



## EMPLOYER EDUCATION



# Employer Basics 101: Purchasing Service Credit and Leaves of Absence

50-403, 9/21/0

## Agenda



- Purchasing Service Credit
- Payment Options
- Payroll Deduction
- Purchasing Leaves of Absence
- Current Fiscal Year Absence or Leave
- Past Absence or Leave

## Purchasing Service Credit

- Members may purchase service credit for certain types of past employment and leaves of absence
- Why purchase?
  - Increase retirement income
  - Enable earlier retirement



## Purchasing Service Credit

Types of purchasable service credit that require employer certification and/or employer contributions:

- Current fiscal year and past leaves of absence
- Ohio noncontributing public teaching
- Other Ohio public service
- Previously exempted or waived Ohio public service
- Service as an Ohio public school board member



## Payment Options

- Lump-sum payment
- Payroll deduction
- Tax-deferred rollover from a retirement savings plan



## Payroll Deduction

- Member requests *Application to Purchase Credit Through Payroll Deduction* and completes Part A
- Employer completes Part B and submits to STRS Ohio with first payroll deduction

**STRS** State Teachers Retirement System of Ohio  
275 East Broad Street  
Columbus, OH 43215-3775  
614.232.2622  
www.strsoh.org

APPLICATION TO PURCHASE CREDIT THROUGH PAYROLL DEDUCTION  
For the purchase of Withdrawal Service

JANE CARTER  
100 MAIN ST  
COLUMBUS, OH 43215

(If you want to purchase your credit by payroll deduction, first keep a copy for your records.)

Service credit eligible for purchase (years) .....  
Assuming payroll deductions begin in .....  
Minimum monthly payroll deduction .....

Below are some payment schedule options for purchasing 15 deduction beginning in August 2021.

Payment Period (Months)	Monthly Payment
24	\$ 480.99
36	\$ 332.83
48	\$ 258.97
72	\$ 185.54
96	\$ 149.26

- Terms are based on the assumption that each payment amount, for the duration of the payment period.
- Any future changes to interest rates will affect the loan purchase. STRS Ohio will notify you of any changes.
- If you would like to see payment schedules for a different amount or payment period, please contact our Member Service Center at 614.232.2622.
- If payments are not completed by your retirement date, service you wish to purchase with a lump-sum payment will be required.

Ref # 9999999 Page 1

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APPLICATION TO PURCHASE CREDIT THROUGH PAYROLL DEDUCTION  
For the purchase of Withdrawal Service

JANE CARTER

Part A - To be completed by member:

1. Your employer offers both active and tax-deferred investment plans. If you choose a tax-deferred investment plan, you will NOT be able to:
  - Stop or change the payment amount until the purchase is complete or employment terminates, or you retire.
  - Make a lump-sum payment for the same service you are purchasing under this plan.
 Choose one plan:  Regular (after-tax)  Tax-deferred (pre-tax)
2. Enter amount authorized to be deducted monthly by your employer (The amount cannot be less than \$ 149.26) \$ \_\_\_\_\_
3. Enter number of years to be purchased (Total credit eligible on this statement is 1,000,000 years) \_\_\_\_\_

I hereby certify that I have reviewed the information in the enclosed summary entitled "Questions and Answers About Buying Credit" and all pages of this cost statement. I also certify that the above years of service are not being used, have not been used and will be used in the future under any other retirement program except Social Security. I understand that:
 

- Any future changes to interest rates will affect the length of time needed to complete the purchase.
- This credit will be used to qualify for access to health care coverage.

Member's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Part B - To be completed by the employer: OHIO LOCAL SCHOOLS 9999

I certify that the monthly payroll deductions for JANE CARTER to the amount of \$ \_\_\_\_\_ will begin August 2021. I agree that the amounts shall be sent to STRS Ohio in accordance with STRS Ohio Board Rule 3307.1-3-41. This form will be sent to STRS Ohio no later than the date of the first scheduled payment.

Treasurer Payroll Officer: \_\_\_\_\_ Date: \_\_\_\_\_

Refer to page 1 for total amount payable for the selected monthly payment or contact STRS Ohio after the first payment is made.

Ref # 9999999 Page 2 Member ID: XX11ZZZ

## Payroll Deduction

- Employers with employees purchasing service credit through payroll deduction will receive a monthly purchase service credit (PSC) report in Employer Self Service (ESS)
- ESS Instructions available for help completing report
- Deductions made by the employer and the PSC report are due to STRS Ohio no later than the 15th day of the month following the payroll deduction



## Payroll Deduction

- Employers may offer after-tax and tax-deferred (pretax) payroll deduction plans, or they may offer only one type of plan
- To adopt a tax-deferred plan for purchased service credit:
  - Pass a board resolution agreeing to deduct and remit payments on pretax basis
  - Complete *Notification of Adoption of a Tax-Deferred Payroll Deduction* form and submit with copy of board resolution before plan effective date
  - STRS Ohio will send confirmation letter upon receipt



## Payroll Deduction



### After-tax Payroll Deduction

- Member may change the amount of payroll deduction amount (request in writing to employer)
- Member may terminate payroll deduction at any time
- Termination of employment will discontinue deduction



### Pretax Payroll Deduction

- All federal and state taxes are deferred
- Cannot change amount of deduction or skip payment
- Member agrees to continue payroll deductions until purchase is complete or employment terminated



## Payroll Deduction

- If there is an employer cost associated with a **purchase through payroll deduction**, employer will receive annual billing invoice or invoice when member completes purchase
- If there is an employer cost associated with a **lump-sum purchase**, employer will receive an invoice once the member has made full payment

STATE TEACHERS RETIREMENT SYSTEM OF OHIO		271 East Broad Street Columbus, OH 43215-2721 602.227.7897 www.strsoh.org	
09/08/2021		TRASURER BUCKEYE UNIVERSITY 123 MARKET ST ANYTOWN OH 43210	
Member name : Susan Smith Account number : XXX-XX-1234 Type of credit : Leave of Absence-512		Employer Code: 9599 Invoice Reference #: 112233445 Employer Billing-512 Member UPI : AB123CD PSC Reference #: 1234567	
Year Purchased		SIC Purchased	
1995-1996		1.000000	
Total SIC Purchased:		1.000000	
Earnings	Rate	Credit Purchased	Cost included in this bill
34,026.34	14.00%	1.000000	\$4,763.89
		Am't Paid	\$0.00
		Balance Due	\$4,763.89
The above individual has made a lump-sum purchase of STRS Ohio service credit. This billing is for the employer cost of the lump-sum purchase made by this member.			
Members purchasing leaves of absence or other qualified absences pay a cost consisting of member contributions and interest on both member and employer contributions. Employers are required to pay employer contributions based on the employer contribution rate in effect at the time of the leave or absence. This billing reflects the employer cost for credit purchased by the member.			
The employer cost will be added as an adjustment to the 2022 STRS Ohio deductions from your State of Ohio foundation program payments, unless direct payment is made by Nov. 30, 2021.			



## Purchasing Leaves of Absence

- Defined Benefit Plan only
- Circumstances
- Types
- Employer liability

## Current Fiscal Year Absence or Leave

- Reasons to purchase
- Member contacts employer
- Current Leave of Absence Calculator available on STRS Ohio Employer Website

## Current Fiscal Year Absence or Leave

- Options for purchase
  - Purchase through remaining payroll
  - Purchase with a lump-sum payment
- [Lump-Sum Purchase of Current Fiscal Year Absence or Leave form](#)

## Past Absence or Leave

- Member contacts STRS Ohio
- Process



## Questions?

We're here to assist you

- Send an email: [report@strsoh.org](mailto:report@strsoh.org)
- Call toll-free: 888-535-4050
- Visit our website: [www.strsoh.org/employer](http://www.strsoh.org/employer)



## Thank You!

- This webinar will be available in the Education & Training section of the employer website
- Certificates of completion will be emailed within two weeks
- Please complete evaluation

