



Purchasing Service Credit **Fact Sheet**

Ohio Noncontributing Public Teaching Service

Section 3307.72, Ohio Revised Code

STRS Ohio members may purchase service credit for certain past employment, known as purchasable service credit. This credit can be used to increase a member's service credit for retirement or allow a member to meet the age and service requirements for an earlier retirement date. Most types of private or public teaching or public employment for which the member did not contribute to an Ohio public retirement system are purchasable. Certain eligibility requirements must be met for each type of purchasable service.

STRS Ohio requires that the *Certification of Ohio Public School Teaching Service — Member Did Not Contribute to STRS Ohio* be completed and submitted to certify public teaching service rendered in a K–12 school, college or university in Ohio for which no retirement contributions were deducted from your pay. If this is not the type of service you want to certify, please call STRS Ohio toll-free at 888-227-7877 or visit www.strsoh.org for a different certification form and fact sheet.

Because records are sometimes difficult to obtain, service should be certified as soon as possible. All of the information requested on the form is required so that eligibility for purchasing service can be determined accurately. If you are certifying service with more than one employer, a separate form must be completed by each employer.

The rest of this fact sheet gives important information about this type of purchasable service credit, such as how the cost is calculated and how much the purchase may increase your benefit at retirement.

Eligibility requirements

1. A member may be eligible to purchase credit for regular or substitute teaching in Ohio public schools, colleges and universities.
2. The member must have service credit with STRS Ohio.
3. Employer certification is required.
4. No contributions were made to any Ohio public retirement system for this service.
5. Employees of Ohio's public colleges and universities who elect to participate in an alternative retirement plan are prohibited from claiming or purchasing service credit under any Ohio public retirement system for the periods the alternative retirement plan was in effect.



6. Service performed as a graduate teaching assistant (GTA) for a public college or university in Ohio is purchasable as follows:
 - Any service performed before July 1, 1978.
 - Service after July 1, 1978, only if STRS Ohio membership was established before the date the GTA service began.
7. If a waiver or exemption was signed at the time the service was rendered, the service may be purchased but the cost will be calculated differently.
8. If the annual retirement benefit will exceed the limits stated in Internal Revenue Code 415(b) and 415(c), the member will be eligible to purchase service credit only with pretax funds rolled in from a traditional IRA; SEP-IRA or SIMPLE IRA; or a 403(b) plan, 457(b) plan, 401(a) qualified plan, including 401(k) or Keogh plan.

Service credit

There is no limit to the amount of credit a member can buy, except that total service credit cannot exceed one year in any STRS Ohio fiscal year. Service is limited to .34 of a year for each full year of graduate teaching assistant service.

Cost

1. The cost is determined by:
 - Multiplying the actual compensation for the service by the STRS Ohio contribution rate in effect at that time; then
 - Multiplying by 8%* annual compound interest from the beginning of the STRS Ohio fiscal year following the service to be purchased through the month of purchase.

Example: Assume a member earned \$1,840 for 23 days of substitute teaching during the 2006–2007 school year and no contributions were made to STRS Ohio.

To estimate the cost to purchase credit in this example for noncontributing Ohio public teaching service:

*Interest rate is subject to change.



Step 1: Using the Member Contribution Rate and Salary Base table below, find the STRS Ohio member contribution rate in effect during the 2006–2007 school year and multiply it by \$1,840.

$$\mathbf{\$1,840 \times 10\% = \$184}$$

Member Contribution Rate and Salary Base	
9/1/1920–8/31/1945	4.00% up to first \$2,000
9/1/1945–8/31/1951	5.00% up to first \$3,000
9/1/1951–8/31/1959	6.00% of total compensation
9/1/1959–6/30/1968	7.00% of total compensation
7/1/1968–12/31/1973	7.80% of total compensation
1/1/1974–6/30/1977	8.00% of total compensation
7/1/1977–12/31/1983	8.50% of total compensation
1/1/1984–6/30/1988	8.75% of total compensation
7/1/1988–6/30/1990	8.77% of total compensation
7/1/1990–6/30/1994	9.25% of total compensation
7/1/1994–6/30/2003	9.30% of total compensation
7/1/2003–6/30/2013	10.00% of total compensation
7/1/2013–6/30/2014	11.00% of total compensation
7/1/2014–6/30/2015	12.00% of total compensation
7/1/2015–6/30/2016	13.00% of total compensation
7/1/2016–Present	14.00% of total compensation



Step 2: Using the Annual Compound Interest Factors by Years table below, find the 8% annual compound interest factor for 17 years (2007 until 2024) and multiply it by the answer from Step 1.

$$3.70 \times \$184 = \$681$$

Annual Compound Interest Factors by Years			
Years	8%	Years	8%
1	1.08	19	4.32
2	1.17	20	4.66
3	1.26	21	5.03
4	1.36	22	5.44
5	1.47	23	5.87
6	1.59	24	6.34
7	1.71	25	6.85
8	1.85	26	7.40
9	2.00	27	7.99
10	2.16	28	8.63
11	2.33	29	9.32
12	2.52	30	10.06
13	2.72	31	10.87
14	2.94	32	11.74
15	3.17	33	12.68
16	3.43	34	13.69
17	3.70	35	14.79
18	4.00	36	15.97

Step 3: Divide the number of days of service by 180 to determine the amount of credit eligible for purchase.

$$23 \div 180 = .13$$

In this example, the cost to purchase .13 of a year of credit for noncontributing Ohio public teaching service in June 2024 is approximately \$681.

2. The employer will be billed for employer contributions and interest if the member purchases service credit that began on or after July 1, 1978. There is no cost to the employer when the member purchases credit for noncontributing employment that occurred before July 1, 1978.
3. If the member signed an exemption or waiver, the cost calculation will be the total liability to STRS Ohio resulting from this purchase. More information about the cost calculation will be mailed with the cost statement.

Cost information

A purchase of service credit can impact a member's benefit in one of the following three ways:

1. **Increase the retirement benefit** — A member who is already eligible for a retirement benefit without the purchase of credit may purchase credit to increase the amount of that benefit. For example, a member purchases one year of service credit to receive an additional 2.2% of the final average salary (FAS) every year for the member's lifetime.
2. **Eliminate or lower the early retirement reduction** — Members may retire early with an actuarially reduced benefit based on years of service credit and age at retirement. Purchasing additional credit could help the member reach eligibility for unreduced benefits or lessen the actuarial reduction due to an early retirement.
3. **Create retirement eligibility** — A member who is not yet eligible for a retirement benefit may purchase credit to reach eligibility. For example, a member who is one year away from reaching 34 years of service and retirement eligibility buys 1.00 year of credit during the 33rd year of service to become eligible for retirement a year sooner.

Calculating the retirement benefit with the purchased credit

1. The benefit formula is 2.2% for all years of service and the FAS calculation is based on the average of the five highest years of earnings.
2. The retirement benefit cannot exceed 100% of the FAS. Any service credit purchased that is not required for the maximum retirement benefit will be refunded to the member with no payment of interest for the time STRS Ohio held the funds.
3. If the member signed an exemption or waiver, other rules apply and more information will be sent with the cost statement.

Completing the certification form

With the exception of the top part, this certification form should be completed entirely by the employer. It is advisable for you to complete the top part of the form to ensure accuracy of all contact information. The form needs to be completed and submitted to STRS Ohio either online or by mail. Directions for submitting the form are detailed in the Certification Form Instructions included with the certification form.

1. Please note: There are two sections pertaining to the time of completed service — one for service rendered **before** July 1, 1978, and one for service rendered **after** July 1, 1978. The employer must complete the appropriate section from official school records.
2. The service must be broken down in STRS Ohio fiscal years as shown on the form.
3. Service at a college or university can be broken down in quarters or semesters, whichever is applicable.
4. The form must be completed by the board of education or payroll officer at the school, college or university.

STRS Ohio certification process and cost statement information

1. STRS Ohio will send a confirmation email after receiving the form.
2. If the form is completed correctly, a reply will be sent to you as outlined below.
 - If the service is eligible for purchase, a cost statement will be mailed. Carefully read the notes that may be printed across the bottom of the cost statement for specific information. You will receive a lump-sum cost unless an installment payment cost is requested.
 - If the service is not eligible for purchase or if additional information is required, you will be notified in writing.
3. The determination of eligibility to purchase service credit will be delayed if the certification form is not completed correctly and not properly signed.
4. The service credit may be purchased within the valid period on the cost statement or another cost statement may be requested at a later date.
5. If the service credit is certified and at least one cost statement is issued before your retirement date, you may purchase service credit up to three months after the retirement effective date, as long as the benefit calculation has not been finalized. For example, if the retirement effective date is July 1, service credit must be purchased by Sept. 30.

Methods for purchasing service credit

- Lump-sum purchase made by check.
- Lump-sum purchase made with pretax rollovers or direct transfer of funds.
- A lump-sum tax-deferred payment will be accepted from an employer.
- Installment payments may be arranged with your employer. Some schools offer only pretax plans or after-tax plans, and some schools offer both plans.

More information about the methods to purchase service credit will be mailed to you with the cost statement if the service is eligible for purchase.

Contacting STRS Ohio

By phone: 888-227-7877 (toll-free) | **By email: Go to www.strsoh.org and select “Contact” from the top menu.**

Our benefits counselors can provide more detailed information with one-on-one consultation in our Columbus office, through a teleconference, videoconference or during field counseling sessions.

Call Monday–Friday, 8 a.m.–5 p.m. to schedule an appointment.