

Comparison of Retirement Plan Options for Faculty

Feature	ARP Defined Contribution	STRS Defined Contribution	STRS Defined Benefit	STRS Combined
Eligibility	<ul style="list-style-type: none"> Eligible faculty with appointments of at least 75% FTE 	<ul style="list-style-type: none"> Eligible faculty of any FTE, as determined by STRS 	<ul style="list-style-type: none"> All faculty 	<ul style="list-style-type: none"> Eligible faculty of any FTE, as determined by STRS
Enrollment	<ul style="list-style-type: none"> You have 120 days from the date of your eligible appointment to make an election between ARP and STRS. You must complete the university Retirement Program Election form contained in your Retirement Program Choices packet or available online at hr.osu.edu/benefits/retirehome.htm to indicate your ARP or STRS election. Your election is irrevocable. Return the university Retirement Program Election form to the Office of Human Resources, Retirement Services within 120 days of the effective date of your eligible appointment. If you do not make an election, you will default into STRS. 			
Electing Plan Options	<ul style="list-style-type: none"> You have 120 days from the date of your eligible appointment to make an ARP election and open an account with your chosen vendor. Contact a representative from an approved vendor to establish an account and select investment options for both you and the university's contributions. A list of approved vendors is on page 27 and available online at hr.osu.edu/benefits/retirehome.htm. To receive additional information about any vendor, contact them directly or visit their web site. 	<ul style="list-style-type: none"> You have up to 180 days from the effective date of your eligible appointment to make a plan election from among the three STRS plan options. <ul style="list-style-type: none"> Obtain the STRS New Hire Notification for University and College Employers from your department human resources contact or online at hr.osu.edu/hrpubs/forms.htm. Complete the form and return it to the Office of Human Resources, Retirement Services. Retirement Services will complete the necessary sections and send the completed form to STRS. Make your plan selection using the STRS Retirement Plan Selection form for New Members included in the STRS–Ohio Retirement Plan Options packet. Return this form directly to STRS. If you choose one of the STRS plans that allow you to select investment allocations, contact a STRS representative to assist with your investment decision 		
Plan Type	Defined Contribution <ul style="list-style-type: none"> Account balance consists of contributions made by you and Ohio State, as well as any investment return you may have on these contributions. The benefit amount is determined by your account balance and the payment option(s) you choose when you apply to receive benefits. 	Defined Contribution <ul style="list-style-type: none"> Account balance consists of contributions made by you and Ohio State, as well as any investment return you may have on these contributions. The benefit amount is determined by your account balance and the payment option(s) you choose when you apply to receive benefits. 	Defined Benefit <ul style="list-style-type: none"> The benefit amount is based on a formula using your age, years of service credit, and final average salary (three highest years). 	Combination of Defined Benefit (DB) and Defined Contribution (DC) <ul style="list-style-type: none"> DB portion: The DB benefit amount is based on a formula using your age, years of service credit, and final average salary (three highest years). DC portion: The DC account balance consists of your contributions and your investment return; benefit is determined by your account balance and the payment option(s) you choose when you apply to receive benefits.
Employee Contributions	<ul style="list-style-type: none"> Your pretax contribution is 10%^{1,2} of your eligible gross compensation² per pay. 			
University Contributions	<ul style="list-style-type: none"> Ohio State contributes an amount equal to 14%¹ of your gross pay³ for retirement benefits, allocated as follows: 			
	<ul style="list-style-type: none"> 10.5% goes to your ARP account vendor. 3.5%¹ goes to the STRS pension plan account to help fund past service liabilities, as required by law. 	<ul style="list-style-type: none"> 10.5% goes to your STRS individual account. 3.5%¹ goes to the STRS pension plan account to help fund past service liabilities, as required by law. 	<ul style="list-style-type: none"> 14%¹ goes to the STRS pension plan account to help fund your future STRS DB retirement benefits. 	<ul style="list-style-type: none"> 14%¹ goes to the STRS pension plan account to help fund your future STRS DB retirement benefits.
Vesting	<ul style="list-style-type: none"> Your contributions are immediately vested. University contributions are vested after one year of Ohio State service. 	<ul style="list-style-type: none"> Your contributions are immediately vested. University contributions are vested after one year of Ohio State service. 	<ul style="list-style-type: none"> Your contributions are immediately vested. After 1.5 years of service credit, you are vested for survivor benefits. After five years of service credit, you are vested for: <ul style="list-style-type: none"> an age and service retirement benefit. disability benefits.⁴ 	<ul style="list-style-type: none"> Your contributions are immediately vested. After 1.5 years of service credit, you are vested for survivor benefits. After five years of service credit, you are vested for: <ul style="list-style-type: none"> an age and service retirement benefit. disability benefits.⁴
How Your Benefit Grows	<ul style="list-style-type: none"> Your account grows with contributions made by you and the university, as well as with any investment returns you may have on those contributions. 	<ul style="list-style-type: none"> Your account grows with contributions made by you and the university, as well as with any investment returns you may have on those contributions. 	<ul style="list-style-type: none"> Your benefit amount grows by adding years of service credit (earned or purchased) and with increases to your salary. 	<ul style="list-style-type: none"> DC portion: The DC account grows with your contributions, as well as with any investment returns you may have on those contributions. DB portion: The benefit amount from the DB portion grows by adding years of service credit and with increases to your salary.
Investment Management and Options	<ul style="list-style-type: none"> You choose an approved ARP vendor through which you invest and allocate the contributions among a variety of investment options. You assume all investment risk and pay any associated management fees. 	<ul style="list-style-type: none"> Contributions are invested with STRS where you may allocate the contributions among a variety of investment options. You assume all investment risk and pay any associated management fees. 	<ul style="list-style-type: none"> STRS manages all assets to fund your benefits. You assume no investment risk and pay no management fees or related charges. 	<ul style="list-style-type: none"> DC portion: Contributions are invested with STRS. You allocate the contributions among a variety of investment options. You assume all investment risk and pay any associated management fees. DB portion: STRS manages all assets to fund your benefits. You assume no investment risk and pay no management fees.

Feature	ARP Defined Contribution	STRS Defined Contribution	STRS Defined Benefit	STRS Combined
Taxes	<ul style="list-style-type: none"> There are important tax issues associated with how and when you may receive your benefit—consult with your tax advisor for more information. 			
Tax-Deferred Benefits	<ul style="list-style-type: none"> Your contributions are made on a pre-tax basis; federal and state taxes are deferred until benefits are paid. Benefits are exempt from local or municipal taxes within Ohio, except school district income tax. Any investment return your account earns is also tax-deferred. 			
Access to Funds at Termination/Retirement	<ul style="list-style-type: none"> Choose from a number of options⁵: <ul style="list-style-type: none"> Leave your account balance with your ARP vendor. Roll your vested contribution into another qualified account or IRA. Receive your contributions, vested university contributions, plus any earnings in any of the following ways: <ul style="list-style-type: none"> Partial or full cash withdrawal. Fixed-period payments over a set number of years. Systematic withdrawal. Single or joint life monthly annuity with continuing survivor protection. 	<ul style="list-style-type: none"> Choose from a number of options⁵: <ul style="list-style-type: none"> Leave your account on deposit for future benefits. Receive your vested account balance in any of the following ways: <ul style="list-style-type: none"> Rolling it into a new qualified account with a different employer. Rolling it into an IRA. Receiving it as a lump sum distribution. Receiving it as an annuity. Remain in the plan if you are employed with a different Ohio public college or university and are employed in an eligible position. 	<ul style="list-style-type: none"> Choose from a number of options⁵: <ul style="list-style-type: none"> Leave your account on deposit for future benefits. Receive a lump sum refund of eligible contributions and interest, subject to plan guidelines. Roll your vested account funds into another qualified plan or IRA. Combine accrued benefits with any future public employment in Ohio for retirement purposes. Remain in the plan if you are employed with a different Ohio public college or university and are employed in an eligible position. Receive a retirement pension benefit based on the plan formula. 	<ul style="list-style-type: none"> Your options include⁵: <ul style="list-style-type: none"> Leave your account on deposit for future benefits. Remain in the plan if you are employed with a different Ohio public college or university and are employed in an eligible position. Options for the DC portion: <ul style="list-style-type: none"> Receive your contributions plus any earnings on those contributions in any of the following ways: <ul style="list-style-type: none"> Rolling them into an IRA. Receiving them as a lump sum distribution. Receiving them as an annuity. Option for the DB portion: <ul style="list-style-type: none"> Members are eligible for the present value of DB benefits that would have been paid during retirement; if you terminate before five years of service credit, the value is zero.
Annual Cost-of-Living Adjustments	<ul style="list-style-type: none"> No automatic cost-of-living adjustment is provided. ARP vendors may offer an annuity benefit with payment options that allow retirees to keep pace with inflation. 	<ul style="list-style-type: none"> No automatic cost-of-living adjustment is provided. 	<ul style="list-style-type: none"> An automatic 3%¹ cost-of-living adjustment is provided. 	<ul style="list-style-type: none"> No automatic cost-of-living adjustment is provided.
Retirement Age (to Begin Receiving Plan Benefits)	<ul style="list-style-type: none"> You may begin receiving retirement plan benefits at any age.⁵ 	<ul style="list-style-type: none"> You are eligible to annuitize your account balance at age 50. 	<ul style="list-style-type: none"> You can retire:⁴ <ul style="list-style-type: none"> At age 60 with five years of service at a reduced benefit. At age 55 with 25 years of service at a reduced benefit. At any age with 30 years of service with no reduction in benefits. Note: If you have less than 30 years or are under age 65 at retirement, your benefits will be reduced. 	<ul style="list-style-type: none"> You are eligible for a benefit from the DB portion at age 60. You are eligible to annuitize the DC account balance at age 50. You are not eligible to participate in early retirement incentive plans. You are not eligible for joint retirement.
Retiree Medical Benefits	<ul style="list-style-type: none"> Medical benefits are not provided. 	<ul style="list-style-type: none"> You are not eligible for health care through STRS. 	<ul style="list-style-type: none"> You may be eligible for health care through STRS. 	<ul style="list-style-type: none"> You may be eligible for health care through STRS.
Disability Benefits	<ul style="list-style-type: none"> Separate disability benefits are not available. You are eligible to receive your vested account balance after separation of service in the event of a disability. 	<ul style="list-style-type: none"> Separate disability benefits are not available. You are eligible to receive your vested account balance after separation of service in the event of a disability. 	<ul style="list-style-type: none"> You may be eligible to apply for disability benefits.³ 	<ul style="list-style-type: none"> You may be eligible to apply for disability benefits.³
Survivor Benefits	<ul style="list-style-type: none"> While you are an active employee, Ohio State provides long-term disability benefits and offers a select-term disability option that you may purchase.⁴ 			
	<ul style="list-style-type: none"> In the event of your death, your beneficiary receives your vested account balance with the same benefit payment options available to you as a plan member. 	<ul style="list-style-type: none"> In the event of your death, your beneficiary receives your vested account balance with the same benefit payment options available to you as a plan member. 	<ul style="list-style-type: none"> In the event of your death:⁴ <ul style="list-style-type: none"> If you have less than 18 months of service credit, your beneficiary may receive a lump sum distribution of your account contributions. If you have at least 18 months of service credit, your beneficiary may receive a benefit based on program guidelines. Survivors may also be eligible to participate in the STRS health care program. A lump sum death benefit may be available. 	<ul style="list-style-type: none"> In the event of your death:⁴ <ul style="list-style-type: none"> If you have less than 18 months of service credit, your beneficiary may receive a lump sum distribution of your account contributions. If you have at least 18 months of service credit, your beneficiary may receive a benefit based on program guidelines. Survivors may also be eligible to participate in the STRS health care program.
	<ul style="list-style-type: none"> While you are an active employee, Ohio State provides group term life insurance, offers voluntary group term life insurance that you may purchase, and provides a post-retirement death benefit option.⁴ 			
Impact on Social Security Benefits	<ul style="list-style-type: none"> If eligible, there may be a reduction in your Social Security benefit. 			

¹ Subject to increase or decrease based on state and retirement system mandates.

² This benefit is not statutorily mandated and is not guaranteed.

³ Subject to federal limits (2008 compensation limit is \$230,000; contribution limit is \$46,000 for ARP, STRS DC, and STRS Combined Plan).

⁴ Based on eligibility requirements.

⁵ Withdrawals made before age 59½ may be subject to an additional federal penalty.

Note: This is intended to be a summary of plan provisions. For additional information, contact the Office of Human Resources, STRS, and/or your selected ARP vendor.