



## **QUESTIONS AND ANSWERS ABOUT COMPLETING CONTRIBUTIONS ON MILITARY SERVICE FOR MEMBERS ENROLLED IN THE STRS OHIO DEFINED CONTRIBUTION PLAN**

*Please read carefully before submitting your payment.*

In addition to a voluntary rollover of funds from another qualified plan, replacing lost contributions from teaching service interrupted by military service is another way to increase your investment account and increase your retirement benefit from STRS Ohio. Following are answers to a few frequently asked questions about purchasing military service. Please note that additional contributions to your defined contribution account are governed by both Ohio statute and the Internal Revenue Code.

### **How is my retirement benefit affected if I buy military service?**

The amount of your retirement benefit under the Defined Contribution Plan is directly based on the amount of money in your investment account. If you make contributions on the interrupted military time, your employer will be required to also make the appropriate contributions. Both the member and employer contributions will replace the contributions you could not make due to military service.

### **Does the cost increase if I don't purchase now?**

If you purchase the service shortly after your return to teaching, the cost of the service is the missed contributions while you were in the military. If you wait, 8% interest may be applied to your contributions. The interest-free period is the earlier of five years or three times the length of your military service.

### **Is there a deadline for purchasing service?**

You must certify the military service and have a cost statement issued before your retirement date. Retirees are not permitted to replace contributions from teaching service interrupted by military service.

If you roll over pretax funds to complete deposits on your military service, you have three months following the effective date of your retirement to forward the money to STRS Ohio. If you are using after-tax funds (such as writing a personal check) to complete deposits on the military service, you will also have three months unless your retirement date is effective June 1 or July 1, in which case you will have until July 30.

Individuals retiring during the first part of the fiscal year (which runs July 1 through June 30) should also be aware that the completion of deposits on military service that includes an interest payment might also be limited. The interest payments on the military service cannot exceed your earnings received for the school year in which the payment is made. If this occurs, you will be permitted to complete deposits on only part of the service. The contribution limits for military service are based on the year of the military service. However, there are no limits if you purchase the service with a rollover from an eligible tax-deferred account.

### **May I claim the interest expense of purchased service credit on my taxes in the year of purchase?**

For income tax purposes, you may report no portion of your payment before retirement. The entire payment, including any interest charge, is added to your Defined Contribution Plan. When you retire from STRS Ohio, the portion of your benefit that is not already taxed will be subject to federal income tax beginning with the first benefit payment. If you withdraw your account instead of receiving a benefit, the portion of the withdrawn amount that has not already been taxed will be subject to federal income tax in the year in which you receive the withdrawal payment.

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## May I purchase service through payroll deductions?

There is no payroll deduction plan available for this type of purchase.

## May I purchase the service using tax-deferred funds?

You may request to roll over tax-deferred funds from another qualified plan to purchase this type of service credit. STRS Ohio accepts rollovers from several plans including a traditional IRA, 401(a), 401(k), 403(a), 403(b) or 457(b) governmental plan. A rollover amount equal to or less than the cost of the military service will be applied to the purchase. Any excess amount will be applied to your defined contribution account as a voluntary rollover.

## Is there a minimum partial lump-sum payment amount?

STRS Ohio requires a minimum partial payment of \$200 or the amount needed to completely purchase the service.

## Review all the facts before buying credit.

Before you purchase any service, we advise you to discuss your individual retirement with an STRS Ohio benefits counselor and review this document carefully. If you decide to purchase part or all of the service, please **read, date** and **sign** the appropriate cost statement and return it with your check to us in the envelope provided. After your payment is posted to your account, your employer will be billed for the appropriate share of contributions.

## How do I contact STRS Ohio?

### By phone: 1-888-227-7877 (toll-free)

Our dedicated team of member service representatives is available to answer your questions when you need them. Call Monday–Friday, 8 a.m.–5 p.m.

When you need more detailed information, our benefits counselors can provide you with one-on-one consultation in our Columbus office, through a TeleConference or during field counseling sessions held throughout the state each year.

### On the Internet: [www.strsoh.org](http://www.strsoh.org)

A quick way to access information is through STRS Ohio's website where you'll find:

- Information on benefits and services while teaching and in retirement;
- Online Personal Account information;
- A calculator to estimate your retirement benefit;
- A special section for university and college faculty; and
- Much more.

### By email: [ContactUs@strsoh.org](mailto:ContactUs@strsoh.org)

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