
 EMPLOYER
EDUCATION

**Employer
Basics 101:
Calculating
Service Credit
Using Days**


50-930C, 5/24/0

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Agenda



- What is service credit and why is it important?
- Proper calculation of service credit
- Available tools
- Calculation examples
- Service credit for coaches
- Common service credit questions



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What is service credit?

Service credit

- Earned through contributing service
- Percentage of one full year
- July 1-June 30
- Track number of days worked
- Any part of a day spent teaching = one day



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Why is service credit important?

Service credit impacts:

- Retirement eligibility
- Calculation of monthly benefit amount

Required to report service credit on:

- Annual report
- Final employer certification – deposit & service report or withdrawal certification



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Employment status

Part
Time

versus

Full
Time

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Full-time contract criteria (K-12)

- ① Contract begins and ends on the first and last day of a 365-day year or is based on a school year of at least the minimum hours required by law;

AND

- ② Provides compensation equal to 100% of the full-time salary as defined by the employer's salary schedule for an individual teaching all day, every day.

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Full-time contract criteria (colleges and universities)

- ① Contract begins and ends on the first and last day of a 365-day year or a two-semester academic year;

AND

- ② Provides compensation equal to the rate paid to other educators of the same experience teaching the designated full-time equivalent workload.



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Full-time contract

A member who has a **full-time** contract

AND

completes **120 days** of work will receive
1.00 year of service credit.



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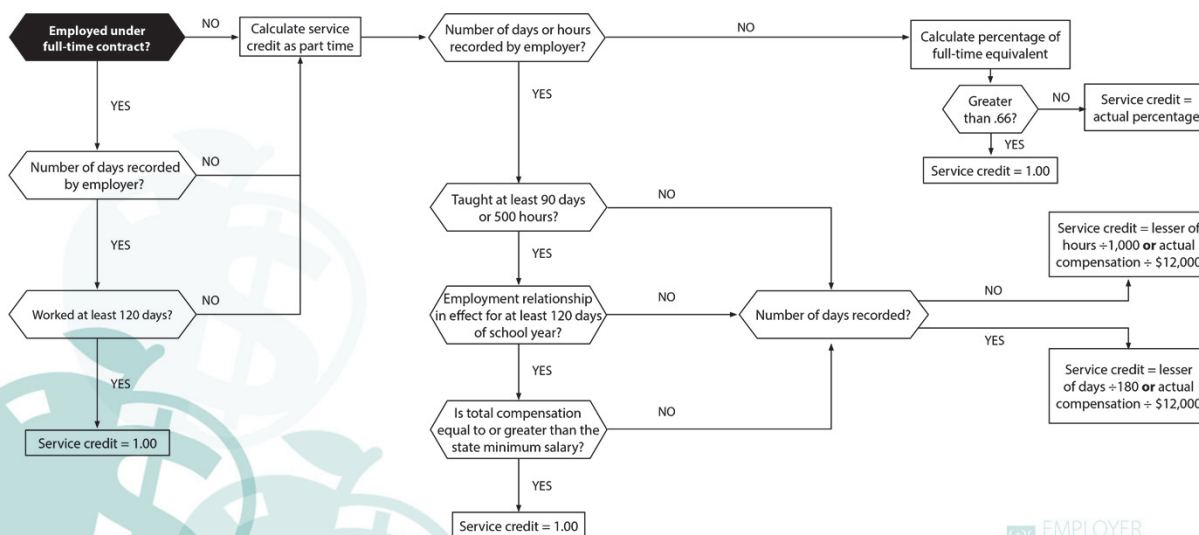
Calculating service credit using days

If member is part time, also consider:

- Days worked
- 120-day employment relationship
- Earnings compared to state minimum salary

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Service Credit Decision Tree



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Example using *Service Credit Decision Tree*

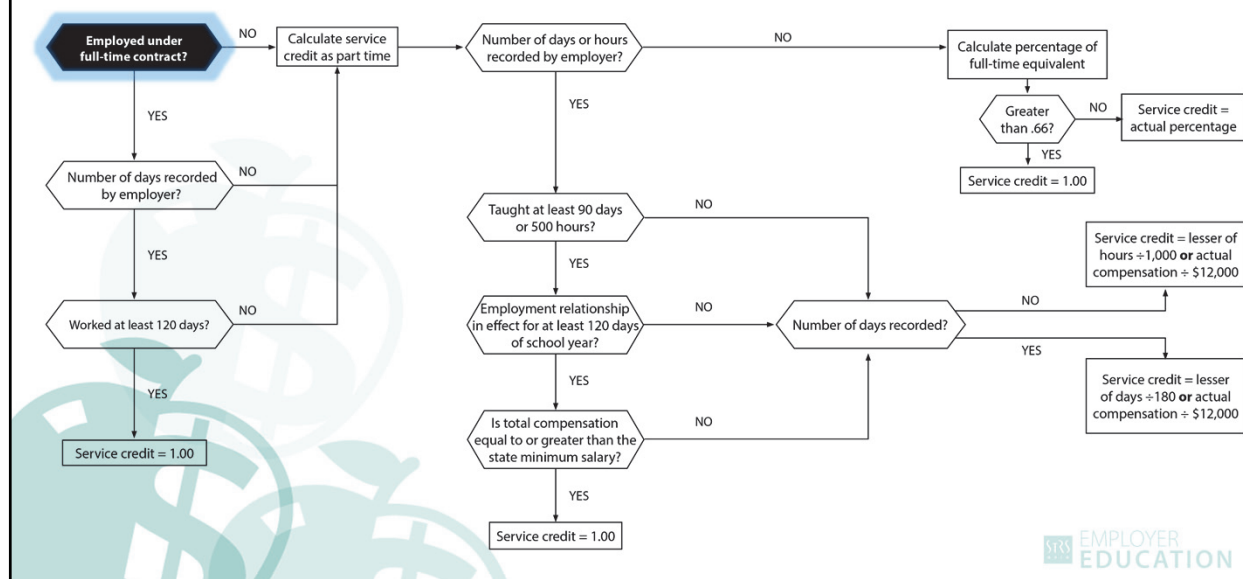
Employee information

- Teacher under contract
- Worked 100 days
- Retired effective Jan. 1
- Earned \$60,000
- First teacher workday: early August
- Last day of service: late December



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Service Credit Decision Tree



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Example using *Service Credit Decision Tree*

Lesser of:
Days ÷ 180

OR

Actual compensation
÷ 12,000

$$100 \div 180$$

$$.555 \text{ or } .56$$

$$\begin{aligned} & \$60,000 \\ & \div \$12,000 \end{aligned}$$

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Available tools

- *Service Credit Decision Tree*
- Service credit calculator on the STRS Ohio Employer Website
- Part-time service credit calculation table

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Service credit calculator — employer website

CALCULATORS



- Service Credit
- Current Leave of Absence Cost
- Interest on Backpostings
- Pickup-on-Pickup

Service Credit

Service credit is reported as a percentage of 1.00 full year and is granted for service from July 1 through June 30 of each year in accordance with [State Administrative Code Rule 3307:1-2-01](#).

Please choose appropriate calculator based on service credit calculation method used:

- [Days](#)
- [Hours](#)
- [FTE](#)





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Example using service credit calculator

Employee information

- Tutor
- Worked 100 days
- Earned \$19,500
- On the approved tutor list for the school



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Part-time Employment Status calculation table

Part-time Employment Status			
Days Worked	Days in Employment Relationship	Is Compensation Equal to or Greater Than State Minimum?	Service Credit Calculation
≥ 90	≥ 120	Yes	1.00
≥ 90	≥ 120	No	<i>Lesser of: Days ÷ 180 or Actual Compensation ÷ \$12,000</i>
≥ 90	< 120	N/A	
< 90	N/A	N/A	

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Example using part-time calculation table

Employee information

- Substitute teacher
- Daily rate of \$95
- Worked 124 days

$$124 \times \$95 = \$11,780$$



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Example using part-time calculation table

Part-time Employment Status			
Days Worked	Days in Employment Relationship	Is Compensation Equal to or Greater Than State Minimum?	Service Credit Calculation
≥ 90	≥ 120	Yes	1.00
≥ 90	≥ 120	No	<i>Lesser of: Days ÷ 180 or Actual Compensation ÷ \$12,000</i>
≥ 90	< 120	N/A	
< 90	N/A	N/A	

$124 \div 180 = 0.69$
 Compared to: $\$11,780 \div \$12,000 = 0.98$



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Service credit for coaches

- Coaches contribute to STRS Ohio if they hold a valid teaching license
- Track days worked to determine service credit
- Individuals who teach and coach can only earn one day of service credit per day



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Nonteaching periods (leaves of absence)

Compensation paid



Compensation the member would have earned had he or she remained working

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Common service credit questions

- 1. Performing more than one job and contributing to STRS Ohio for both**
 - A member can't earn more than a day per day
 - A member can't earn more than a year per fiscal year
- 2. Performing more than one job and contributing to different retirement systems**
 - Track days and report service credit for each position to appropriate system
 - At retirement, the member may choose to combine contributions and non-concurrent time if the member is in a Defined Benefit Plan

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Correcting service credit for a prior year

Send email to report@strsoh.org and include the following:

1. Member's name
2. Last four digits of Social Security number
3. Fiscal year being corrected
4. Correct service credit
5. Method used to calculate service credit



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Resources available

We're here to assist you!

Call toll-free: 888-535-4050

- Ask to speak to your retirement reporting representative or employer advisor

Send an email: report@strsoh.org

Visit our website: www.strsoh.org/employer



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Thank you!

Wrap up

- Additional questions?
- Webinar certificates of completion
- Please complete the evaluation after disconnecting from the webinar

