



An STRS Ohio Pension

A Solid Foundation for Educators, A Good Value for Ohio

Ohio educators rely on STRS Ohio's comprehensive benefits for decades. Maintaining the fiscal integrity of the pension fund is just as important for the 22-year-old new teacher as for our oldest retiree.



MEMBERSHIP (in fiscal 2023)

More than 536,000 members and benefit recipients

Retirees and Beneficiaries

1994: **77,405** → 2023: **156,511**

More than a 100% increase

Active Members

1994: **167,770** → 2023: **175,032**

A 4% increase

A change from **two** active members for every one benefit recipient to **one** active teacher for every benefit recipient.

Average Full-time Educator

Age:
42.5

13 years
of service
credit

\$72,031
salary

The average career teacher in the Defined Benefit Plan receives a **total benefit during their retirement many times larger than what they contributed** to their STRS Ohio pension during their career. Plus, they will not outlive this benefit. For an educator who retired with 30+ years of service and has a 30-year retirement, this **lifetime benefit could exceed \$1 million.**

Recent Benefit Changes

March 2022:

- 3% permanent cost-of-living adjustment (COLA) for eligible benefit recipients (beginning in fiscal year 2023)
- Age 60 retirement eligibility requirement eliminated

May 2023:

- 1% permanent COLA for eligible benefit recipients (beginning in fiscal year 2024)
- Unreduced retirement eligibility at 34 years extended

March 2024:

- Unreduced retirement eligibility at 34 years made permanent
- Reduced retirement eligibility lowered to 29 years

Sustainable Benefit Plan:

Allows for an annual process for the State Teachers Retirement Board and its actuaries to incrementally change benefits if there is no material impairment to the fiscal integrity of the system.

The Defined Benefit Plan Pension — A Lifetime Benefit

Oldest retiree:

108 years old. Started receiving benefits in 1975.

Several centenarians:

208 benefit recipients are age 100 or older

Longest time receiving benefits:

95-year-old survivor benefit recipient. Has received benefits for 64 years.



ECONOMIC IMPACT ON OHIO (in fiscal 2023)

STRS Ohio provides a stable source of revenue for local economies, paying pension benefits and offering health care coverage to Ohioans as well as investing in Ohio companies.



\$7.2 billion

service retirement, survivor and disability benefits



\$5.8 billion

to Ohio's 88 counties



8 out of 10 benefit recipients live in Ohio

Return on the Dollar

In the state of Ohio, each dollar paid out in pension benefits supports **\$1.34** in total economic activity in the state.

Pensionomics 2023: Measuring the Economic Impact of DB Pension Expenditures (Ohio), National Institute on Retirement Security

Pension Benefits by County and District

To view STRS Ohio membership, earnings and benefits paid for a specific county or legislative district, scan the QR code or access this information at www.strsoh.org in the STRS Ohio at a Glance section (under About).



LEGISLATIVE BACKGROUND

2013 Pension Reform Legislation

It was projected in 2011 that without pension reform the pension fund would run out of money by 2040. The Ohio Legislature approved changes needed to keep STRS Ohio's funding period — that is, the projected time needed to reach a 100% funded status — within the State of Ohio's 30-year target.

Key changes included:

- Increase in member contributions and retirement eligibility requirements
- Change in benefit formula and final average salary calculation
- Reduction of cost-of-living adjustment and eligibility change to five years after retirement effective date
- Changes to disability and survivor benefit eligibility

Reforms proposed by STRS Ohio were supported by stakeholder groups.

Support was received from the Healthcare & Pension Advocates for STRS; a diverse coalition comprised of professional employer, employee and retiree organizations supporting STRS Ohio's stakeholders.

Contribution Rates — Set by Law

Over the past 10 years, Ohio teachers have contributed at the third-highest rate among comparable systems in states where teachers are not covered by Social Security (averaging 12.8% compared to a median of 9.25%). At the same time, the employer rate in Ohio has been the second-lowest, averaging 13.4% compared to a median of 19.6%).

Employer contribution rate: **14%**

- **Last increased in 1984** — 40 years ago

Member contribution rate: **14%**

- Has increased **nine times** in the past 40 years, from 8.7% to 14%, including the phased-in 4% increase following 2013 pension reform legislation

Contributions to Benefits Paid (2020–2023)

Cumulative contributions received: **\$63.5 billion**
(Member and employer)

Cumulative benefits paid: **\$131.2 billion**
(More than two times the contributions)

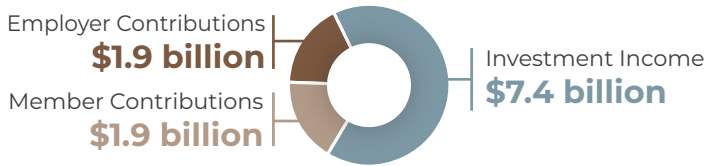
Investments over same time period provided **\$103.3 billion** in necessary resources to the fund.



LEGISLATIVE BACKGROUND

Primary Revenue Sources (in fiscal 2023)

Contributions from STRS Ohio members and their employers, along with investment returns earned by the system, are used to fund member benefits.



Pensions & Investments reported that over a 10-year period, STRS Ohio's annualized net return of 8.6% was the eighth-highest return among 79 public pension funds it tracks (for the 10 years ended June 30, 2023).

Position of the Fund

Funding period: time STRS Ohio would need to fully fund benefits for current and future retirees

1994: **30.5 years** → 2023: **11.2 years**

- Lower number of years indicate a better financial position
- Funding period has been catastrophic multiple times since 1994. Pension reform worked, and the system has recovered significantly, though not yet to the point where meaningful inflation protection or changes to current retirement eligibility requirements are possible.

Funded ratio: STRS Ohio assets as a percentage of what it owes to current and future retirees

1994: **75%** → 2023: **80%**

- Higher percentages indicate a better financial position
- As low as 55.1% in 2009
- Without 2013 pension reform: 49.1% in 2023 (hypothetical)

Plan Selection Impact

New K-12 educators and part-time higher education faculty can choose from among three plan options: Defined Benefit (DB) Plan, Defined Contribution (DC) Plan or Combined (CO) Plan. New full-time higher education faculty who select STRS Ohio instead of an ARP have the same three plan options. STRS Ohio added the DC and CO Plan options in 2001 and participants in those plans have the option to switch plans in their fifth year of STRS Ohio membership.

Current Active Member Enrollment (in fiscal 2023)



DB DEFINED BENEFIT PLAN
90%

DC DEFINED CONTRIBUTION PLAN
6%

CO COMBINED PLAN
4%

DC Plan and ARP selections

- **Only 2.91%** of employer contribution (mitigating rate) to STRS Ohio paid toward unfunded liability of the retirement system

Full-time Higher Education Faculty



DB and CO Plan selections

- **Full 14%** of employer contribution to STRS Ohio

Organizations Supporting an STRS Ohio Employer Contribution Rate Increase

Ohio Conference of American Association of University Professors (AAUP)

Ohio Council of Higher Education Retirees (OCHER)

Ohio Education Association (OEA)

Ohio Retirement for Teachers Association (ORTA)

Ohio Federation of Teachers (OFT)

www.strsoh.org



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