

# Comparison of Retirement Plan Options for Reemployed Retirees

Feature	ARP <sup>6</sup>	OPERS Reemployed Retiree Account	STRS Reemployed Retiree Account
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Eligible reemployed retiree faculty or staff<sup>1</sup> with appointments of at least 75% FTE and were not previously offered the option to elect the ARP</li> </ul>	<ul style="list-style-type: none"> <li>Reemployed retiree staff who previously retired through one of the Ohio public retirement systems and returned to work in an Unclassified or Classified Civil Service Staff position of any FTE.</li> </ul>	<ul style="list-style-type: none"> <li>Reemployed retiree faculty who previously retired through one of the Ohio public retirement systems and returned to work in a faculty position of any FTE.</li> </ul>
<b>Plan Type</b>	<p><b>Defined Contribution Plan</b></p> <ul style="list-style-type: none"> <li>Account balance consists of contributions made by you and Ohio State, as well as any investment returns you may have on these contributions.</li> <li>The benefit amount is determined by your account balance and the payment option(s) you choose when you apply to receive benefits.</li> </ul>	<p><b>Money Purchase Plan</b></p> <ul style="list-style-type: none"> <li>Account balance consists of your contributions, interest, and a percentage of the university's contribution.</li> </ul>	<p><b>Money Purchase Plan</b></p> <ul style="list-style-type: none"> <li>Account balance consists of your contributions, interest, and a percentage of the university's contribution.</li> </ul>
<b>Employee Contributions</b>	<ul style="list-style-type: none"> <li>Pre-tax contribution amount of 10%<sup>2</sup> of eligible gross compensation<sup>3</sup> per pay.</li> </ul>	<ul style="list-style-type: none"> <li>Pre-tax contribution amount of 10%<sup>2</sup> of eligible gross compensation<sup>3</sup> per pay.</li> </ul>	<ul style="list-style-type: none"> <li>Pre-tax contribution amount of 10%<sup>2</sup> of eligible gross compensation<sup>3</sup> per pay.</li> </ul>
<b>University Contributions</b>	<ul style="list-style-type: none"> <li>Reemployed retiree staff: 13.23%<sup>2</sup> of the university contribution goes to your selected ARP account provider.                             <ul style="list-style-type: none"> <li>– 0.77% goes to the OPERS pension plan account to help fund past service liabilities, as required by law.</li> </ul> </li> <li>Reemployed retiree faculty: 10.5%<sup>2</sup> of the university contribution goes to your selected ARP account provider                             <ul style="list-style-type: none"> <li>– 3.5%<sup>2</sup> goes to STRS to fund past service liabilities as required by law.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>14% contribution to OPERS; however, you will receive only a 2/3 match of your 10% contribution. For example, if you contribute \$100, the 2/3 credit from the employer contribution is \$67.</li> </ul>	<ul style="list-style-type: none"> <li>5% contribution on eligible gross compensation per pay.</li> </ul>
<b>Vesting</b>	<ul style="list-style-type: none"> <li>Your contributions are immediately vested.</li> <li>University contributions are vested after one year of Ohio State service.</li> </ul>	<ul style="list-style-type: none"> <li>Employee contributions are immediately vested.</li> <li>University contributions are vested at age 65.</li> </ul>	<ul style="list-style-type: none"> <li>Employee contributions are immediately vested.</li> <li>University contributions are vested at age 65.</li> </ul>
<b>How Your Benefit Grows</b>	<ul style="list-style-type: none"> <li>Your account grows with contributions made by you and the university, as well as with any investment returns you may have on those contributions.</li> </ul>	<ul style="list-style-type: none"> <li>Reemployed retirees contribute toward a money purchase annuity, which is based on the calculation of the sum of employee contributions for the period of reemployment, plus allowable interest, multiplied by two. [See Retirement Age (to Begin Receiving Plan Benefits)] on page 8.</li> </ul>	<ul style="list-style-type: none"> <li>Your account grows with contributions from you and Ohio State. Your account accrues interest. [See Retirement Age (to Begin Receiving Plan Benefits)] on page 8.</li> </ul>

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<b>Investment Management and Options</b>	<ul style="list-style-type: none"> <li>You choose an approved ARP provider through which you invest and allocate contributions from among a variety of investment options.</li> <li>You assume all investment risk and pay any management fees (loads) associated with your investments, which may vary between providers.</li> </ul>	<ul style="list-style-type: none"> <li>OPERS manages the contributions made to your account.</li> </ul>	<ul style="list-style-type: none"> <li>STRS manages the contributions made to your account.</li> </ul>
<b>Taxes</b>	<ul style="list-style-type: none"> <li>There are important tax issues associated with how and when you may receive your benefit—consult with your tax advisor for more information.</li> </ul>	<ul style="list-style-type: none"> <li>There are important tax issues associated with how and when you may receive your benefit—consult with your tax advisor for more information.</li> </ul>	<ul style="list-style-type: none"> <li>There are important tax issues associated with how and when you may receive your benefit—consult with your tax advisor for more information.</li> </ul>
<b>Tax-Deferred Benefits</b>	<ul style="list-style-type: none"> <li>Your contributions are made on a pre-tax basis; federal and state taxes are deferred until benefits are paid.</li> <li>Benefits are exempt from local or municipal taxes within Ohio, except school district income tax.</li> <li>Any investment return your account earns is also tax-deferred.</li> </ul>	<ul style="list-style-type: none"> <li>Your contributions are made on a pre-tax basis; federal and state taxes are deferred until benefits are paid.</li> </ul>	<ul style="list-style-type: none"> <li>Your contributions are made on a pre-tax basis; federal and state taxes are deferred until benefits are paid.</li> </ul>
<b>Access to Funds at Termination/Retirement</b>	<p>At termination/retirement only, you may choose from a number of options:<sup>4</sup></p> <ul style="list-style-type: none"> <li>Leave your account balance with your ARP provider.</li> <li>Roll the vested portion of your account into another qualified account or IRA.</li> <li>Receive the vested portion of your account balance in the following ways:                             <ul style="list-style-type: none"> <li>Partial or full cash withdrawal.</li> <li>Fixed-period payments over a set number of years.</li> <li>Systematic withdrawal.</li> <li>Single or joint life monthly annuity with continuing survivor protection.</li> </ul> </li> </ul>	<p>At the end of reemployment, you may choose to receive the money purchase benefit as either a:<sup>4</sup></p> <ul style="list-style-type: none"> <li>Lump-sum payment; or</li> <li>Monthly benefit beginning at age 65</li> </ul> <p>Joint and survivor annuities are available.</p> <p><b>Note:</b> According to Internal Revenue Service [IRC 401(a)(9)] guidelines, a money purchase annuity (either in a lump sum or as a monthly benefit) must be taken by April 1 of the year following attainment of age 70½.</p>	<p>At the end of reemployment, you may choose to receive the money purchase benefit as either a:<sup>4</sup></p> <ul style="list-style-type: none"> <li>Lump-sum payment; or</li> <li>Monthly benefit beginning at age 65</li> </ul> <p>Joint and survivor annuities are available.</p> <p><b>Note:</b> According to Internal Revenue Service [IRC 401(a)(9)] guidelines, a money purchase annuity (either in a lump sum or as a monthly benefit) must be taken by April 1 of the year following attainment of age 70½.</p>

<sup>1</sup> Applies only to Reemployed Retirees employed as of August 1, 2005.

<sup>2</sup> Subject to increase or decrease based on state and retirement system mandates.

<sup>3</sup> Subject to federal limits (2011 compensation limit is \$245,000; 2011 contribution limit is \$49,000 for ARP, OPERS Traditional, OPERS DC, and the OPERS Combined Plans).

<sup>4</sup> Withdrawals made before age 59½ may be subject to an additional federal tax penalty.

<sup>5</sup> Based on eligibility requirements.

<sup>6</sup> The ARP option is available only to those reemployed retirees who have at least a 75% FTE and were not previously offered the option to elect the ARP.

**Note:** This is intended to be a summary of plan provisions. The *Comparison of Retirement Plan Options for Staff* document is also available online at [hr.osu.edu/benefits/rb\\_returningretirees](http://hr.osu.edu/benefits/rb_returningretirees) where it may be updated periodically as needed. If the information provided in the printed version of this document differs from the online version, the online version will govern. For additional information, contact the Office of Human Resources, OPERS, STRS, and/or your selected ARP provider.

## Questions?

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<b>Annual Cost-of-Living Adjustments</b>	No automatic cost-of-living adjustment is provided. ARP providers may offer an annuity benefit with payment options that allow retirees to keep pace with inflation.	<ul style="list-style-type: none"> <li>No automatic cost-of-living adjustment is provided.</li> <li>Members who annuitize their contributions through OPERS may receive a cost-of-living adjustment.</li> </ul>	<ul style="list-style-type: none"> <li>No automatic cost-of-living adjustment is provided.</li> <li>Members who annuitize their contributions through STRS may receive a cost-of-living adjustment.</li> </ul>
<b>Retirement Age (to Begin Receiving Plan Benefits)</b>	<ul style="list-style-type: none"> <li>You may begin receiving retirement plan benefits at any age.<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>If you elect a benefit before age 65, you will receive your contributions and interest on those contributions. This benefit is paid as a lump-sum payment.</li> <li>If you elect a benefit after age 65, you will receive your contributions and interest on those contributions plus a matching amount of employer contributions and interest.</li> </ul>	<ul style="list-style-type: none"> <li>If you elect a benefit before age 65, you will receive your contributions and interest on those contributions. This benefit is paid as a lump-sum payment.</li> <li>If you elect a benefit after age 65, you will receive your contributions and interest on those contributions plus a 50% match of employer contributions and interest.                             <ul style="list-style-type: none"> <li>You may elect to receive the benefit as a lump-sum payment or a monthly annuity, provided the monthly annuity is \$25 or greater.</li> <li>Upon your death, survivors would receive any unpaid funds should the retiree not receive a lump-sum payment or monthly annuity payments equal to the lump-sum payment.</li> </ul> </li> </ul>
<b>Retiree Medical Benefits</b>	<ul style="list-style-type: none"> <li>Health care benefits are not provided.</li> </ul> <p>.....</p> <ul style="list-style-type: none"> <li>You may also be eligible for Medicare benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Health care benefits are not provided under reemployed accounts.</li> <li>Eligible retirees may have coverage as part of their retirement benefits from the public system.</li> </ul> <p>.....</p> <ul style="list-style-type: none"> <li>You may also be eligible for Medicare benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Health care benefits are not provided under reemployed accounts.</li> <li>Eligible retirees may have coverage as part of their retirement benefits from the public system.</li> </ul> <p>.....</p> <ul style="list-style-type: none"> <li>You may also be eligible for Medicare benefits.</li> </ul>
<b>Disability Benefits</b>	<ul style="list-style-type: none"> <li>Separate disability benefits are not available.</li> <li>You are eligible to receive your vested account balance after separation of service in the event of a disability.</li> <li>If you are in an eligible Regular appointment while an active employee, Ohio State provides long-term disability benefits and offers a short-term disability option that you may purchase.<sup>5</sup> Employees who are in a Returning Retiree appointment are not eligible for these benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Separate disability benefits are not available.</li> <li>You are eligible to receive your vested account balance after separation of service in the event of a disability.</li> <li>If you are in an eligible Regular appointment while an active employee, Ohio State provides long-term disability benefits and offers a short-term disability option that you may purchase.<sup>5</sup> Employees who are in a Returning Retiree appointment are not eligible for these benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Separate disability benefits are not available.</li> <li>You are eligible to receive your vested account balance after separation of service in the event of a disability.</li> <li>If you are in an eligible Regular appointment while an active employee, Ohio State provides long-term disability benefits and offers a short-term disability option that you may purchase.<sup>5</sup> Employees who are in a Returning Retiree appointment are not eligible for these benefits.</li> </ul>

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<b>Survivor Benefits</b>	<ul style="list-style-type: none"> <li>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.</li> <li>If you are in an eligible Regular appointment while an active employee, Ohio State provides group term life insurance, offers voluntary group term life insurance you may purchase, and provides a post-retirement death benefit.<sup>5</sup> Employees who are in a Returning Retiree appointment are not eligible for these benefits.</li> </ul>	<ul style="list-style-type: none"> <li>In the event of your death, your beneficiary is entitled to a lump-sum distribution of your vested account balance.</li> <li>If you are in an eligible Regular appointment while an active employee, Ohio State provides group term life insurance, offers voluntary group term life insurance you may purchase, and provides a post-retirement death benefit.<sup>5</sup> Employees who are in a Returning Retiree appointment are not eligible for these benefits.</li> </ul>	<ul style="list-style-type: none"> <li>In the event of your death, your beneficiary is entitled to a lump-sum distribution of your vested account balance.</li> <li>If you are in an eligible Regular appointment while an active employee, Ohio State provides group term life insurance, offers voluntary group term life insurance you may purchase, and provides a post-retirement death benefit.<sup>5</sup> Employees who are in a Returning Retiree appointment are not eligible for these benefits.</li> </ul>
<b>Impact on Social Security Benefits</b>	<ul style="list-style-type: none"> <li>Individuals employed with a state or local government employer should be aware that if they or their spouse (or ex-spouse) become entitled to receive a benefit from Social Security, that benefit could be impacted by any pension/retirement benefit they receive from public employment. The potential impact is a result of two provisions within current Social Security law: <ol style="list-style-type: none"> <li><b>The Windfall Elimination Provision</b>, which can reduce the amount of an employee's Social Security retirement or disability benefit.</li> <li><b>The Government Pension Offset Provision</b>, which can reduce the amount of a Social Security benefit entitlement for a <b>spouse or an ex-spouse</b>.</li> </ol> <p>Specific details about these provisions can be found at: <a href="http://socialsecurity.gov/pubs/10007.html#1">socialsecurity.gov/pubs/10007.html#1</a> and <a href="http://socialsecurity.gov/pubs/10045.html">socialsecurity.gov/pubs/10045.html</a>.</p> </li> </ul>	<ul style="list-style-type: none"> <li>Individuals employed with a state or local government employer should be aware that if they or their spouse (or ex-spouse) become entitled to receive a benefit from Social Security, that benefit could be impacted by any pension/retirement benefit they receive from public employment. The potential impact is a result of two provisions within current Social Security law: <ol style="list-style-type: none"> <li><b>The Windfall Elimination Provision</b>, which can reduce the amount of an employee's Social Security retirement or disability benefit.</li> <li><b>The Government Pension Offset Provision</b>, which can reduce the amount of a Social Security benefit entitlement for a <b>spouse or an ex-spouse</b>.</li> </ol> <p>Specific details about these provisions can be found at: <a href="http://socialsecurity.gov/pubs/10007.html#1">socialsecurity.gov/pubs/10007.html#1</a> and <a href="http://socialsecurity.gov/pubs/10045.html">socialsecurity.gov/pubs/10045.html</a>.</p> </li> </ul>	<ul style="list-style-type: none"> <li>Individuals employed with a state or local government employer should be aware that if they or their spouse (or ex-spouse) become entitled to receive a benefit from Social Security, that benefit could be impacted by any pension/retirement benefit they receive from public employment. The potential impact is a result of two provisions within current Social Security law: <ol style="list-style-type: none"> <li><b>The Windfall Elimination Provision</b>, which can reduce the amount of an employee's Social Security retirement or disability benefit.</li> <li><b>The Government Pension Offset Provision</b>, which can reduce the amount of a Social Security benefit entitlement for a <b>spouse or an ex-spouse</b>.</li> </ol> <p>Specific details about these provisions can be found at: <a href="http://socialsecurity.gov/pubs/10007.html#1">socialsecurity.gov/pubs/10007.html#1</a> and <a href="http://socialsecurity.gov/pubs/10045.html">socialsecurity.gov/pubs/10045.html</a>.</p> </li> </ul>

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