

BGSU FACULTY ASSOCIATION - AAUP

FACULTY RETIREMENT GUIDE

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I. Introduction

As the collective bargaining representative of full-time faculty at Bowling Green State University (“BGSU” or the “University”), the BGSU Faculty Association (“BGSU-FA”) often receives questions from members regarding retirement. This Guide is designed to answer some of those questions and to assist members in gathering additional information they will need to plan for retirement.

Smart retirement planning depends on your unique circumstances. Therefore, the BGSU-FA recommends utilizing the additional resources identified in this Guide as well as consulting with an individual retirement or financial advisor. Specific retirement questions should be directed to the State Teachers Retirement System (“STRS”) of Ohio or your Alternative Retirement Plan vendor, the University Office of Human Resources, or your personal advisor. **Nothing in this Guide should be considered exhaustive and nothing herein constitutes or should be interpreted as legal, tax, or financial advice. Information contained herein is subject to change based on legislation passed by the United States Congress or Ohio General Assembly and/or actions taken by federal regulators or the STRS Board.** Consider this a starting point for fully considering and exploring your retirement planning options.

A. Additional Retirement Resources

STRS Ohio has a wealth of information about retirement plan options and retirement planning at <https://www.strsoh.org>.

The University’s website contains information about retirement programs at <https://www.bgsu.edu/human-resources/benefits/retirement.html>

The BGSU Retirees Association (“BGSURA”) publishes a Handbook for Retirees along with the University Office of Alumni & Development and the Office of Human Resources. The Handbook (last updated in August 2017 as of 11-22-23) and additional information about BGSURA is available at: <https://www.bgsu.edu/retirees-association.html>.

Article 20 of the Collective Bargaining Agreement (“CBA”) between BGSU and the BGSU-FA addresses matters related to retirement. A copy of the current CBA can be found online at: <https://www.bgsu-fa.org/contract>

Employees who have potential benefits under Social Security (through their own employment or their spouse’s employment) may have their Social Security benefits reduced due to the retirement benefits they receive through public employment. More information about the effects of state employment on social security benefits can be obtained from the Social Security Administration at <https://www.ssa.gov/planners/retire/gpo-wep.html>.

Medicare information can be obtained from the Centers for Medicare & Medicaid Services at www.Medicare.gov.

II. Choosing The Right Retirement Program For You

Faculty at the University must choose between four different retirement programs early in their initial employment. The four plans differ in many significant ways, including methods of retirement income accrual, benefit vesting, retiree health coverage, disability benefits, and survivor benefits. A chart put together by STRS Ohio summarizing and comparing many of the major differences between these options is included at the end of this Guide. (The attached chart was last accessed on STRS' website on December 6, 2023.) Some of the most significant differences are discussed below.

You should carefully review the different programs and consider your personal situation before electing a retirement program. We suggest meeting with a retirement planning professional or a STRS Ohio benefits counselor before selecting a retirement program.

The three STRS options are the Defined Benefit Plan, Defined Contribution Plan, and the Combined Plan. The fourth option is the Alternative Retirement Plan ("ARP"), a defined-contribution plan established by BGSU and offered through several approved vendors.

The most significant choice faculty must make is whether to participate in a defined benefit plan or a defined contribution plan (or both, under the STRS Combined Plan). Defined benefit plans, such as the STRS Defined Benefit Plan and the defined benefit portion of the STRS Combined Plan, provide a specific retirement benefit based on salary and years of service. The amount of the retirement benefit is not directly affected by investment performance – the employee does not bear the investment risk. However, you must work a certain number of years to be eligible for a benefit and to receive an unreduced benefit.

Benefits under defined contribution plans are affected by investment performance – the employee bears the risk of investment losses. Defined contribution options include the STRS Defined Contribution Plan, the defined contribution portion of the STRS Combined Plan, and the ARP options.

While defined benefit plans can provide assurance regarding the amount of your retirement income, defined contributions plans are more portable in the event you do not work in Ohio public employment for most of your career. This is a trade-off you must consider in light of your personal situation.

A. Election Period

Upon becoming a full-time faculty member at the University, you have a one-time opportunity to choose between STRS and the ARP.¹ In order to choose the ARP, you must select it by the 120th day of your initial full-time employment.² The election form is available from the Office of Human Resources (“OHR”) and the OHR website.³ If you elect to participate in the ARP, you must select a carrier and contact that carrier to enroll.⁴ Selecting the ARP option is permanent – you cannot change to an STRS program for as long as you are continuously employed by the University.⁵

Faculty have an additional 60 days (180 days total) to select one of the three STRS Ohio retirement plans. If you do not select any retirement program, you will be automatically enrolled in the STRS Defined Benefit plan and must remain in it for the duration of your STRS Ohio membership.⁶

B. Limitations On Changing Your STRS Ohio Plan Selection

Your ability to change plans later in your employment depends on the plan initially selected. If you choose the STRS Defined Benefit Plan, your choice is final and you will not be able to change retirement plans during your employment. If you choose the STRS Defined Contribution Plan or the STRS Combined Plan, you will have a one-time opportunity before completing your fifth year of STRS Ohio membership to transfer into a different STRS plan.⁷ New members hired between July 1, 2023, and June 30, 2024, will receive reselection materials and will be required to make a final decision by June 1, 2028.⁸

Faculty who were previously employed by another Ohio public institution should contact STRS Ohio or OHR for more information about their plan options and how their previous employment may affect their options.

III. Overview of Faculty Retirement Plan Options

The primary distinguishing features of the four retirement plans available to bargaining unit faculty are described in this section. These features are also summarized in the chart found at the end of this Guide.

¹ STRS Ohio, *Higher Education Faculty*, <https://www.strsoh.org/actives/new-members/higher-ed/>, see “How and When to Make Your Choice” (last accessed November 22, 2023).

² *Id.*

³ <https://www.bgsu.edu/content/dam/BGSU/human-resources/documents/benefits/Retirement/retirement-plan-election-form.pdf> (last accessed November 22, 2023).

⁴ *Id.*

⁵ *Id.*

⁶ *Higher Education Faculty*, *supra* n.1

⁷ *Id.*

⁸ *Id.*

All STRS plan options and ARP options require employees to contribute 14% of their annual gross earnings. The University pays 14% of the employee’s salary, but only 11.09% of the University’s contribution is allocated to the member’s STRS Ohio Defined Contribution plan account or ARP account if those options are selected (the remaining 2.91% is allocated toward STRS’s unfunded liability).⁹

A. STRS Defined Benefit Plan

Benefits under the STRS Defined Benefit Plan are determined by the participant’s age at retirement, years of service, the average of the participant’s five highest salary years (“Final Average Salary”)¹⁰, and the type of annuity selected. Service credit earned through OPERS or SERS may be counted in certain circumstances (contact STRS for additional information).

Selecting the Defined Benefit Plan is permanent – there is no later opportunity to change STRS plans.

1. Retirement Income

If you meet the minimum age and service requirement to receive an unreduced benefit, your annual retirement income will equal:

- 2.2% of your Final Average Salary, multiplied by each year of service credit.¹¹

For example, a member with a Final Average Salary of \$68,000 and 35 years of service credit would receive a monthly benefit of \$4,363 [(2.2% x 35 = 77%), (77% x \$68,000 ÷ 12 = \$4,363)].

In order to receive an unreduced benefit, a member must meet the following minimum age and service credit requirements.¹²

Retirement Time Period	Minimum Age and Service Requirements for Unreduced Benefit
Aug. 1, 2023 – July 1, 2024	Any age and 34 years or Age 65 and 5 years

⁹ STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24*, p. 22 (regarding the Defined Contribution Plan), available at: https://www.strsoh.org/_pdfs/brochures/20-101.pdf (last accessed November 22, 2023); and Alternative Retirement Plan Overview (Full-Time Higher Education Faculty) at p.3, available at https://www.strsoh.org/_pdfs/scripts/20-620g.pdf (last accessed November 22, 2023).

¹⁰ Under certain conditions, limits may be placed on the amount of earnings used in calculating your Final Average Salary. See Service Retirement and Plans of Payment for members enrolled in the Defined Benefit Plan at pp. 2-3, https://www.strsoh.org/_pdfs/brochures/15-126.pdf.

¹¹ *Id.* at p.2.

¹²*Id.* at pp. 28-40.

Aug. 1, 2024 – July 1, 2025	Any age and 34 years or Age 65 and 5 years
Aug. 1, 2025 – July 1, 2026	Any age and 34 years or Age 65 and 5 years.
Aug. 1, 2026 – July 1, 2027	Any age and 34 years or Age 65 and 5 years
Aug. 1, 2027 – July 1, 2028	Any age and 34 years or Age 65 and 5 years.
On or after Aug. 1, 2028	Any age and 35 years or Age 65 and 5 years

One may retire earlier and receive an actuarially reduced benefit. The requirements to receive a reduced benefit are shown in the table below.¹³

Retirement Time Period	Minimum Age and Service Years
Aug. 1, 2023 – July 1, 2024	Any age and 30 years or Age 60 and 5 years.
Aug. 1, 2024 – July 1, 2025	Any age and 30 years or Age 60 and 5 years
Aug. 1, 2025 – July 1, 2026	Any age and 30 years or Age 60 and 5 years
Aug. 1, 2026 – July 1, 2027	Any age and 30 years or Age 60 and 5 years
Aug. 1, 2027 – July 1, 2028	Any age and 30 years or Age 60 and 5 years

¹³ *Id.*

On or after Aug. 1, 2028	Any age and 30 years or Age 60 and 5 years.
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The STRS Retirement Board has the authority to make future adjustments based on the retirement system’s financial condition.¹⁴

New STRS benefit recipients are eligible to receive a cost-of-living adjustment (“COLA”) beginning on the fifth anniversary of their retirement date. The STRS Board will periodically evaluate whether a COLA increase is payable in accordance with the law in effect at that time.¹⁵

Members may receive their payments under one of three annuity options: (1) a Single Life Annuity (provides maximum monthly benefits for member’s lifetime); (2) a Joint and Survivor Annuity (provides member with a reduced lifetime monthly benefit and one or multiple beneficiaries with lifetime monthly benefits); or (3) an Annuity Certain (provides monthly benefits for member’s lifetime and provides monthly benefit to beneficiary for a certain number of years from the member’s retirement date). Alternatively, a Partial Lump-Sum Option Plan (“PLOP”) allows members to take an amount from 6 to 36 times the monthly Single Life Annuity benefit in a lump sum at retirement. Under PLOP, monthly benefits still begin at retirement and are payable for life, but are reduced due to the up-front payment. The remaining benefits must be paid under one of the three annuity types.¹⁶

Additional details about benefit calculations and payments under the Defined Benefit Plan are available from STRS.¹⁷ STRS also provides an online calculator to estimate benefits.¹⁸

2. Disability Benefits

Faculty who elect the Defined Benefit Plan may qualify for disability benefits if their disability from their most recent job duties is presumed to last at least 12 months from the member’s application for disability benefits.

Faculty who were members of STRS Ohio on or before July 29, 1992, participate in either the disability allowance or the disability retirement programs. If you became a member of STRS on or before July 29, 1992, you may be covered under the disability retirement program if you chose participation in that program. Your disability program selection will be noted on your

¹⁴ <https://www.strsoh.org/aboutus/impact/pension-reform.html>.

¹⁵ Service Retirement and Plans of Payment for members enrolled in the Defined Benefit Plan at p. 22, https://www.strsoh.org/_pdfs/brochures/15-126.pdf.

¹⁶ *Id.* at pp. 10-15.

¹⁷ Service Retirement and Plans of Payment for members enrolled in the Defined Benefit Plan, https://www.strsoh.org/_pdfs/brochures/15-126.pdf (last accessed November 22, 2023).

¹⁸ STRS Ohio, *Service Retirement Calculator*, <https://www.strsoh.org/resources/calculators/sr.html>.

Annual Statement of Account from STRS. Faculty who became STRS members after July 29, 1992 participate in the disability allowance program summarized below.¹⁹

Recipients of disability benefits are eligible to enroll in STRS Ohio health care plans. Eligible dependents of disability benefit recipients have access to health care coverage if the member had at least 15 years of service credit before August 1, 2023 or at least 20 years beginning Aug. 1, 2023).²⁰

To receive disability benefits as a participant in the disability allowance program, existing members as of June 30, 2013 must have at least 5 years of service credit with STRS and must apply for disability benefits within two years from their last date of earned service. New members on or after July 1, 2013 must have at least 10 years of service credit and must apply within one year of their last date of earned service.²¹ Under this benefit, members receive 2.2% of their Final Average Salary per year of service, with annual benefits ranging from 45% to 60% of Final Average Salary. Disability benefits terminate under a number of conditions including when the member reaches age 65 if the benefit began before age 60, at which time the member may apply for service retirement if eligible.²²

3. Survivor Benefits

A Defined Benefit Plan participant's qualified survivors (*i.e.*, spouse, children, or dependent parent (all subject to qualifying conditions)) may receive benefits in the event of the member's death before service retirement. Existing members as of June 30, 2013, generally must have at least 1.5 years of qualifying service credit to be eligible for survivor benefits (with .25 earned within 30 months before death), while new members on or after July 1, 2013 must have at least 5 years of qualifying service credit (and the last date of service was within 12 months of death). Regardless of membership date, a member's qualified survivors are also eligible for survivor benefits if the member had been receiving a disability benefit at the time of death or within the last 12 months and had resumed contributions at the time of death.²³ Survivor benefits are payable to an eligible spouse regardless of income from other sources.²⁴

4. Optional Health Coverage

Defined Benefit Plan retirees currently have access to optional health insurance, although this coverage is not guaranteed and may be changed or discontinued by STRS.²⁵

¹⁹ Information about the disability retirement program for members in the Defined Benefit Plan can be found in STRS' brochure entitled "Disability Retirement For members enrolled in the Defined Benefit Plan" available at https://www.strsoh.org/_pdfs/brochures/20-124.pdf.

²⁰ *Id.* at p. 15.

²¹ *Id.* at 2-3.

²² *Id.* at 8-9.

²³ STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24* at 7-9.

²⁴ *Id.* at 9.

²⁵ *Id.* at 21.

Generally, STRS offers medical, dental and vision for eligible members. Members who retire on or after August 1, 2023 must have at least 20 years of service credit.²⁶

STRS Ohio offers a number of health plans to choose from and premiums are based on a sliding scale based on service credit. STRS Ohio provides a subsidy for health care premiums of eligible retirees. Spouses and eligible dependents do not receive a premium subsidy but may participate in STRS plans.²⁷

5. Account Withdrawal

STRS Defined Benefit Plan participants who terminate employment prior to service retirement may be eligible to withdraw from their account an amount that consists of their contributions plus an additional amount depending on their years of qualifying service credit and interest. Interest rates vary depending on years of service. If members have 5 or more years of qualifying service credit, 50% of matching funds is also included in the withdrawal amount.²⁸

Such a withdrawal will cancel your STRS Ohio membership, your accumulated service credit and your eligibility to qualify for STRS retirement benefits and health care coverage.²⁹

6. Summary

Retirees under the STRS Ohio Defined Benefit Plan receive an amount of income that is determined by age, years of service, and Final Average Salary. Participants are also eligible for survivor and disability benefits before retirement. Participants may also be eligible for health insurance with an STRS subsidy.

While Defined Benefit plan participants do not bear investment risk, the retirement benefits may be effectively reduced by changes in age and service requirement, COLA changes, and the reduction or elimination of the health care program.

B. STRS Ohio Defined Contribution Plan

Under the STRS Defined Contribution Plan, both the member and the University make pre-tax contributions to the member's retirement account. Retirement income is based on the employee and employer contributions made to the account, the performance of the investment choices selected by the member, and the annuity rates at the time of retirement.³⁰

²⁶ *Id.*

²⁷ <https://www.strsoh.org/aboutus/impact/health-care.html> (last accessed November 22, 2023).

²⁸ STRS Benefit Brochure entitled "Account Withdrawal" at pp. 7-8 available at <https://www.strsoh.org/pdfs/brochures/51-104.pdf> (last accessed November 22, 2023).

²⁹ Service Retirement and Plans of Payment for members enrolled in the Defined Benefit Plan at p. 25, <https://www.strsoh.org/pdfs/brochures/15-126.pdf> (last accessed November 22, 2023).

³⁰ STRS Ohio, Service Retirement and Plans of Payment For members enrolled in the Defined Contribution Plan at p.2, <https://www.strsoh.org/pdfs/brochures/20-642.pdf> (last accessed November 24, 2023).

If you select this plan, in your fifth year of membership you will have the option to change to select the Defined Benefit Plan or the Combined Plan or remain in the Defined Contribution Plan.³¹

1. Contributions

As in all other plans, employees contribute 14% of their annual gross earnings to the Defined Contribution account. The University pays 14% of the employee's salary, but only 11.09% of the University's contribution is allocated to the member's STRS Ohio Defined Contribution Plan account (the remaining 2.91% is allocated toward STRS's unfunded liability). Thus, a total amount equal to 25.09% of the member's salary will go into the member's defined contribution account. Both the employee and employer contribution rates are subject to change.³²

2. Investment Choices and Fees

Currently, there are a total of 17 investment choices available to members. Each choice is managed by the same STRS Ohio professionals who manage the system's Defined Benefit investments.³³ Generally, members are able to transfer investments among the choices available under the plan. Multiple investment options (named "STRS Target Choice") adjust the risk of investments to be more conservative as the member approaches their retirement year.³⁴ Information regarding the performance of Defined Contribution plan investment options is available at <https://www.strsoh.org/pdfs/redirects/60-601.pdf> (last accessed November 24, 2023).

Asset management fees are deducted from investment returns of members' investment choices in addition to a \$10 quarterly account fee. Members who have an account balance of less than \$5,000 and who have made no contributions for at least 120 days are charged a "low balance" monthly fee of \$10. If a low balance fee is charged during a quarter, then the \$10 quarterly fee is not charged.³⁵

3. Retirement Income

Under the STRS Defined Contribution Plan, members have several payment options when they end their University employment.

At age 50 or later, members may receive their payments under one of three annuity options: (1) a Single Life Annuity (provides maximum monthly benefits for member's lifetime); (2) a Joint and Survivor Annuity (provides member with a reduced lifetime monthly benefit and

³¹ STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24*, *supra* n.23 at p. 22.

³² STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24*, p. 22 (regarding the Defined Contribution Plan), available at: <https://www.strsoh.org/pdfs/brochures/20-101.pdf> (last accessed November 22, 2023).

³³ *Id.* at 24.

³⁴ *Id.* at 25.

³⁵ *Id.*

one or multiple beneficiaries with lifetime monthly benefits); or (3) an Annuity Certain (provides monthly benefits for member's lifetime and provides monthly benefit to beneficiary for a certain number of years after retirement date in event of member's death during that period).³⁶ More detailed descriptions about STRS Defined Contribution Plan annuity options are available from STRS.³⁷

For example, a member who has a Defined Contribution account balance of \$450,000 converted to an annuity at age 60 provides a monthly lifetime benefit of \$2,172 based on the annuity factor for a 60 year old member. Annuity rates are based on market conditions and are subject to change.³⁸

Another option is a lump sum withdrawal upon termination of employment, where the total balance is paid at once. This is the only payment option available for members under 50. If a member is under 50 at the time of terminating employment, the member may leave the account with STRS Ohio and select an annuity or withdraw the balance at a later date.³⁹

4. Portability and Vesting

Members who leave public employment before retirement may roll over the assets in their Defined Contribution account into a traditional IRA, an eligible employer plan, or a qualified plan.⁴⁰ The amount of withdrawal includes the member's contributions, any gains or losses on those contributions, and any University contributions that are vested.

Members' contributions are vested immediately. If your STRS membership began before July 1, 2013, you are 100% vested in the University's contributions after one year of membership. If your STRS membership began on or after July 1, 2013, you are vested in 20% of the University's contributions for each full year of membership.⁴¹

5. Survivor and Disability Benefits

In the event of a member's death, the member's surviving spouse or sole survivor may withdraw the account balance or begin receiving a monthly annuity immediately following the member's death. If the account balance is not large enough to provide a \$100 monthly benefit, the account must be withdrawn. The account must also be withdrawn if there are multiple

³⁶ STRS Ohio, Service Retirement and Plans of Payment For members enrolled in the Defined Contribution Plan at pp. 8-12, https://www.strsoh.org/_pdfs/brochures/20-642.pdf (last accessed November 24, 2023).

³⁷ *See Id.*

³⁸ *Id.* at 2.

³⁹ STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24*, p. 26 (regarding the Defined Contribution Plan), available at: https://www.strsoh.org/_pdfs/brochures/20-101.pdf (last accessed November 22, 2023).

⁴⁰ *Id.* at 25.

⁴¹ STRS Ohio, Service Retirement and Plans of Payment For members enrolled in the Defined Contribution Plan at p.1, https://www.strsoh.org/_pdfs/brochures/20-642.pdf (last accessed November 24, 2023).

survivors.⁴² Unlike the STRS Ohio Defined Benefit Plan, there are no disability benefits available under the Defined Contribution Plan; however, members may withdraw their account balance after ending their employment or if they are over age 50 and end their employment, other payment options are available.⁴³

6. No Optional Health Coverage

Optional health coverage through STRS Ohio is not available to Defined Contribution participants.⁴⁴

7. Summary

In the STRS Ohio Defined Contribution Plan, your retirement income is based on your salary over your career and the resulting contributions, the performance of the investment choices that you select, and the annuity rates at the time of your retirement.

Unlike the Defined Benefit Plan, your decision to participate in the Defined Contribution Plan is not permanent – members may change to the Defined Benefit Plan or the Combined Plan in their fifth year of membership.

C. STRS Ohio Combined Plan

The STRS Ohio Combined Plan incorporates features of both the Defined Benefit and the Defined Contribution Plan.

Combined Plan participants may change to either the Defined Benefit Plan or the Combined Plan in their fifth year of membership.⁴⁵

1. Contributions

Members participating in the Combined Plan contribute 14% of their salary. From this amount, 12% goes into the member's defined contribution account. The remaining 2% and the 14% employer contribution fund the defined benefit portion of the plan (as in other plans, a portion of the employer's contribution is allocated to STRS's unfunded liability). The contribution rates are subject to change.⁴⁶

⁴²STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24*, p. 26 (regarding the Defined Contribution Plan), available at: https://www.strsoh.org/_pdfs/brochures/20-101.pdf (last accessed November 22, 2023).

⁴³*Id.*

⁴⁴ STRS Ohio Health Care Program at p. 1 (“Coverage is currently offered to eligible benefit recipients who participate in the Defined Benefit Plan or Combined Plan.” available at https://www.strsoh.org/_pdfs/health-care/12-229-23.pdf (last accessed November 24, 2023).

⁴⁵ STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24*, p. 28 (regarding the Combined Plan), available at: https://www.strsoh.org/_pdfs/brochures/20-101.pdf (last accessed November 22, 2023).

⁴⁶*Id.*

2. Retirement Income

Retirement income is based on both the Defined Benefit and Defined Contribution portions of the Plan. Under the Defined Benefit portion, members receive an annuity equal to 1% of their Final Average Salary for each year of service. For example, a member who retires after age 60 with thirty years of service will receive 30% of their Final Average Salary as an annual defined benefit.⁴⁷ Final Average Salary currently means the average of the member's five highest years of Ohio public earnings. Members are eligible for this benefit at age 60 or later with at least five years of service credit.⁴⁸

The Defined Contribution portion, totaling all contributions and any investment gains or losses, can be taken as a lifetime or joint and survivor annuity or as a lump-sum withdrawal.⁴⁹

3. Investment Choices and Fees

Combined Plan participants have the same investment options as Defined Contribution Plan participants for the defined contribution portion of the account.⁵⁰ Asset management fees are deducted from investment returns in addition to a \$10 quarterly account fee.⁵¹ Members who have an account balance of less than \$5,000 in their Defined Contribution account and who have made no contributions for at least 120 days are charged a Low Balance monthly fee of \$10. If a Low Balance fee is charged during a quarter, the \$10 quarterly fee will not be charged.⁵²

4. Portability and Vesting

Members can roll the assets of their Combined Plan into a traditional individual retirement account (IRA), eligible employer plan or qualified plan if they leave public employment before retirement.⁵³ If employment is terminated before age 50, any withdrawal must include both the Defined Benefit and the Defined Contribution portions of the account. At age 50 or later, a member may withdraw the Defined Contribution portion upon termination of employment and leave the Defined Benefit portion for a benefit at age 60 or termination of employment.⁵⁴

The Defined Contribution withdrawal amount is based on the amount of contributions and any investment gains or losses on those contributions.⁵⁵

⁴⁷ *Id.* at 37.

⁴⁸ *Id.*

⁴⁹ *Id.* at 38-39.

⁵⁰ *Id.* at 30-31.

⁵¹ *Id.* at 31.

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *Id.* at 39.

⁵⁵ *Id.*

The Defined Benefit withdrawal amount is calculated as follows:

- If you have 5 or more years of service credit, you are eligible to receive the greater of (1) the present value of the future benefits, or (2) the member's total contributions to the defined benefit portion of the account.
- If you have less than 5 years of service credit at the time of withdrawal, you will be eligible to receive the amount of your total contributions to the Defined Benefit portion of the account.⁵⁶

More information about retirement income and withdrawal options under the Combined Plan can be obtained from STRS.⁵⁷

5. Survivor Benefits

Under the Combined Plan, a member's spouse, children under the age of 22, dependent parents and physically or mentally incapacitated dependents may qualify for survivor benefits. Eligibility for survivor benefits and the amount of the benefit depend on a number of factors. STRS can provide additional information.⁵⁸ Generally, the survivors' options are:

(1) Withdraw the Defined Benefit and Defined Contribution portions of the account.

(2) Withdraw the Defined Contribution account and, if the member had at least 5 years of service, maintain the Defined Benefit account to receive a monthly benefit beginning when the member would have reached age 60. The Defined Contribution portion can be managed by a surviving spouse for payment at a later date.

(3) If the member had less than 5 years of service, a sole survivor can withdraw both portions of the account or annuitize the Defined Contribution portion and withdraw the Defined Benefit portion of the account provided the annuity would pay at least a minimum of \$100 per month.

(4) Combine the Defined Benefit and Defined Contribution portions of the account for a monthly survivor benefit, the amount of which depends upon when the member became a member of STRS, the years of service credit earned, the age of the member, whether the member was disabled, the number of survivors, and whether the member had left Ohio public employment.⁵⁹

⁵⁶ *Id.*

⁵⁷ See STRS Ohio, *Service Retirement and Plans of Payment for Members Enrolled in the Combined Plan, 2023-2024*, available at https://www.strsoh.org/_pdfs/brochures/20-643.pdf (last accessed on November 24, 2023).

⁵⁸ See generally STRS Ohio, *Survivor Benefits: For members enrolled in the Combined Plan* https://www.strsoh.org/_pdfs/brochures/20-645.pdf (last accessed November 24, 2023).

⁵⁹ STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24*, p. 32 (regarding the Combined Plan), available at: https://www.strsoh.org/_pdfs/brochures/20-101.pdf (last accessed November 22, 2023).

Survivor benefits to an eligible spouse are payable regardless of income from other sources.⁶⁰

6. Disability Benefits

Participants in the Combined Plan may combine the Defined Benefit and Defined Contribution portions of their account to receive a monthly disability benefit in the event they are disabled and unable to perform their most recent job duties where a disability is presumed to last at least 12 months from the date STRS receives the completed disability packet.⁶¹ The eligibility criteria are the same as the criteria in the Defined Benefit Plan, with the additional requirement that members have not withdrawn any portion of their account.⁶² Disability benefits similarly terminate under a number of conditions including at age 65 if the benefit began before age 60 or if the member is no longer disabled.⁶³ More information about disability benefits under the Combined Plan is available from STRS.⁶⁴

Disability benefit recipients may enroll in an STRS Ohio health care plan. Additionally, eligible survivors and their eligible dependents have access to health care coverage if the member had at least 20 years of service credit on or after August 1, 2023 (at least 15 years of service credit before August 1, 2023).⁶⁵

7. Optional Health Coverage Access

Combined Plan participants have access to STRS health care coverage if they retire before August 1, 2023 with at least 15 years of service credit or, if retiring after August 1, 2023, with at least 20 years of service credit.⁶⁶ STRS Ohio offers a number of health plans to choose from and premiums are based on a sliding scale based on service credit. STRS Ohio provides a subsidy for health care premiums of eligible retirees. Spouses and eligible dependents do not receive a premium subsidy, but may participate in STRS plans.⁶⁷

Coverage under the STRS health program is not guaranteed and STRS may change or discontinue all or part of the health insurance offerings.⁶⁸

⁶⁰ *Id.* at 35.

⁶¹ *Id.*

⁶² *Id.* at 36.

⁶³ *Id.* at 36-37.

⁶⁴ STRS Ohio, Disability Benefits for members enrolled in the Combined Plan, available at https://www.strsoh.org/_pdfs/brochures/20-644.pdf (last accessed November 24, 2023).

⁶⁵ STRS Ohio, *Survivor Benefits: For members enrolled in the Combined Plan* at p. 17, https://www.strsoh.org/_pdfs/brochures/20-645.pdf (last accessed November 24, 2023).

⁶⁶ STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24*, p. 41 (regarding the Combined Plan), available at: https://www.strsoh.org/_pdfs/brochures/20-101.pdf (last accessed November 22, 2023).

⁶⁷ <https://www.strsoh.org/aboutus/impact/health-care.html> (last accessed November 22, 2023).

⁶⁸ STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24*, p. 41 (regarding the Combined Plan), available at: https://www.strsoh.org/_pdfs/brochures/20-101.pdf (last accessed November 22, 2023).

8. Summary

The STRS Ohio Combined Plan provides some of the security of the Defined Benefit Plan, including access to health care options and disability benefits. The Defined Benefit Plan also provides the possibility of increased benefits if the investments in the Defined Contribution portion of the account perform well.

D. Other STRS Ohio Benefits

1. Death Benefit

STRS retirees may purchase a death benefit of \$1,000 or \$2,000 (a \$1,000 benefit is automatic for Defined Benefit plan members).⁶⁹

2. Purchase of STRS Service Credits

If you participate in the STRS Ohio Defined Benefit Plan or Combined Plan, you may be eligible to purchase service credit in the STRS Ohio system.⁷⁰ (Participants in the Defined Contribution Plan are not eligible to purchase service credit but may be able to make contributions on salary not earned if your teaching career is interrupted by military service.)⁷¹

Under this benefit, STRS Defined Benefit Plan participants may purchase credit for the time they spent in certain types of past employment such as private teaching in Ohio or another state, public teaching in another state, public service, or military service.⁷² Combined Plan participants may purchase service credit for military service that interrupts teaching and leaves of absence.⁷³ Depending on your individual situation, purchasing credit may be beneficial because it could create retirement eligibility, increase your retirement benefit, or eliminate or lower your early retirement reduction.⁷⁴ If you intend to purchase credit, you must have the service certified before you retire and you must purchase the credit no later than three months after retirement.⁷⁵ If you are interested in this option, you should speak with an STRS representative.

⁶⁹ STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24*, pp. 16, 26 and 39 available at: https://www.strsoh.org/_pdfs/brochures/20-101.pdf (last accessed November 22, 2023).

⁷⁰ STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24*, pp. 16-18 (regarding the Defined Benefit Plan) and p. 39 (regarding the Combined Plan), available at: https://www.strsoh.org/_pdfs/brochures/20-101.pdf (last accessed November 22, 2023).

⁷¹ STRS Ohio, *Service Retirement and Plans of Payment For members enrolled in the Defined Contribution Plan* at p.4, https://www.strsoh.org/_pdfs/brochures/20-642.pdf (last accessed November 24, 2023).

⁷² STRS Ohio, *Understanding Your STRS Ohio Benefits, 2023-24*, pp. 16-17 (regarding the Defined Benefit Plan), available at: https://www.strsoh.org/_pdfs/brochures/20-101.pdf (last accessed November 22, 2023).

⁷³ *Id.* at p. 39 regarding the Combined Plan.

⁷⁴ *Purchasing Service Credit for members enrolled in the Defined Benefit Plan*, at pp. 9-10 (available at https://www.strsoh.org/_pdfs/brochures/15-119.pdf (last accessed November 28, 2023).

⁷⁵ *Id.* at p. 8.

3. STRS Guidance and Counseling

STRS members also have access to guidance and information from STRS about their retirement planning. Different educational programs are available for new members and members nearing retirement.⁷⁶ STRS recommends that members plan a counseling session at least three years before your planned retirement date and again 6 to 12 months from retirement.⁷⁷

E. BGSU Alternative Retirement Plan

As an alternative to plans offered by STRS Ohio, faculty members have the option to participate in the Alternative Retirement Plan (“ARP”). The ARP is a defined contribution plan where both the participating employee and the University contribute a defined pre-tax percentage of pay to an account.⁷⁸ The employee makes the investment decisions and those choices determine the amount of investment risk that the employee bears.⁷⁹ The account balance consists of the contributions made by both the employee and employer and any investment gains or losses on the account.⁸⁰ Both the employee and the University’s contributions are immediately vested.⁸¹ Therefore, the ARP option may make the most sense if you plan to work at the University for less than five years. However, selecting ARP is permanent and you cannot later choose to participate in an STRS retirement plan while you work at the University absent a break in service of 365 days or longer.⁸²

BGSU has approved a number of vendors to offer the ARP to University faculty and staff. Because administrative details may vary depending on the vendor, you should contact individual vendors with specific questions. A list of the approved vendors can be obtained from Human Resources or found online under the ARP section of HR’s website.⁸³

1. Enrollment

Faculty have 120 days from initial employment status to enroll in the ARP.⁸⁴ If you choose the ARP, you will not have the option to change into one of the STRS plans at a later date absent a break in service of at least 365 days.⁸⁵ In order for an ARP selection to be effective, you

⁷⁶See <https://www.strsoh.org/education/actives/counseling/individual-counseling.html>

⁷⁷ *Id.*

⁷⁸ <https://www.bgsu.edu/human-resources/benefits/retirement.html> under the Alternative Retirement Plan tab (last accessed November 27, 2023).

⁷⁹ *Id.*

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² *Id.*

⁸³ *Id.*

⁸⁴ *Id.*

⁸⁵ *Id.*

must complete a retirement election form, select an ARP vendor and activate an account with that vendor.⁸⁶ Faculty may change their ARP vendor at any time throughout the calendar year.⁸⁷

2. Contributions

Employees contribute 14% of their salary to their ARP account, the same amount as would be paid into the STRS plans.⁸⁸ Currently, the University contributes 14% of a participant's salary, but only 11.09% of the University's contribution is allocated to the member's ARP account (the remaining 2.91% is allocated toward STRS's unfunded liability.⁸⁹ Thus, a total of 25.09% of salary is deposited into an employee's ARP account. By law, the University's contribution for faculty participating in the ARP is the same as the University's contribution for STRS participants, so the University's contribution amount is subject to change.⁹⁰

3. Retirement Income

The amount of retirement income will depend on the amount of the contributions made by the employee and the University and any gains or losses from the investments selected by the employee.

4. Vesting and Portability

Both employee contributions and the contributions made by the University are immediately vested.⁹¹ Upon ending employment, participants may withdraw the value of their account.⁹²

5. Withdrawal

A participant's ARP account balance is usually paid out in a lump sum withdrawal or through a purchased annuity, depending on the arrangement a participant makes with the selected

⁸⁶ See the Retirement Plan Election Form available at <https://www.bgsu.edu/content/dam/BGSU/human-resources/documents/benefits/Retirement/retirement-plan-election-form.pdf> (last accessed November 27, 2023).

⁸⁷ <https://www.bgsu.edu/human-resources/benefits/retirement.html> under the Alternative Retirement Plan tab (last accessed November 27, 2023).

⁸⁸ Ohio Revised Code § 3305.06(A).

⁸⁹ Ohio Rev. Code § 3305.06(B) and (D) and <https://www.bgsu.edu/human-resources/benefits/retirement.html> (last accessed November 27, 2023).

⁹⁰ Ohio Rev. Code § 3305.06(B) and (D).

⁹¹ <https://www.bgsu.edu/human-resources/benefits/retirement.html> under the Alternative Retirement Plan tab (last accessed November 27, 2023).

⁹² Retirement Plan Comparison Chart at Benefit Portability/Account Withdrawal available at https://www.strsoh.org/_pdfs/guides/20-620-chart.pdf (last accessed November 27, 2023).

vendor.⁹³ For more information about withdrawal options, details should be obtained from BGSU's approved ARP vendors.⁹⁴

6. Fees

Administrative fees vary by vendor.⁹⁵

7. No Optional Health Coverage

There is no optional health coverage offered through the ARP.⁹⁶

8. Disability and Survivor Benefits

Generally, the vested ARP account balance is available to participants who terminate employment and withdraw their account or to survivors of employees who have not withdrawn their account.⁹⁷

9. Summary

The BGSU Alternative Retirement Plan is a defined contribution plan through approved vendors and not STRS Ohio. While employees have 180 days to select an STRS plan, the ARP must be selected within the first 120 days of employment. Additional details and information on the ARP can be found in the Plan document itself which was amended and restated as of January 1, 2022 and can be obtained from the University's Office of Human Resources.

IV. Supplemental Retirement Plans

In addition to the STRS Ohio plans and the ARP, faculty have the option to participate in supplemental retirement plans through providers approved by the University.⁹⁸ Members can participate in a Section 403(b) tax-sheltered annuity and/or a Section 457(b) deferred compensation account.⁹⁹ These plans are only available to certain public employees and employees of certain tax-exempt entities, but in most ways they function similar to a 401(k) plan in the private sector. However, there are significant differences between these two plans,

⁹³ *Id.* at Service Retirement and Traditional Method of Payment.

⁹⁴ See <https://www.bgsu.edu/human-resources/benefits/retirement-plans-for-bgsu-employees/alternative-retirement-program.html>

⁹⁵ A chart comparing the vendors fees is available at [fee structure](#) (last accessed November 27, 2023).

⁹⁶ Retirement Plan Comparison Chart at Health Care Coverage available at <https://www.strsoh.org/pdfs/guides/20-620-chart.pdf> (last accessed November 27, 2023).

⁹⁷ <https://www.bgsu.edu/human-resources/benefits/retirement.html> (last accessed November 27, 2023).

⁹⁸ <https://www.bgsu.edu/human-resources/benefits/retirement.html> at "Supplemental Retirement Plans" tab (last accessed November 27, 2023).

⁹⁹BGSU and BGSU-FA Collective Bargaining Agreement, Article 20, Sections 20.4 and 20.5 at pg. 97 (2019-2022) <https://www.bgsu-fa.org/contract>.

including when distributions may be taken without penalty. More information about these plans is available from the Internal Revenue Service.¹⁰⁰ The BGSU-FA recommends consulting with a tax professional if you are interested in how these plans could play a part in your retirement planning.

In general, both of these programs allow you to save for retirement by making income tax-deferred contributions. Earnings on the contributions are also tax-deferred. Members can contribute through payroll deductions.¹⁰¹ Thus, these supplemental accounts can increase your retirement income while also decreasing your tax liability during employment at the University.

403(b) and 457(b) plans may also offer the option to make post-tax Roth contributions. Qualified distributions of Roth account contributions and earnings on those contributions can generally be distributed without being subject to income tax when the account has been open for at least five years and you are age 59 ½ or older, die, or become disabled.¹⁰² Pre-tax and Roth contribution limits are subject to IRS rules and the Plan Documents for each supplemental plan.

Further information on signing up for one or both of these supplemental plans is available at <https://www.bgsu.edu/human-resources/benefits/retirement.html> under the Supplemental Retirement Plans tab. Additional details regarding the Section 403(b) plan can be found in the Summary of Plan Provisions document and other documents available through the University's Office of Human Resources.

V. Health Savings Accounts

Another option to help you build retirement savings is to choose a High Deductible Health Plan (the Plan B option in place in 2024 qualifies) with a Health Savings Account (“HSA”). An HSA can offer significant tax benefits. First, your contributions are tax-deductible and employer contributions may be excluded from your gross income. Second, the earnings on the contributions while they are in your account are tax-free. Third, distributions are tax-free provided they are used to pay qualified medical expenses.¹⁰³ Qualified medical expenses can include medical, prescription drug, dental, and vision expenses.¹⁰⁴

The money contributed to an HSA (whether by your employer or by you) does not need to be used each year. Instead, the contributions remain in your account until you use them. Thus, while you may use any contributions to pay for current-year health care expenses until you

¹⁰⁰ See <https://www.irs.gov/pub/irs-pdf/p571.pdf> regarding the Section 403(b) plan (last accessed November 27, 2023) and <https://www.irs.gov/retirement-plans/irc-457b-deferred-compensation-plans> regarding the Section 457(b) plan (last accessed November 27, 2023).

¹⁰¹ *Id.*

¹⁰² See <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-designated-roth-account> (last accessed November 27, 2023).

¹⁰³ IRS Publication 969 (2022) at p. 3, available at <https://www.irs.gov/pub/irs-pdf/p969.pdf> (last accessed November 27, 2023).

¹⁰⁴ *Id.* at p. 9. See also IRS Publication 502 available at <https://www.irs.gov/pub/irs-pdf/p502.pdf> (last accessed November 27, 2023).

meet your plan’s deductible or out-of-pocket maximum, you are not required to do so. Instead, you have the option to pay your current health care expenses out of pocket and allow your HSA account balance to grow tax-free. When you retire, the balance in your HSA can be used to pay qualified medical expenses incurred during retirement.

For 2024, individuals with single high deductible plan coverage can have total HSA contributions (employee and employer contributions) up to \$4,150 and individuals with family coverage can have total contributions up to \$8,300.¹⁰⁵ Participants in either category who are age 55 and older can contribute an additional \$1,000. The 2024 deductibles for the University’s Plan B single coverage are \$2,000 in-network and \$4,000 out of network.¹⁰⁶ The 2024 deductibles for the University’s Plan B family coverage are \$4,000 in-network and \$8,000 out of network.¹⁰⁷ For 2024, the University will contribute \$500 to HSAs for employees with single coverage and \$1,000 for individuals with employee and spouse coverage, employee and children coverage or employee and family coverage.¹⁰⁸ Thus, if you maximized your contributions to your HSA, you could pay your medical expenses up to your deductible on a pre-tax basis while also saving money that can be used tax-free for health care expenses in your retirement.

For example, an employee with single coverage under Plan B who incurs only \$400 in health care costs in 2024 would automatically have \$100 saved in their HSA at the end of the plan year, left over from the University’s contribution. If the employee contributed an additional \$2,000 to the HSA, that employee would have \$2,100 in their HSA that could be used for health care expenses in the next year, or could be saved for years until retirement while earning tax-free interest on investment gains.

HSA contributions are tax deductible, the earnings are tax-free, and the distributions are tax-free so long as one complies with IRS limits and rules. Because an HSA can provide triple tax benefits, it is a valuable option to consider when planning for retirement healthcare expenses.

VI. Planning for Retirement

Successful retirement planning includes both long-term and short-term strategies. Faculty are encouraged to consult with professional financial and retirement advisors to develop a plan that meets their individual needs. Below are some topics to consider during that process.

¹⁰⁵ <https://www.irs.gov/pub/irs-drop/rp-23-23.pdf> (last accessed November 27, 2023).

¹⁰⁶ <https://www.bgsu.edu/human-resources/benefits/health-prescription.html> at link entitled “2024 Health Plan B – Summary of Benefits Coverage Notice – Individual” (last accessed November 27, 2023).

¹⁰⁷ *Id.* at link <https://www.bgsu.edu/human-resources/benefits/health-prescription.html> at link entitled “2024 Health Plan B – Summary of Benefits Coverage Notice – Family” (last accessed November 27, 2023).

¹⁰⁸ See <https://www.bgsu.edu/human-resources/benefits/health-prescription.html> at link entitled “2024 Employee Health Care Contributions *see* chart titled “BGSU Health Savings Account Contributions” (last accessed November 27, 2023).

A. Long Term Planning Throughout Your Career

1. Selecting a Retirement Plan

As discussed above, faculty have four retirement plan options. Because you have only 120 days to select the ARP and 180 days to choose between the three STRS Ohio plans, you should begin evaluating your options at the start of your employment.

2. Length of Service

As part of your retirement plan selection, consider how long you plan to work before retiring and how long you plan to work at the University (or in other public employment in Ohio). Since some of the options determine your eligibility and amount of benefits by calculating years of service in the system, your age and length of employment can have a great impact on your retirement income.

3. Supplemental Retirement Accounts

Consider whether, and when, to participate in one or more supplementary retirement programs offered through the University or a Health Savings Account. These plans allow you to set more funds aside for retirement under favorable tax treatment, at a contribution rate you choose.

4. Health Insurance

Health insurance coverage is a vital component of successful retirement planning. Consider what health insurance coverage you and your dependents will need and what the cost will be. While some STRS Ohio options offer health care benefits, they may not do so in the future, or may offer less valuable benefits.

B. Short Term Planning As You Approach Retirement

1. Medicare Coverage

A common misconception is that faculty members of Ohio public institutions of higher education do not qualify for Medicare because they did not contribute to Social Security.¹⁰⁹ However, you are eligible for Medicare when you turn age 65 even if you are not eligible for Social Security retirement benefits.¹¹⁰ Since Medicare options can vary depending on length of employment, members should meet with a representative from the Social Security Administration **at least five years** before retirement to discuss their Medicare options.

¹⁰⁹ STRS Ohio, Medicare Enrollment webpage, <https://www.strsoh.org/retirees/health-care/medicare.html#section-2> (last accessed November 27, 2023).

¹¹⁰ *Id.*

Generally speaking, there are two main components of Medicare, Part A and Part B.

Medicare Part A – Hospital Insurance

Part A covers inpatient hospital care, skilled nursing facility care, nursing home care (inpatient care in a skilled nursing facility that is not custodial or long-term care), hospice care and home health care.¹¹¹

Most people are eligible for Part A (hospital insurance) at no cost (often called “premium-free Part A”) at age 65. In order to be eligible for Part A at no cost, one must be at least age 65 and be a U.S. citizen or permanent resident.¹¹² Generally, individuals will receive premium-free Part A if they paid Medicare taxes for at least 40 quarters. This includes working in a federal, state or local government job (including public education) and any job in which you contributed to Social Security.¹¹³ You may also qualify for premium free Part A based on a current or former spouse’s employment history.¹¹⁴ A spouse does not have to apply for Social Security benefits for the other spouse to be eligible for premium-free Part A through their work record.¹¹⁵

All state government employees hired after March 31, 1986 are required to pay Medicare taxes, so University employees should qualify for premium-free Part A unless they worked less than 10 years or were hired before March 31, 1986 and remained continuously employed.¹¹⁶

Special eligibility rules apply for individuals under 65 who have a qualified disability, end-stage renal disease or ALS.¹¹⁷

STRS requires all medical plan participants to enroll in Medicare Part A if they are eligible for premium-free Part A.¹¹⁸ STRS participants are not required to enroll in Medicare Part A if they must pay a premium.¹¹⁹ However, if you are not eligible for premium-free Medicare Part A at age 65 but you later become eligible through your

¹¹¹ Medicare.gov, *What Part A covers*, <https://www.medicare.gov/what-medicare-covers/part-a/what-part-a-covers.html> (last accessed November 27, 2023).

¹¹² STRS Ohio, Medicare Enrollment webpage, <https://www.strsoh.org/retirees/health-care/medicare.html#section-2> (last accessed November 27, 2023).

¹¹³ *Id.*

¹¹⁴ *Id.*

¹¹⁵ *Id.*

¹¹⁶ Social Security Administration, *Mandatory Medicare Coverage*, https://www.ssa.gov/slge/mand_med_cov.htm (last accessed November 27, 2023).

¹¹⁷ STRS Ohio, Medicare Enrollment webpage, <https://www.strsoh.org/retirees/health-care/medicare.html#section-2> (last accessed November 27, 2023).

¹¹⁸ *Id.*

¹¹⁹ *Id.*

spouse, STRS requires you to contact Social Security to sign up for Medicare Part A at no cost.¹²⁰

Medicare Part B – Medical Insurance

Part B covers two types of services: medically necessary services (*e.g.*, services or supplies that are needed to diagnose or treat your medical condition and that meet accepted standards of medical practice) and preventive services (*e.g.*, health care to prevent illness (like the flu) or detect it at an early stage, when treatment is most likely to work best).¹²¹

Anyone who is eligible for premium-free Part A can enroll in Part B by paying a monthly premium. Part B premiums are required and based on income.¹²²

To be eligible for STRS health care coverage, participants must enroll in Part B even if they are not required to enroll in Part A.¹²³

Medicare Part C – Medicare Advantage

Medicare Parts A and B constitute “original Medicare.” Medicare Advantage Plans (Part C) are offered by private companies approved by Medicare – these plans cover many of the same benefits a Medigap policy covers, so you cannot have both a Medigap policy and a Medicare Advantage/Part C plan.¹²⁴ Medicare Advantage Plans may provide extra coverage and lower your out-of-pocket costs.¹²⁵ Medicare Advantage Plan options include Preferred Provider Organization plans (“PPOs”), Health Maintenance Organizations plans (“HMOs”), private fee-for-service plans and special needs plans.¹²⁶ These plans will involve additional premiums due to the additional benefits they provide.¹²⁷

Participants in STRS provided health care coverage do not enroll in Medicare Part C – a group Medicare Advantage plan is provided by STRS Ohio for those participants who have already enrolled in Medicare Parts A and B or Part B only where applicable.¹²⁸ ARP participants or STRS members who do not qualify for STRS health coverage may want to receive their Medicare benefits from a Medicare Advantage organization.

¹²⁰ *Id.*

¹²¹ <https://www.medicare.gov/what-medicare-covers/what-part-b-covers> (last accessed November 27, 2023).

¹²² <https://www.medicare.gov/basics/costs/medicare-costs> at “Part B” (last accessed November 27, 2023).

¹²³ STRS Ohio, Medicare Enrollment webpage, <https://www.strsoh.org/retirees/health-care/medicare.html#section-2> (last accessed November 27, 2023).

¹²⁴ Social Security Administration Publication entitled “Medicare” (2023) at p. 5 available at <https://www.ssa.gov/pubs/EN-05-10043.pdf> (last accessed November 28, 2023).

¹²⁵ *Id.*

¹²⁶ *Id.*

¹²⁷ *Id.*

¹²⁸ <https://www.strsoh.org/retirees/health-care/medicare.html>.

Medicare Part D – Prescription Drug Plans

Anyone who participates in Medicare Part A or Part B is eligible to join a Medicare Part D prescription drug plan.¹²⁹ These plans are voluntary and involve an additional premium, which may be higher for individuals with higher incomes.¹³⁰ If you do not enroll in a Part D plan when you are first eligible, you may pay a late enrollment penalty if you join later – which will apply for as long as you have Part D coverage.¹³¹

Participants in STRS provided health care coverage do not enroll in Medicare Part D because it is included in the STRS Ohio medical plan.¹³²

Specific guidance about when and how to enroll in Medicare coverage can be obtained from STRS Ohio (<https://www.strsoh.org/retirees/health-care/medicare.html>), Medicare (www.medicare.gov), and the Social Security Administration (www.socialsecurity.gov).

2. Selecting Your Retirement Date

As you approach retirement, you should carefully consider your individual situation to optimize the combination of your regular pay from the University with your retirement pay and coordinate your health care coverage with your date of retirement. Faculty participating in the STRS Defined Benefit Plan or Combined Plan may want to select the first day of the month as their retirement date, with the last day of the previous month being the last day of employment, so that their retirement benefits begin on their retirement date.

The ideal retirement date for nine-month faculty may also be affected by whether you have elected to receive your salary payments over a 12-month or 9-month period, because your retirement date may cause you to receive additional payments in a calendar year in order for you to be paid up at the time of your retirement date if, for instance, you retire at the end of the fall semester. This could affect your taxable income for that calendar year.

3. Monitoring Legislative Changes

If you are an STRS participant, make sure that you review any possible changes to your benefits as you approach retirement. The pension reform legislation enacted by the Ohio General Assembly in 2012 changed service requirements, age requirements, the cost of purchasing service credit, when cost of living adjustments (COLA) are granted and made other significant changes to STRS. Due to the possibility of future changes by the Ohio legislature, you should consult STRS to make sure that your proposed retirement date makes the most financial sense for you.

¹²⁹ Social Security Administration Publication entitled “Medicare” (2023) at p. 6 available at <https://www.ssa.gov/pubs/EN-05-10043.pdf> (last accessed November 28, 2023).

¹³⁰ *Id.*

¹³¹ *Id.*

¹³² <https://www.strsoh.org/retirees/health-care/medicare.html>.

4. Utilizing Counseling Resources

STRS Ohio offers a variety of counseling and seminars for members during their careers and as they near retirement, including individual counseling, webinars and seminars. If you are participating in one of the STRS Ohio plans, you should take advantage of these educational opportunities to help you prepare for retirement. STRS Ohio recommends that you schedule an individual counseling session at least three years before you plan to retire and another session 6 to 12 months before retirement.¹³³

ARP participants should also check with their ARP vendor about any counseling or educational programs they may offer. Information may also be available from the University Office of Human Resources.

You may also want to set up an appointment with a representative from the Social Security Administration to discuss Medicare benefits and Social Security benefits, if applicable. To set up an appointment, you can call **1-800-772-1213** or go to www.ssa.gov to find the office closest to you.

5. Life Insurance Coverage

Eligible retirees will have the option of continuing their term life insurance program on the same formula as current full-time faculty.¹³⁴

VII. Compensation at Retirement

Regular Pay You will receive a final paycheck reflecting earnings through your last date of employment.

Vacation Payout After one year of service, twelve-month faculty members will receive a vacation payout of up to forty-four (44) days (352 hours) of accrued but unused vacation leave pursuant to the terms of the CBA.¹³⁵

Sick Leave Payout Members who retire with ten or more years of service in state employment may receive payment for one-fourth of their accrued but unused sick leave up to a maximum of thirty (30) days (240 hours) at their rate of pay at the time of retirement.¹³⁶ Payment per day for nine-month faculty will equal 1/198 of retirement-year base salary and as 1/260 of base salary

¹³³ See STRS Ohio, <https://www.strsoh.org/education/actives/counseling/individual-counseling.html>

¹³⁴ See BGSU Academic Charter, at p. 100 (Section (v)(Term Life Insurance Option) available at <https://www.bgsu.edu/content/dam/BGSU/faculty-senate/documents/academic-charter/2022-12-20-Academic-Charter-njj.pdf>. Contact the Office of Human Resources for more information.

¹³⁵ BGSU – BGSU-FA Collective Bargaining Agreement (2019-2022), Article 21, Section 13.2.7.

<https://www.bgsu-fa.org/contract>

¹³⁶ *Id.* at Article 21, Section 8.9.1.

for twelve-month faculty.¹³⁷ Faculty can only receive one sick leave payout; the University will not provide a payout to retirees who previously retired from another state agency.¹³⁸

Article 21, Section 8.9.1 of the CBA provides that sick leave payout is dependent upon “retiring from active service (as defined by the retirement plan selected)” by the faculty member. Therefore, you should consult your selected retirement plan and its definition of retirement to make sure you qualify to receive the sick leave payout.

The sick leave payout may be received in a lump-sum payment or as deferred compensation to a Section 403(b) or Section 457 plan.¹³⁹

Issues Regarding Overload Compensation, Summer Compensation and Interim Positions

Overload compensation, summer teaching compensation, and increases in pay due to an interim or short-term position may not be counted toward a member’s Final Average Salary for STRS benefit calculations. There are limits on the earnings used to calculate the Final Average Salary in order to keep STRS Ohio financially stable.¹⁴⁰ The Final Average Salary will be limited if the additional earnings results in a percentage increase in the member’s two highest years to be greater than the increases in the three years before the earlier of the two highest years.¹⁴¹

If you participate in the STRS Defined Benefit or Combined Plan, contact STRS with any questions about how this limitation may affect your Final Average Salary calculation. Under the Defined Benefit Plan, contributions on any earnings not used in determining your Final Average Salary are used to calculate a monthly annuity that is included in the regular pension benefit.¹⁴²

VIII. Other Benefits and Resources for BGSU Retirees

Retiree Fee Waiver If you retire with at least 10 years of continuous full-time service at the University you are able to receive the same fee waiver as an active full-time employee. If you retire as a part-time employee, you must have the equivalent of ten years of full-time service. Retirement is defined by the retirement program in which the employee is enrolled.¹⁴³

¹³⁷ *Id.*

¹³⁸ *Id.* at Section 8.9.2.

¹³⁹ See *Sick-Leave Reimbursement for Faculty Retiring*

<https://www.bgsu.edu/content/dam/BGSU/provost/documents/academic-operations/sick-leave-reimbursement.pdf> (last accessed November 30, 2023).

¹⁴⁰ See *Service Retirement and Plans of Payment for Members enrolled in the Defined Benefit Plan* at pp. 2-3, https://www.strsoh.org/_pdfs/brochures/15-126.pdf and *Service Retirement and Plans of Payment for Members Enrolled in the Combined Plan, 2023-2024* at pp. 3-4, available at https://www.strsoh.org/_pdfs/brochures/20-643.pdf (last accessed on November 24, 2023)

¹⁴¹ *Id.*

¹⁴² *Service Retirement and Plans of Payment for Members enrolled in the Defined Benefit Plan, supra* n.141 at 3.

¹⁴³ BGSU University Rule 3341-5-13, *Employee Fee Waiver*, §(B)(4) (June 27, 2023), available at <https://www.bgsu.edu/content/dam/BGSU/general-counsel/policies/hr/employee-fee-waiver.pdf> (last accessed November 30, 2023)

Dependent Fee Waiver If you retire with at least 10 years of continuous full-time service at the University, your cohabitant spouse, child and/or children are eligible for a dependent fee waiver as long as they had dependent status at the time of retirement.¹⁴⁴ This benefit depends on the definition of retirement under your selected retirement program.¹⁴⁵ Therefore, you should consult your selected retirement plan and its definition of retirement to make sure you qualify to receive this benefit.

The fee waiver waives 100% of the in-state instructional fees and dependents may complete a course on either an audit or grade basis.¹⁴⁶ For dependent children, the fee waiver is limited to the end of the calendar year in which the child turns twenty-four.¹⁴⁷

Miscellaneous The following University benefits are provided for retired faculty who have been full-time employees or continuing part-time employees:

Identification Card You will receive a permanent ID/BG1 card identifying you as a retired faculty member.¹⁴⁸

Discounts You will receive the same discounts and charging privileges granted to then currently employed faculty.¹⁴⁹

University E-mail/Internet Services You will have access to internet computer services similar to employed faculty with a University email address and mailbox.¹⁵⁰

Parking Permit Upon request, you will receive a retired staff parking permit free of charge.¹⁵¹

Tickets to University Events You will receive the same ticket prices and arrangements for intercollegiate sporting events, music and drama performances that currently employed faculty and staff receive.¹⁵²

Recreation Facility Membership You will receive continued access to the University recreation facilities at the same cost and on the same basis as currently employed faculty and staff.¹⁵³

¹⁴⁴ BGSU University Rule 3341-5-9, *Dependent Fee Waiver*, §(C)(5) (June 27, 2023), available at, <https://www.bgsu.edu/content/dam/BGSU/general-counsel/policies/hr/dependent-fee-waiver.pdf> (last accessed November 30, 2023).

¹⁴⁵ *Id.*

¹⁴⁶ BGSU University Rule 3341-5-9, *supra* n. 145 at §(C)(1)(b)(i) and (ii).

¹⁴⁷ *Id.* at (i).

¹⁴⁸ BGSU Office of Human Resources and BGSURA, *Handbook for Retirees* (updated as of August 2017) pg. 3 available at <https://www.bgsu.edu/content/dam/BGSU/Retirees/documents/retiree-handbook.pdf>

¹⁴⁹ *Id.*

¹⁵⁰ *Id.*

¹⁵¹ *Id.*

¹⁵² *Id.*

Financial and Legal Issues

Members should make sure that they have all of their legal and financial documents organized and accessible. Such documents include wills, powers of attorney, bank account information, real estate records, motor vehicle titles, and financial records such as stocks, bonds, and other forms. It is important that someone you trust is aware of the location of these records.

Estate planning is also a legal area that retirees should consider at the time of retirement, if they have not done so already. A proper plan will help ensure that upon your death, your assets will be disbursed in the manner that you intended. Members may want to speak with a financial planner and/or attorney about possible wills, trusts, living wills, powers of attorney, retirement investing, and strategies to minimize the tax burden on the retiree and their survivors. Developing a proper plan for your estate will help lessen the overall cost, time, and burden that your family spends at the time of your death.

Conclusion

Nothing in this Guide should be considered exhaustive and nothing herein constitutes or should be construed as legal or personal financial advice. Information contained herein is subject to change based on legislation passed by the United States Congress or the Ohio General Assembly and/or actions taken by federal regulators or the STRS Board.

The BGSU-FA hopes this information will help you get started on your retirement planning. We recommend that you review all of the STRS and Office of Human Resources information available to you as you make decisions affecting your retirement and consider meeting with a financial advisor or retirement planning professional.

Retirement Plan Comparison Chart

Features	Defined Benefit (DB) Plan	Defined Contribution (DC) Plan	Combined Plan	ARP
<p>Service Retirement</p> <p>For more information on STRS Ohio benefit payment options, call toll-free 888-227-7877 and request a <i>Service Retirement and Plans of Payment</i> brochure or visit the STRS Ohio website at www.strsoh.org.</p>	<p>Retirement income is based on a calculation that uses the member's age, years of service and final average salary.</p> <p>Members receive 2.2% of their five-year final average salary for each year of service credit. You are eligible for a benefit at age 65 with five years of service or any age with 34 years of service. The service credit requirements for unreduced benefits at any age will increase to 35 years on Aug. 1, 2028. You can retire early with actuarially reduced benefits at age 60 with five years of service or at any age with at least 30 years of service.</p> <p>Members can combine credit from other Ohio public plans in the Defined Benefit Plan.</p>	<p>Retirement benefits are based on the amount of member and employer contributions deposited to your account, the performance of investment choices you select and the annuity rate in effect at the time of retirement.</p> <p>Upon retirement members can take a lifetime annuity at age 50. The annuity is calculated by dividing the account balance by an annuity factor based on market rates in effect at the time of retirement.</p> <p>Not eligible for a combined retirement with other Ohio public pension plans. Members are vested in their own contributions immediately and become vested in employer contributions at a rate of 20% per year.</p>	<p>Retirement income is based on separate retirement benefits that are paid from the defined benefit and defined contribution portions of the member's account.</p> <p>Income from the DC portion is based on the value of the member's account at retirement. Eligible to take regular monthly payments (lifetime annuity) from the defined contribution account balance at age 50. Annuity calculated by dividing the account balance by an annuity factor. STRS Ohio annuity rates are based on market conditions and are subject to change.</p> <p>Eligible for defined benefit payments at age 60 with five years of service. The annual defined benefit amount is 1% of a five-year final average salary per year of service.</p> <p>Not eligible for a combined retirement with other Ohio public pension plans.</p>	<p>ARP</p> <p>The information noted for ARPs may vary by plan. Specific questions should be directed to the ARP vendor. Your employer can provide you with contact information.</p> <p>Contact vendor for payout options. Retirement amount depends on contributions and investment gains or losses on account and the annuity rate in effect at the time of retirement.</p> <p>Contributions to the ARP are currently:</p> <ul style="list-style-type: none"> • 14% from the participant • 11.09% from the employer
Investment Decisions	STRS Ohio makes all investment decisions.	Member makes all investment allocation decisions for the account. Investment choice and return information is available at www.strsoh.org .	Member makes all investment allocation decisions for the DC portion of the plan. Investment choice and return information is available at www.strsoh.org .	Each participant makes all investment allocation decisions for the account.
Investment Risk and Reward	Member assumes no investment risk.	Investment risk is assumed entirely by the member. All gains or losses accrue to member's account.	The member assumes investment risk for the DC portion of the account, while no risk is assumed by the member for the DB portion.	Investment risk is assumed entirely by the participant. All gains or losses accrue to participant's account.
Health Care Coverage	<p>Benefit recipients (including disability benefit recipients and survivor benefit recipients) and their dependents are eligible for access to health care coverage if they meet health care eligibility requirements. Coverage includes hospitalization, physician fees and prescriptions.</p> <p>Dental and vision coverage is also available to those who meet eligibility requirements.</p>	STRS Ohio health care coverage is not available.	<p>Disability benefit recipients and survivor benefit recipients have access to the same health care coverage provided under the Defined Benefit Plan if they meet health care eligibility requirements.</p> <p>Members who elect monthly retirement benefits from the Combined Plan at age 60 (defined benefit portion) have access to the same health care coverage provided under the Defined Benefit Plan if they meet health care eligibility requirements.</p> <p>Dental and vision coverage is also available to those who meet eligibility requirements.</p>	Not included.
Disability Benefits	<p>After 10 years of service, members are eligible to apply for disability benefits if disabled while employed or within one year following last date of STRS Ohio-covered service.</p> <p>Members receive:</p> <ul style="list-style-type: none"> • 2.2% of final average salary per year of service. • 45% minimum and 60% maximum of final average salary. • At age 65, the member converts to service retirement and receives credit for the period on disability. 	Account balance available to members who terminate employment and withdraw their account. At age 50, other payment options are available, but employment must first be terminated.	<p>Eligible with 10 years of service credit.</p> <p>Both employer contributions and the member's contributions and any investment gains in the defined contribution account are used to fund the benefit.</p> <p>Members receive:</p> <ul style="list-style-type: none"> • 2.2% of final average salary per year of service. • 45% minimum and 60% maximum of final average salary. • At age 65, the member converts to service retirement and receives credit for the period on disability. <p>Account balance is also available.</p>	Account balance available to participants who terminate employment and withdraw their account.
Traditional Method of Payment Upon Retirement	A lifetime annuity. Several different plans of payment to protect survivors are available. A lump-sum withdrawal is also an option.	Members can take payment through a rollover, a lump-sum withdrawal or a lifetime annuity. Several different plans of payment to protect survivors are available.	Same as the STRS Ohio Defined Benefit Plan for the DB portion of the account, members can take payment through a rollover, a lump-sum withdrawal or a lifetime annuity. Several different plans of payment to protect survivors are available.	Usually a withdrawal or may purchase annuity. See individual plans for details.

Features	Defined Benefit (DB) Plan	Defined Contribution (DC) Plan	Combined Plan	ARP <small>The information noted for ARPs may vary by plan. Specific questions should be directed to the ARP vendor. Your employer can provide you with contact information.</small>
Survivor Benefits	<p>Eligible with five years of service credit.</p> <p>Qualified survivors receive the highest benefit from among the following for which they are eligible.</p> <p>Dependent-based — from 25% to 60% of final average salary based on the number of eligible survivors.</p> <p>Service-based — from 29% of final average salary with 20 years of service credit to 60% of final average salary with 29 or more years of service credit based on the years of credit the member had at the time of death.</p> <p>Retirement-based — if the member had met the age and service requirements for service retirement, the survivor is eligible for a benefit as if the member had retired and selected a same-to-beneficiary Joint and Survivor Annuity.</p> <p>If there are no minor children, a lump-sum withdrawal is also an option.</p>	<p>Account balance available to beneficiaries. The surviving spouse or sole survivor may withdraw the account or begin receiving monthly annuity benefits.</p>	<p>Eligible with five years of service credit.</p> <p>Qualified survivors have the option of receiving dependent-, service- or retirement-based survivor benefits. Both employer contributions and the member's contributions and any investment gains in the defined contribution account are used to fund the benefit.</p> <p>Dependent-based — from 25% to 60% of final average salary based on the number of eligible survivors.</p> <p>Service-based — from 29% of final average salary with 20 years of service credit to 60% of final average salary with 29 or more years of service credit based on the years of credit the member had at the time of death.</p> <p>Retirement-based — if the member had met the age and service requirements for service retirement under the Defined Benefit Plan, the survivor is eligible for a benefit as if the member had retired under the Defined Benefit Plan and selected a same-to-beneficiary Joint and Survivor Annuity.</p> <p>Survivors also have the option to withdraw the DC and DB portions of the account.</p>	<p>Account balance available to beneficiaries.</p>
Benefit Portability/ Account Withdrawal	<p>When withdrawing an account, members are eligible for their contributions with interest and in some cases matching funds as follows:</p> <ul style="list-style-type: none"> • 2.99 years or less, the member receives contributions plus interest of 2%. • 3.00 to 4.99 years, the member receives contributions plus interest of 3%. • 5.00 or more years of credit, the member receives contributions plus interest of 3% and a 50% match on that total. <p>Account withdrawals are paid as a lump-sum distribution, part of which may be taxable at time of withdrawal, or may be rolled over to an IRA, an eligible employer plan or another qualified plan.</p> <p>Interest rates are subject to change.</p>	<p>Upon ending employment, members may withdraw the value of their account. Before one year of membership in STRS Ohio, members receive only their contributions and the gains or losses on those contributions.</p> <p>Members vest 20% per year in employer contributions and all gains and losses on those contributions.</p> <p>After five years of membership in STRS Ohio, members are fully vested and receive both their contributions and the employer contributions deposited to the account, and any gains or losses on those contributions.</p> <p>Account withdrawals are paid as a lump-sum distribution, part of which may be taxable at time of withdrawal, or may be rolled over to an IRA, an eligible employer plan or another qualified plan.</p>	<p>Before age 50, a withdrawal must include both the DB and DC portions of the account. At age 50 or after, members may withdraw the DC portion upon termination of employment and leave the DB portion on account for a benefit at age 60. They may withdraw the DB portion only if they are also withdrawing the DC portion.</p> <p>Account withdrawals are paid as a lump-sum distribution, part of which may be taxable at time of withdrawal, or may be rolled over to an IRA, an eligible employer plan or another qualified plan.</p> <p>Defined contribution withdrawal amount: Members are eligible for contributions in the account and the gains or losses on those contributions.</p> <p>Defined benefit withdrawal amount: Members are eligible for the greater of member contributions in the defined benefit account or the present value of future benefits with five years of service credit. For example, a member with 10 years of service is eligible for 10% of final average salary at age 60. The withdrawal amount is equal to the present value of that benefit.</p>	<p>Participants may withdraw the value of their account if no longer employed.</p> <p>Before meeting employer vesting requirements, participants receive their contributions and the gains or losses on those contributions.</p> <p>After meeting employer vesting requirements, participants receive their contributions and all employer contributions — and all gains or losses on those contributions.</p>
Inflation Protection/COLA	<p>New STRS Ohio benefit recipients are eligible to receive a COLA beginning on the fifth anniversary of their retirement date. The State Teachers Retirement Board will periodically evaluate whether a cost-of-living increase is payable in accordance with the law in effect at that time (Section 3307.67, Revised Code). If a COLA is granted, it is received on the anniversary of the member's retirement date.</p>	<p>Cost-of-living adjustments are not provided.</p>	<p>Cost-of-living adjustments are not provided.</p>	<p>Automatic cost-of-living adjustments are not provided.</p>
Administrative Costs or Fees	<p>Administrative costs are paid from total fund investment earnings.</p>	<p>Asset management fees and a \$10 quarterly account fee reduce the investment return. Inactive members with an account balance of less than \$5,000 are also subject to a \$10 per month fee. ("Inactive" is defined as not having any member or employer contributions applied to an account for more than 120 days.) A member is not charged the quarterly account fee if a low balance fee is charged during the quarter.</p>	<p>Asset management fees and a \$10 quarterly account fee reduce the investment return of the DC portion of the account. Inactive members with a DC account balance of less than \$5,000 are also subject to a \$10 per month fee. ("Inactive" is defined as not having any member or employer contributions applied to an account for more than 120 days.) A member is not charged the quarterly account fee if a low balance fee is charged during the quarter.</p>	<p>May be required to pay annual contract fees, sales loads, commissions, redemption or exchange fees, management fees or other costs.</p>

A portion of contributions in all four plans is set aside to pay for the existing unfunded liability of the retirement system.
 Note: The information provided on this chart and on all materials in this selection packet are based on current rates, factors and laws — all of which are subject to change.