentive Plan	Statute allows employers to establish a Retirement Incentive Plan to purchase service credit for STRS Ohio members, enabling those employees who choose to participate the ability to retire earlier than otherwise anticipated.	No change from current law.	Repeal this section as of July 1, 2014.
Benefit Calculations	In statute, one of the alternative benefit formulas is \$86 multiplied by the member's years of service.	No change from current law.	Eliminate this alternative benefit formula as of July 1, 2012.
	Statute also provides for the money-purchase calculation for service retirements.	No change from current law.	Eliminate this alternative benefit formula as of July 1, 2012.