

**STATE TEACHERS RETIREMENT SYSTEM OF OHIO**  
**PLAN DOCUMENT FOR THE**  
**DEFINED CONTRIBUTION PROGRAM**  
**Amended and Restated Effective July 1, 2019**

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## INTRODUCTION

Unless otherwise indicated, all capitalized terms used in this Plan Document are defined in Article I.

STRS Ohio was created by the Ohio General Assembly in 1919 to provide retirement, disability and survivor benefits for teachers in Ohio's public schools, colleges and universities. The Defined Benefit Plan is set forth in Sections 3307.50 through 3307.79 of the Revised Code. Under Federal law, the Defined Benefit Plan is classified as a tax-qualified governmental plan.

As amended, Section 3307.031 of the Revised Code specifies that STRS Ohio shall consist of the Defined Benefit Plan and one or more plans established under Section 3307.81 of the Revised Code. Section 3307.81 directs the Retirement Board to establish plans under Sections 3307.80 through 3307.89 of the Revised Code offering defined contribution options. Under these options, benefits are to be based on the amounts accumulated in a Participant's DC Account, but may include defined contribution options that contain defined benefit features that provide definitely determinable benefits.

Substitute Senate Bill 190, which became effective July 13, 2000, directed STRS Ohio to establish a defined contribution plan. Pursuant to this enabling legislation, the Retirement Board approved the establishment, effective July 1, 2001, of the Defined Contribution Program, consisting of the Defined Contribution Plan and the Combined Plan. This document contains the terms and conditions of the Defined Contribution Program along with certain provisions for coordinating these plans with the Defined Benefit Plan.

A series of amendments to the Defined Contribution Program have been adopted since its inception which are as follows: An amendment effective as of July 1, 2002, made Participant contributions nonforfeitable and modified when contributions are required to commence. A July 1, 2003, amendment increased the Participant contribution rate, revised the Program's Investment Choices, and made a number of modest administrative changes. An amendment and restatement effective as of April 1, 2004, modified the administrative fees charged to DC Accounts. An amendment effective July 1, 2007, modified survivor benefits where the Participant has performed military service and cannot return to employment due to his or her death. An amendment effective July 1, 2008, modified the Program in order to comply with IRC Section 415 regulations and also the Heroes Earnings Assistance and Relief Tax Act of 2008. A July 1, 2009, amendment modified the required minimum distributions for distributions occurring in 2009. An amendment effective July 1, 2012, modified Appendix B to the Program, and an amendment and restatement effective July 1, 2013, contained modifications that, as to the Defined Contribution Plan, added new Investment Choices, changed the mitigating rate and vesting schedule and as to the Combined Plan, changed the employee contribution to the defined benefit portion of the Combined Plan, years of service for eligibility for disability and survivor benefits and certain provisions regarding reemployed employees. The Defined Contribution Plan received a determination letter on July 29, 2014. The Combined Plan received a determination letter on July 30, 2014. An amendment and restatement effective July 1, 2018, contained changes to the actuarial assumptions and modifications that, as to the Defined Contribution Plan, added new Investment Choices. The Defined Contribution Program is now being amended and restated in its entirety, as of July 1, 2019, to update the list of Investment Choices, references to applicable state and federal provisions, and other terms and provisions as appropriate.

Under the terms of Section 3307.14 of the Revised Code, STRS Ohio funds and property are held in the Trust Fund. The Defined Benefit Plan, the Defined Contribution Plan and the Combined Plan are intended to constitute three distinct benefit schedules under the single Trust Fund. While the Trust Fund is administered as a single fund for investment, funding and benefit payment purposes, the funds and subfunds specified by Section 3307.14 of the Revised Code are maintained for the purpose of identifying different categories of assets, including assets attributable to the constituent plans, assets attributable to Employer or Member contributions, assets attributable to distinct Investment Choices and assets attributable to benefits in pay status.

The Defined Contribution Program set forth in this Plan Document is intended to be a “governmental plan” as this term is used in the Employee Retirement Income Security Act of 1974 and the IRC, and to qualify under IRC Sections 401(a) and 414(k). The defined contribution features of the Defined Contribution Program are intended to qualify as a money purchase pension plan.

**ARTICLE I**  
**Definitions for the Defined Contribution Program**

- 1.1. “Account” means the DC Account.
- 1.2. “Actuarial Equivalent” means a benefit of equal value to another specified Defined Contribution Program benefit when computed in accordance with the actuarial assumptions last adopted by the Retirement Board upon the advice of the Defined Contribution Program’s Actuary.
- 1.3. “Actuary” means the actuary designated by the Retirement Board.
- 1.4. “Administrative Code” means the Ohio Administrative Code. Any term used in both this document and the Administrative Code but not expressly defined in this document, shall have the meaning ascribed to it in the Administrative Code unless such meaning would be inappropriate in the context of this Defined Contribution Program.
- 1.5. “Annuity Starting Date” means the first day of the first period for which a benefit is payable as an annuity, or any other form, under the Defined Contribution Program.
- 1.6. “Combined Plan” means the plan of that title established by the Retirement Board pursuant to Section 3307.81 of the Revised Code and shall be this Defined Contribution Program’s combination defined contribution/defined benefit arrangement that provides retirement benefits to a Participant based in part on contributions to his or her DC Account and the earnings thereon and in part on a final average salary defined benefit formula, all as described in the provisions of this Defined Contribution Program designated as applicable to the Combined Plan and in provisions of general applicability.
- 1.7. “Compensation” means a Member’s compensation as defined in Section 3307.01(L) of the Revised Code. In general, this Section defines compensation to mean all salary, wages and other earnings paid to a Member by an Employer by reason of the Member’s employment, prior to any Member contributions to a retirement plan. The adjustments to compensation in Section 3307.01(L) and the determinations of the Retirement Board with respect to the determination of a Member’s Compensation for purposes of this Defined Contribution Program are final and binding on the Member, the Employer and all other persons.

Notwithstanding the foregoing, "Compensation" shall not include annual remuneration in excess of \$275,000 for Plan Year 2018 (or such other dollar limit for Plan Years after 2018 as may be applicable under IRC Section 401(a)(17), including IRS cost of living adjustments). For membership prior to July 1, 1996, Compensation shall include all amounts up to the then applicable Section 401(a)(17) dollar limit even if such amounts exceed the dollar limits in effect for subsequent years.

- 1.8. "Covered Employment" and "Teaching Service" means employment as a teacher in Ohio as specified by Section 3307.01 of the Revised Code for which contributions are made pursuant to Section 3307.26 and 3307.28 of the Revised Code.
- 1.9. "DC Account" or "Account" means an account in the Defined Contribution Fund established by Section 3307.14 of the Revised Code which is maintained to record a Participant's contributions to the Defined Contribution Plan or the Combined Plan, together with any earnings credited thereon and any Employer contributions to the Defined Contribution Plan on a Participant's behalf, together with any earnings credited on them. For trust accounting purposes, the Retirement Board, in its sole discretion, may create subaccounts to account separately for Participant contributions and the earnings thereon and for Employer contributions and the earnings thereon, subaccounts reflecting the relevant plan to which the contributions relate and such other subaccounts as the Retirement Board considers appropriate and helpful in its administration of the Defined Contribution Program. The value of a DC Account at any particular time shall be its value as of the Defined Contribution Program's latest Valuation Date
- 1.10. "Default Investment Choice" means the Investment Choice designated by the Retirement Board in the event a Participant has not made an investment election for the investment of contributions in his or her DC Account.
- 1.11. "Defined Benefit Plan" means the defined benefit pension plan set forth in Chapter 3307 of the Revised Code.
- 1.12. "Defined Contribution Fund" means the fund created by division (G) of Section 3307.14 of the Revised Code.
- 1.13. "Defined Contribution Plan" means the plan of that title established by the Retirement Board pursuant to Section 3307.81 of the Revised Code and shall be this Defined Contribution Program's defined contribution arrangement that provides retirement benefits to a Participant based solely on Participant and Employer contributions to his or her Account and the earnings on these contributions as set forth in the provisions of this Defined Contribution Program identified as applicable to the Defined Contribution Plan and in provisions of general applicability.

- 1.14. "Defined Contribution Program" or "Program" means, collectively, the Defined Contribution Plan and the Combined Plan as set forth in this document and pursuant to Section 3307.81 of the Revised Code.
- 1.15. "Effective Date" means the effective date of this amendment and restatement, July 1, 2019, except that any provision that specifies a different effective date shall be effective on the specified date. The original effective date of the of the Defined Contribution Program set forth in this document was July 1, 2001.
- 1.16. "Employer" means an employer as defined in Section 3307.01(A) of the Revised Code.
- 1.17. "Final Average Salary" means a Member's final average salary as defined in Section 3307.501 of the Revised Code for purposes of the Defined Benefit Plan, except that for purposes of this Defined Contribution Program the Retirement Board shall not be authorized upon a finding of good cause to include payments otherwise excluded by Section 3307.501 of the Revised Code, nor shall Section 3307.501's procedures authorizing a hearing on excluded compensation be applicable.
- 1.18. "Final Election" means an election made under Section 3307.25 or 3307.251 of the Revised Code, as described in Section 2.1(a) of this Plan Document.
- 1.19. "Final Election Date" means the June 30 following the fourth anniversary of the Member's first day of paid service with an Employer.
- 1.20. "Initial Election" means an election made under Section 3307.25 of the Revised Code, as described in Section 2.1(a) of this Plan Document.
- 1.21. "Initial Election Period" has the meaning set forth in Section 2.1(a) of this Plan Document.
- 1.22. "Investment Choice" means an investment choice offered through the Defined Contribution Program for the purpose of permitting Participants to direct the investment of their DC Accounts.
- 1.23. "IRC" means the Internal Revenue Code of 1986, as amended.
- 1.24. "Member" means a teacher or contributor who meets the definition of a STRS Ohio "Member" under Section 3307.01 of the Revised Code.
- 1.25. "Normal Retirement Age" means the later of (1) a Member's attainment of age 65 or (2) a Member's earning five Years of Qualifying Service Credit.
- 1.26. "Participant" means a Member who has elected pursuant to Section 3307.25 or 3307.251 of the Revised Code to participate in the Program or who elected to continue participating in the Program prior to January 7, 2013.

- 1.27. "Plan Document" means the written description of the Defined Contribution Program set forth herein.
- 1.28. "Plan Year" means the 12 month period commencing each July 1 and ending on the next following June 30. The Plan Year is the "limitation year" for purposes of the limitations on contributions under IRC Section 415(c). The calendar year is the limitation year for purposes of the limitations on benefits under IRC Section 415(b).
- 1.29. "Program" means the Defined Contribution Program.
- 1.30. "Recipient" means any Participant, Survivor or other person receiving a benefit under this Defined Contribution Program.
- 1.31. "Retirement Board" means the State Teachers Retirement Board created by Section 3307.04 of the Revised Code or such delegate as appointed by such board. The Retirement Board is the plan administrator of this Defined Contribution Program.
- 1.32. "Revised Code" means the Ohio Revised Code as enacted and amended by the Ohio General Assembly. Any term used in both this document and the Revised Code but not expressly defined in this document, shall have the meaning ascribed to it in the Revised Code unless such meaning would be inappropriate in the context of this Defined Contribution Program.
- 1.33. "Service Credit" means credit posted by STRS Ohio, as described in Section 3307.53 of the Revised Code and Rule 3307:1-2-01 of the Administrative Code.
- 1.34. "STRS Ohio" means the State Teachers Retirement System of Ohio.
- 1.35. "STRS Ohio Retirement Plan" means, collectively, the Defined Benefit Plan, the Defined Contribution Plan and the Combined Plan, all maintained by STRS Ohio and funded through the Trust Fund.
- 1.36. "Superannuate" means an individual who is a superannuate as defined in Section 3307.01(M) of the Revised Code.
- 1.37. "Survivor" means any person who becomes entitled to receive a benefit under this Defined Contribution Program on account of the death of a Participant or other Recipient, as described in further detail in Sections 7.1 and 7.4. A Participant or other Recipient may designate different Survivors for different payment options under the Defined Contribution Program at the time payment commences under Article VI.
- 1.38. "Teaching Service" has the same definition as Covered Employment.
- 1.39. "Trust Fund" means the funds and property of STRS Ohio held in trust as provided by Sections 3307.14 and 3307.15 of the Revised Code.
- 1.40. "Valuation Date" means the last day the Trust Fund may have been valued provided that the Trust shall be valued no less frequently than on the last business day of each Plan Year.

It is expected that most, or all, of the Investment Choices made available for the investment of DC Account assets will be valued each day the U.S. securities markets are open.

- 1.41. "Withdrawal" means a complete termination of a Participant's interest in the Defined Contribution Program by completing an application for distribution as specified by Article VI of this Plan Document, paragraph (A) of rule 3307:2-5-02 or paragraph (A) of rule 3307:2-5-03 of the Administrative Code.
- 1.42. "Withdrawal Value" means, effective July 1, 2013, the greater of the Actuarial Equivalent present value of a Participant's defined benefit under the defined benefit formula of the Combined Plan or the amounts contributed by the Participant to the defined benefit portion of the Combined Plan.
- 1.43. "Year" means Plan Year.
- 1.44. "Years of Service Credit" means the number of years or partial years for which contributions are made on a Participant's behalf under this Defined Contribution Program, calculated in the manner specified by Section 3307.53 of the Revised Code and Rule 3307:1-2-01 of the Administrative Code.
- 1.45. "Years of Qualifying Service Credit" means the number of years or partial years of which contributions are made on the Participant's behalf under this Defined Contribution Program, calculated in the manner specified by Section 3307.53 of the Revised Code and Rule 3307:1-2-01 of the Administrative Code less credit obtained pursuant to Section 7.7(b).

## **ARTICLE II** **Participation**

- 2.1. Eligibility to Participate. On and after the Effective Date, each STRS Ohio Member shall participate in one of the three constituent plans of the STRS Ohio Retirement Plan – the Defined Benefit Plan, the Defined Contribution Plan, or the Combined Plan – in accordance with the following participation rules:

- (a) New Members

Pursuant to Section 3307.25 of the Revised Code, individuals who become new Members of STRS Ohio on and after July 1, 2001, may elect to participate in any one of the three constituent plans. This election shall be made within 180 days after the Member's first day of paid service (the "Initial Election Period"), shall be made in writing on a form provided by STRS Ohio, and shall be subject to such other rules and procedures as STRS Ohio may prescribe (the "Initial Election"). The Initial Election shall be effective as of the Member's commencement of Covered Employment. This election shall be revocable within the 180 day period but shall automatically become irrevocable upon expiration of the 180 day period.



A new Member who makes an Initial Election to participate in the Defined Benefit Plan shall have no additional election options and shall remain in the Defined Benefit Plan for as long thereafter as he or she remains an STRS Ohio Member.

A new Member who makes an Initial Election of either the Defined Contribution Plan or the Combined Plan shall remain in such plan unless the Member elects to participate thereafter in one of the other two constituent plans. This election shall be made in writing on the form prescribed by STRS Ohio and shall be made not later than the first day of June preceding the Member's Final Election Date (the "Final Election"). Unless otherwise specified by the Revised Code, the Administrative Code or this Plan Document, such Final Election shall be irrevocable, shall be effective on the first day of July following the Final Election and shall govern future participation in STRS Ohio, notwithstanding subsequent terminations of employment as a teacher, changes of employer, withdrawal from membership or new employment as a teacher.

STRS Ohio will notify a Member eligible to make such Final Election as described in this Section. STRS Ohio will provide an explanation of the Final Election procedure as required under Section 3307.25 of the Revised Code, information summarizing the Defined Benefit Plan, information summarizing the plans that comprise the Defined Contribution Program and instructions for making a Final Election.

(b) Default Rules

Except as specifically provided otherwise by the Revised Code, the Administrative Code, or this Article II, once a Member has commenced participation in one of the three constituent plans, he or she may not thereafter commence participation in another constituent plan. In addition, if a Member fails affirmatively to elect to participate initially in the Defined Contribution Plan or the Combined Plan, the Member shall automatically and irrevocably participate in the Defined Benefit Plan.

2.2. Transfer of Credits and Fund Assets. A Member who transfers from one constituent plan to another shall have no subsequent accrued benefit in the transferor plan. The Member's Service Credit under the transferor plan, except credit purchased under Sections 3307.71 to 3307.78 of the Revised Code, shall be credited to the transferee plan and assets related to the Member's retirement benefit shall be transferred as follows:

(a) Transfer from the Defined Contribution Plan or the Combined Plan to the Defined Benefit Plan. Pursuant to Section 3307.25 of the Revised Code, all assets in the Member's DC Account shall be liquidated and transferred to the Defined Benefit Plan's teachers' savings fund or employers' trust fund as appropriate. The Member's DC Account in the Defined Contribution Fund shall be closed. If a Member who transfers from the Defined Contribution Plan to the Defined Benefit Plan had purchased credit for military service while still participating in the Defined Contribution Plan, credit shall be posted to the Member's account in the Defined Benefit Plan and deemed to have been purchased pursuant to Section 3307.752 of the Revised Code.

- (b) Transfer from the Defined Contribution Plan to the Combined Plan. The Member's contributions and the earnings thereon shall remain in the Member's DC Account. The Employer's contributions in the DC Account and the earnings thereon shall be transferred to the Defined Benefit Plan's employers' trust fund to provide the defined benefit portion of the Member's Combined Plan benefit, including retirement, disability, and survivor benefits and health care program coverage, if eligible, in accordance with the terms of the Combined Plan. Service Credit shall thereupon be established in the Combined Plan as if the Member had begun participation therein when membership in the Defined Contribution Program was first established.
  - (c) Transfer from the Combined Plan to the Defined Contribution Plan. The Member's contributions and the earnings thereon shall remain in the Member's DC Account. The Withdrawal Value of the defined benefit portion of the Member's Combined Plan benefit shall be transferred to the Member's DC Account as of the next succeeding July 1. The account in the Defined Benefit portion of the Combined Plan fund shall be closed.
- 2.3. Reemployment. A Member who terminates Covered Employment while a Participant under the Defined Contribution Program but who later returns to Covered Employment with a contributing Employer shall be subject to reinstatement in accordance with the following rules:
- (a) If the Member has a Withdrawal before his or her Final Election Date, the Member will be treated as a new Member upon return to Covered Employment and shall have the right to elect to participate in any one of the three constituent plans.
  - (b) If the Member withdrew his or her entire interest, or had his or her entire interest exhausted through fees under the terms of the plan in which he or she was participating in, under Section 6.3 after his or her Final Election Date, such Member must participate in the same plan from which the prior interest was withdrawn upon resumption of Covered Employment.
  - (c) If the Member, after reaching age 50 and after his or her Final Election Date, annuitized his or her DC Account, such Member shall be treated as a Superannuate rather than as a Member with contributions and benefits for Ohio Teaching Service after return to Covered Employment subject to Section 3307.35 of the Revised Code.
  - (d) If the Member becomes reemployed after terminating Covered Employment but prior to receiving a distribution, the Member shall resume active participation in the same constituent plan in which the Member had participated prior to his break in service.
  - (e) A Member who changes employment directly from one contributing Employer to another contributing Employer shall be treated as remaining in Covered Employment. Such Member shall not be treated as having terminated employment for purposes of this Defined Contribution Program and shall not be subject to the reemployment rules of this Section 2.3.

- 2.4. Retirement Board's Discretionary Authority. Pursuant to Section 3307.80 of the Revised Code, the Retirement Board shall have sole and complete discretion to establish such rules and regulations as it deems necessary from time to time to facilitate the elections provided for in this Article II and the transfer of assets and Service Credit among the constituent plans and their associated subtrusts.

### **ARTICLE III** **Contributions**

- 3.1. Aggregate Level of Contributions. Pursuant to Sections 3307.26 and 3307.28 of the Revised Code contribution rates for a Plan Year shall be established by the Retirement Board upon the advice and recommendation of the Actuary. As of the Effective Date, each Employer of a Member is required to contribute 14 percent of such Member's Compensation for the Year and each Member is required to contribute 14 percent of his or her Compensation for the Year.

All contributions shall be made at such time and in such manner as the Retirement Board, in its sole discretion, shall prescribe and shall be deposited in the Trust Fund. A Member is not permitted to make voluntary contributions above the Member contributions specified above.

- 3.2. Allocation of Contributions in the Trust Fund. Pursuant to Section 3307.14 of the Revised Code, Employer and Member Contributions shall be credited to the following Trust Fund funds:

(a) *If the Member participates in the Defined Benefit Plan:*

- (i) all Member and all Employer contributions with respect to the Member shall be deposited in the teachers' savings fund and the employers' Trust fund, respectively.

(b) *If the Member participates in the Defined Contribution Plan:*

- (i) the Member's contributions shall be allocated to his or her DC Account.
- (ii) the Employer's contributions on behalf of a Member shall be allocated between the employers' trust fund (to pay for the unfunded liability) and the Member's DC Account within the Defined Contribution Plan subtrust in such proportions as may be specified from time to time by the Retirement Board. As of the Effective Date, 4.47 percent of the Member's Compensation shall be allocated to the employers' trust fund and 9.53 percent of the Member's Compensation shall be allocated to the Member's DC Account.

(c) *If the Member participates in the Combined Plan:*

- (i) the Member's contributions shall be allocated between his or her DC Account and the defined benefit portion of the Combined Plan in such proportions as

may be specified from time to time by the Retirement Board. As of the Effective Date, 12 percent of the Member's Compensation for the Plan Year is allocated to the DC Account and 2 percent of the Member's Compensation for the Plan Year is allocated to the defined benefit portion of the Combined Plan.

(ii) the Employer's contributions shall be allocated to the employers' trust fund.

3.3. Pick-Up Contributions. Member contributions will be made to the Trust Fund on a pretax basis only if the Member's Employer has satisfied the rules for treating these contributions as pick-up contributions in accordance with the requirements of IRC Section 414(h).

3.4. Rollover Contributions. A Member who participates in the Defined Contribution Plan or the Combined Plan and who has reached his or her Final Election Date may roll over to, or have directly transferred to, his or her DC Account any amounts that may be distributable to the Member from IRAs and plans described in Sections 401(a), 403(a), 403(b), or 457(b) of the IRC, except amounts previously taxed. Rollover funds are 100 percent vested at all times. Amounts rolled over to a DC Account in the Combined Plan may be used to purchase Service Credit in accordance with Section 7.7 or to increase the balance in the DC Account. Amounts rolled over to a DC Account in the Defined Contribution Plan may only be used to increase the balance in the DC Account.

3.5. Application of IRC Section 415 Limits. Except to the extent provided in this Section 3.5, the Program incorporates the final IRC Section 415 regulations by reference.

(a) Defined Contribution Limit. Pursuant to IRC Section 415, the total of Participant and Employer contributions allocated to a Participant's DC Account each Plan Year (his "annual additions") shall not exceed the lesser of the dollar amount specified for such Plan Year (\$55,000 for 2018, which amount shall be increased to reflect cost of living increases pursuant to IRC Section 415) or 100 percent of the Participant's total compensation for such Plan Year. For purposes of applying these limitations, the term "compensation" shall have the meaning (i) ascribed to it in Treasury Regulation Section 1.415-2(d)(11)(ii) with respect to the Defined Contribution Plan and the defined contribution portion of the Combined Plan and (ii) ascribed to it in Treasury Regulation Section 1.415(c)-2(d)(3) with respect to the defined benefit portion of the Combined Plan. In general, these regulations define compensation to mean a Participant's total W-2 compensation from an Employer and shall include any elective deferral (as defined in IRC Section 402(g)(3)), and any amount which is contributed or deferred by the Employer at the election of the Participant and which is not includable in the gross income of the Participant by reason of IRC Sections 125 or 132, but shall exclude the Employer's contribution to this Defined Contribution Program or any other plan of deferred compensation and imputed income from the payment of life insurance premiums. Effective January 1, 2009, the term "compensation" shall include differential wage payments as defined in Section 3401(h)(2) of the IRC.

If contributions to be allocated to a Participant's DC Account exceed the limits of this Section, the excess shall be corrected in accordance with any of the permitted

correction methods under the Employee Plans Compliance Resolution System as set forth in Revenue Procedure 2018-52 and any subsequent Revenue Procedure or other guidance issued by the Internal Revenue Service. For purposes of this Section, pick-up contributions are treated as Employer contributions. The limits of this Section 3.5(a) do not apply to contributions attributable to Rollover Contributions made to a Participant's DC Account pursuant to Section 3.4.

- (b) **Defined Benefit Limit.** Effective January 1, 2008, and pursuant to Section 3307.58 of the Revised Code and IRC Section 415, the maximum annual benefit under the Defined Benefit Plan and the defined benefit portion of the Combined Plan shall be determined as of the date the benefit commences and shall be limited to the maximum amounts permitted under IRC Section 415(b)(1)(A). In general, Section 415 limits a Member's maximum annual benefit to \$220,000 for Plan Year 2018 (which amount shall be increased for subsequent Plan Years to reflect cost of living increases pursuant to IRC Section 415) payable in a straight life annuity but if the Member has not completed ten years of participation, such maximum annual dollar limitation is reduced by the ratio which the number of his or her years of participation bears to ten. The maximum dollar limitation applies to a benefit payable at age 62 and shall be adjusted in accordance with cost of living increases in the amount determined by the Commissioner of Internal Revenue. The limits of this Section 3.5 do not apply to benefits payable under the qualified excess benefit plan established pursuant to Section 3307.461 of the Revised Code and IRC Section 415(m). The limits of this Section 3.5(b) also do not apply to benefits attributable to Rollover Contributions made to the defined benefit portion of the Combined Plan pursuant to Section 3.4 and the annual benefit attributable to any such rollover contributions shall be determined in accordance with Treasury Regulation Section 1.415(b)-1(b)(2)(v).

No adjustment shall be made for any benefit payment which is to commence after age 62.

For any benefits paid prior to age 62, the maximum dollar limit shall be reduced as follows:

- (i) For annuity starting dates on or before December 31, 2007. The maximum annual benefit shall be reduced to an annual straight-life annuity beginning at the annuity starting date that is the actuarial equivalent of the maximum annual benefit (adjusted for Members with fewer than ten years of participation, if necessary), using whichever of the following produces a smaller annual amount: (1) the interest rate and mortality table specified in the Defined Contribution Program's definition of Actuarial Equivalent, or (2) a 5-percent interest rate assumption and the applicable mortality table set forth in Appendix B.
- (ii) For annuity starting dates after December 31, 2007. The maximum annual benefit shall be reduced to the lesser of:

- (A) an annual straight-life annuity beginning at the annuity starting date that is the actuarial equivalent of the maximum annual benefit (adjusted for Members with fewer than ten years of participation, if necessary), using for this purpose a 5 percent interest rate assumption and the applicable mortality table set forth in Appendix B; or
- (B) the maximum annual benefit (adjusted for Members with fewer than ten years of participation, if necessary), multiplied by the ratio of the annual amount of the immediately commencing straight life annuity at the annuity starting date to the annual amount of the immediately commencing straight life annuity at age 62.

The Member's age for the purposes of calculating the benefits to be paid prior to age 62 shall be expressed as the age of the Member, in completed calendar year months, as of the annuity starting date.

No actuarial adjustment to the maximum annual benefit shall be made for the following:

- (i) survivor benefits payable to a spouse under a qualified joint and survivor annuity pursuant to Section 6.2(e) or 6.3(c), to the extent such benefits would not be payable if the Member's benefit were paid in another form;
- (ii) any benefits provided to Members that are not directly related to retirement benefits, including disability benefits provided through the STRS Ohio Disability Allowance Program set forth in Section 7.5 and health care coverage set forth in Section 7.6; or
- (iii) the inclusion of automatic periodic increases to benefits calculated in the manner set forth in Section 3307.67 of the Revised Code to disabled Members or Survivors as set forth in Section 7.1 and Section 7.5, provided that the form of benefit is not subject to IRC Section 417(e)(3) (which applies based on the form of benefit and not the status of the Program), would otherwise satisfy this Section 3.5(b), and complies with the determination of benefit increases as calculated in Administrative Code Section 3307:1-10-01(B).

If an adjustment is required because the Member selects a form of payment under Section 6.2(e) to which IRC Sections 415(b)(2)(E) applies based on the form of benefit and not the status of the Program and that is not subject to IRC Section 417(e)(3), the value of the equivalent straight-life annuity for testing purposes of 415(b) is the greater of (i) the annual amount of the straight-life annuity (if any) payable to the Member under the Program, commencing at the same annuity starting date as the form of benefit payable to the Member and (ii) the annual amount of the straight-life annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the

Member, computed using a five percent interest assumption and the applicable mortality table described in Appendix B for the annuity starting date.

If an adjustment is required because the Member selects a form of payment under Section 6.2(e) to which IRC Sections 415(b)(2)(E) and 417(e)(3) apply based on the form of benefit and not the status of the Program, the actuarial straight-life annuity for testing under 415(b) for annuity starting dates on and after January 1, 2008, is determined by calculating the greatest annual straight-life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using (i) the interest rate and mortality table specified in the Defined Contribution Program's definition of Actuarial Equivalent, (ii) a 5.5% interest rate assumption and the 417(e) mortality table in Appendix B for the distribution, and (iii) the applicable interest rate and 417(e) mortality table in Appendix B for the distribution, with the result divided by 1.05.

For a Member who has or will have distributions commencing at more than one annuity starting date, the maximum annual benefit shall be determined as of each such annuity starting date (and shall satisfy the limits in this Section 3.5(b) as of each starting date), actuarially adjusting for past and future distributions of benefits commencing at the other annuity starting dates as required under the application authority.

The application of the provisions of this Section 3.5(b) shall not cause the maximum annual benefit provided to a Member to be less than the Member's accrued benefit under the Defined Benefit Plan and the defined benefit portion of the Combined Plan as of the end of December 31, 2007 under provisions of this Plan Document that were both adopted and in effect prior to April 5, 2007.

#### **ARTICLE IV** **DC Accounts**

- 4.1. Individual Accounts. Pursuant to Sections 3307.19 and 3307.81 of the Revised Code, the Retirement Board shall create and maintain (or direct to be created and maintained) individual accounts (the "DC Accounts") as records for disclosing the interest in the Trust Fund that each Participant has in the Defined Contribution Plan and the defined contribution portion of the Combined Plan. Such DC Account shall be established by STRS Ohio within fourteen (14) days of its receipt of a form of a valid plan election for participation in the Program, as described in Section 2.1. Such DC Accounts shall record credits and charges in the manner herein described. DC Accounts shall have one or more subaccounts to account separately for Participant contributions and the earnings thereon, Employer contributions on behalf of a Participant and earnings thereon and such other subaccounts as the Retirement Board in its sole discretion may deem appropriate. The maintenance of individual DC Accounts and subaccounts within them is only for accounting purposes, and a segregation of the assets of the Trust Fund to each account shall not be required.
- 4.2. Account Adjustments. DC Accounts shall be adjusted as follows:

- (a) Earnings: The earnings (including losses as well as gains) shall be deposited into the DC Accounts of Participants who have balances in their Accounts on each Valuation Date. The amount deposited shall be made in the proportion that the amounts in each DC Account bear to the total amounts in all of the DC Accounts similarly invested. In determining the value of Plan assets, each valuation shall be based on the fair market value of the assets in the Trust Fund on the Valuation Date.
  - (b) Employer Contributions: Employer contributions will be invested at the time they are allocated to the Participant's DC Account.
  - (c) Participant Contributions: Participant contributions will be invested at the time they are allocated to the Participant's DC Account.
  - (d) Distributions and Withdrawals: Distributions and withdrawals from a Participant's DC Account shall be charged to the Account as determined by rules established by the Retirement Board.
- 4.3. Statements to Participants. On a periodic basis, but no less frequently than once each calendar quarter, STRS Ohio will provide each Participant with a statement showing his or her interests in the Defined Contribution Program's various Investment Choices. As an alternative to showing the dollar value of each Account, STRS Ohio may, in its discretion, express each Participant's interest in terms of units.

## ARTICLE V

### Investment of Contributions

- 5.1. Defined Benefit Contributions. Pursuant to Section 3307.14 of the Revised Code, the following contributions shall be deposited in the Trust Fund's teachers' savings fund, employers' trust fund or other relevant Trust Fund account established to provide Members with defined benefit pensions under the Defined Benefit Plan and the Combined Plan and for other specified STRS Ohio Retirement Plan purposes: Member and Employer contributions to the Defined Benefit Plan, Participant and Employer contributions to the Combined Plan, and that portion of Employer contributions under the Defined Contribution Plan (4.47 percent of Participant Compensation as of the Effective Date) that is intended to reduce the Defined Benefit Plan's unfunded liability. All of these contributions shall be invested, and the earnings on them reinvested, in the sole discretion of the Retirement Board.
- 5.2. Contributions under the Defined Contribution Program. Pursuant to Section 3307.14 of the Revised Code, the following contributions shall be deposited in the Trust Fund's Defined Contribution Fund or other relevant Trust Fund account: Participant contributions to both the Defined Contribution Plan and the Combined Plan and Employer contributions to the Defined Contribution Plan (except that portion of the Employer's contribution intended to reduce the Defined Benefit Plan's unfunded liability). The aggregate of such amounts, and the earnings thereon, with respect to each Participant constitute that



Participant's DC Account and shall be subject to the investment direction of the Participant as provided in this Article V.

- 5.3. Investment Choices. Pursuant to Section 3307.81 of the Revised Code, the Retirement Board shall establish such Investment Choices as it deems appropriate for the purpose of permitting Participants to direct the investment of their DC Accounts. Such choices may include life insurance, annuities, variable annuities, regulated investment trusts, pooled investment trusts, or other forms of investment chosen by the Retirement Board. Each Investment Choice shall be assigned a daily unit value based on its closing net asset value. DC Accounts shall accumulate units based on the unit values of the Investment Choices Participants select as of the date contributions are credited to their Accounts.

Investment Choices may be established and managed internally by STRS Ohio; alternatively, the Retirement Board may contract with outside vendors to provide Investment Choice vehicles. If the Retirement Board chooses to establish an internal stable value choice, or similar choice that has a specified rate of return, the general assets of the Trust Fund shall stand behind the promise to pay the specified return to the choice. The Retirement Board shall have the discretion to establish such terms and conditions with respect to the stable value choice and other individual Investment Choices as it deems appropriate to meet a choice's objectives, such as holding period requirements, transfer restrictions, minimum investment requirements, the imposition of administrative fees to defer a choice's expenses, and other appropriate restrictions. The restrictions need not be the same for all choices and may vary depending on the size or frequency of activity in an account. The Investment Choices available as of the Effective Date or thereafter, all established internally, are listed on Appendix A. The Retirement Board shall modify Appendix A from time to time to reflect additions, deletions, and modifications to the choices available for Participants to direct the investment of their Accounts.

5.4. Investment of DC Account.

- (a) Self-Direction of Investments. Each Participant shall direct, at the time he or she elects to become a Participant under the Defined Contribution Program, how the contributions in his or her DC Account shall be invested among the available Investment Choices in accordance with any rules the Retirement Board may, in its discretion, establish. In the event no election is made, all contributions will be invested in the applicable Default Investment Choice. As of the Effective Date, the Default Investment Choice is the STRS Target Choice option that falls immediately before the Participant's sixtieth (60<sup>th</sup>) birthday (or if the Participant has already reached age 60, the next closest STRS Target Choice option).

Each Participant shall assume all risk in connection with the allocation of amounts in and among the Investment Choices and for any losses incurred or deemed to be incurred as a result of the Participant's allocation or failure to allocate any amount to an Investment Choice or any decrease in the value of any Investment Choice. Neither the Retirement Board nor STRS Ohio is empowered to advise a Participant as to the manner in which his or her DC Account shall be allocated among the Investment Choices. The fact that a particular Investment Choice is available to Participants for

investment under the Defined Contribution Program shall not be construed by any Participant as a recommendation for investment in such Investment Choice. Notwithstanding the foregoing, the Retirement Board may offer managed account services to Participants through a third party investment manager, which shall act as a fiduciary to each such Participant who utilizes the managed account services. If the Retirement Board has elected to make available managed account services or other investment advice services to Participants, such services shall be utilized only at the voluntary election of the Participant, and shall not limit the Participant's responsibility for the allocation of his or her DC Account in and among the Investment Choices.

- (b) Allocation of Funds. All funds credited to the DC Account shall be allocated in accordance with the Participant's investment election. If the Participant has not made an election, funds will be allocated to the Default Investment Choice until an allocation directing otherwise is received from the Participant. After the expiration of the Initial Election Period, the allocation of any contributions made retroactively to a Defined Contribution Program DC Account shall be credited as follows:
- (1) Contributions received during the Initial Election Period shall be credited as of the last day of the Initial Election Period and all other contributions for past service shall be credited as of the first business day following the day the contributions were received by STRS Ohio.
  - (2) The sum accumulated on the retroactive contributions shall be calculated by the greater of the following two alternatives:
    - (i) All contributions allocated to the STRS Money Market Choice at the net asset value of the Money Market Choice at the close of business on the day outlined in subsection (b)(1) above; or
    - (ii) All contributions allocated to the Default Investment Choice at the net asset value of the Default Investment Choice at the close of business on the day outlined in subsection (b)(1) above.
- 5.5. Changing the Investment of Current Contributions. A Participant's investment election for his or her DC Account contributions will continue in effect until changed by the Participant, provided that all elections (and default provisions) with respect to Participant investments in any stable value choice, or similar choice, shall be subject to rules established for that choice from time to time by the Retirement Board. A Participant may change his or her current investment election as to his or her future DC Account contributions effective no later than the first payroll period as is administratively practicable after the date such election to change is received by STRS Ohio. Such changes may be made only as frequently as the Retirement Board in its sole discretion may permit and in accordance with any rules the Retirement Board in its discretion may establish.
- 5.6. Changing the Investment of Accumulated Contributions. A Participant may also change his or her investment election as to some or all of the Participant's entire Account balance

as frequently as the Retirement Board in its sole discretion may permit and in accordance with any rules the Retirement Board in its discretion may establish.

- 5.7. Exclusive Benefit Rule. Pursuant to Sections 3307.14 and 3307.15 of the Revised Code and IRC Section 401(a), all assets of this Defined Contribution Program shall be held in the Trust Fund and used for the exclusive benefit of Participants and Survivors. No Trust Fund assets shall revert to a contributing Employer except that any contributions made through a mistake of fact may be returned within one year of such mistaken contribution, as may be adjusted for any net losses.

## **ARTICLE VI**

### **Retirement Benefits**

- 6.1. Defined Benefit Plan. The amount, timing and form of benefits payable from the Defined Benefit Plan shall all be made in accordance with the terms of the Defined Benefit Plan.

6.2. Combined Plan.

- (a) In General/Normal Retirement. A Participant in the Combined Plan is entitled to receive benefits based in part on the balance in his or her DC Account in accordance with the provisions of Section 6.3 and in part on a defined benefit pension formula determined under this Section 6.2.

- (i) Defined Benefit Formula. A Participant's accrued defined benefit is determined pursuant to the following formula and in accordance with Section 3.5:

$$\text{Annual benefit} = 1\% \times \text{the Participant's Final Average Salary} \\ \times \text{the Participant's Years of Service Credit}$$

- (ii) Commencement and Form. The defined benefit amount determined under (i) above is payable to a Participant who retires at or after age 60 and receives the benefit in the form of a single life annuity over the Participant's life.

- (iii) Vesting. A Participant qualifies for a defined benefit pension upon attaining five Years of Qualifying Service Credit and reaching age 60 while still a Participant of the Defined Contribution Program.

- (b) Defined Benefit Portion Before Age 60. A Participant who leaves Covered Employment prior to age 60 but with five or more Years of Qualifying Service Credit may elect (1) to wait until age 60 to receive his or her defined benefit in accordance with the formula under (a) above or, (2) provided he or she elects to withdraw the full value of his or her DC Account on termination, to receive in a lump sum payment the Withdrawal Value. A Participant who leaves Covered Employment prior to age 60 with less than five Years of Qualifying Service Credit is eligible only to receive the Withdrawal Value in a lump sum payment.

- (c) Defined Benefit Portion Age 60 and Later. A Participant who leaves Covered Employment after age 60 with a vested benefit may elect (1) to receive the formula amount under (a) above based on Years of Service Credit and Final Average Salary at the time of termination without any actuarial adjustment to reflect the commencement of payment after age 60 or, (2) elect to receive in a single lump sum payment the Withdrawal Value. A Participant who leaves Covered Employment after age 60 with less than five Years of Qualifying Service Credit is eligible only to receive the Withdrawal Value in a lump sum payment.
  - (d) Mandatory Withdrawal of the Defined Benefit Portion. Subject to section 6.4, if a Participant withdraws his or her DC Account (1) prior to age 50 or (2) after age 50 but with less than five Years of Qualifying Service Credit, the Participant must also withdraw the Withdrawal Value of his or her defined benefit in a lump sum at the same time.
  - (e) Form of Payment. Once eligible and subject to Section 6.5, a Participant may generally elect to have the formula benefit payable in any form of annuity available under the Defined Benefit Plan under Section 3307.60 of the Revised Code and subject to rule 3307:2-5-09 of the Administrative Code. All alternative forms of payment shall be the Actuarial Equivalent of the single life annuity for which the Participant would have been eligible at the time of retirement. A Participant who annuitizes his or her DC Account under Section 6.3 need not elect the same form of benefit or designate the same Survivor under both Section 6.2 and Section 6.3.
  - (f) Impact of Transfer Among Contributing Employers. For purposes of this Section 6.2, a Participant who moves from one contributing Employer to another contributing Employer will not be considered as having terminated employment or retired until the Participant's final termination of employment or retirement from all contributing Employers.
- 6.3. DC Account. A Participant with a DC Account under the Defined Contribution Plan or the Combined Plan becomes entitled, upon termination of employment with a contributing Employer, to receive benefits based on the value of his or her DC Account. For this purpose, a Participant who moves from one contributing Employer to another contributing Employer will not be considered as having terminated employment until the Participant's final termination from all contributing Employers. Benefit payments with respect to a DC Account are subject to the following terms and conditions:
- (a) Vesting. Except as otherwise provided in this Section 6.3(a), Employer contributions to a DC Account and the earnings on them vest only after the first anniversary of the Participant becoming a Member. For Participants who elected the Defined Contribution Program on or after July 1, 2013, Employer contributions to a DC Account and the earnings on them vest at a rate of twenty percent (20%) per year beginning on the first anniversary date of becoming a new Member. If a Participant terminates his membership by withdrawing his DC Account and later returns to employment with a contributing Employer, he shall vest at a rate of twenty percent (20%) per year beginning on the first anniversary of returning to membership.

Participant contributions to a DC Account and the earnings on them are 100 percent vested at all times.

- (b) Single Life Annuity Benefit. A Participant who terminates Covered Employment on or after age 50 may elect to annuitize the DC Account and the monthly single life annuity amount granted shall be determined under annuity rates and factors adopted and periodically adjusted by the Retirement Board, after review by an Actuary appointed by the board, and applied to the amount accumulated by the Participant.
- (c) Form of Payment. Subject to Section 6.5, a Participant who commences to receive benefits on or after age 50 may elect to receive his or her benefit in any optional form of Defined Benefit Plan annuity under Section 3307.60 of the Revised Code, except Sections 3307.60(B) and 3307.60(D)(2) and subject to rule 3307:2-5-09 of the Administrative Code. The amount of the annuity shall be the Actuarial Equivalent of the value of the Participant's DC Account at the time benefit payments commence. Once in pay status, an annuity benefit may not be terminated and another form of payment elected.
- (d) Annuitized Funds. With respect to any annuity form of payment described in this section 6.3, the funds to be annuitized shall be based on the closing net asset value(s) of the Investment Choices made by the Participant as of the day an application for benefits is ready to be processed for payment. Payment will be made as soon as administratively practicable after receipt of a complete application.
- (e) Lump Sum Payment. Subject to Section 6.6, a Participant who terminates Covered Employment at any time is entitled to receive the vested amount of his or her entire DC Account in a single lump sum payment. A Participant prior to age 50 or with less than five Years of Qualifying Service Credit who withdraws the Withdrawal Value of his or her defined benefit in the Combined Plan must simultaneously withdraw his DC Account in a single lump sum payment under this provision.

Notwithstanding the first sentence in the foregoing paragraph or any other provision under Article VI, a Participant who subsequently makes an election under Section 3305.05 of the Revised Code to participate in an alternative retirement plan established by a public institution of higher education may elect only to transfer the full value of his or her DC Account plus the Withdrawal Value of the Combined Plan's defined benefit to the alternative retirement plan for his or her benefit under the alternative plan.

- (f) Funding of Annuity Benefits. If a Participant receives benefits in any form of an annuity payment, the value of his or her DC Account needed to provide the selected annuity shall be transferred from the Defined Contribution Fund established by Section 3307.14 of the Revised Code to the pension and annuity reserve fund created by that Section, which reserve fund shall thereafter assume liability for payment of the Participant's benefit under the selected annuity form of payment.

- (g) Timing of Payments. A Participant who becomes eligible to receive benefits may elect to commence receiving them at any time thereafter subject to the minimum required distribution rules set forth in Section 6.8. Until benefit payments commence, they shall remain in the DC Account and may be invested by the Participant pursuant to the rules of Article V.
- (h) Procedures for Electing Benefits. The procedures for initiating benefit payments, the supporting information a Participant is required to submit to receive benefits, the commencement and subsequent timing of benefit payments, and all other administrative requirements relating to the payment of benefits shall be subject to such rules, regulations and procedures as the Retirement Board may prescribe.

#### 6.4 Withdrawals in General in the Defined Contribution Program.

- (a) Spousal Consent. If a Participant is married, the request to withdraw an account from the Defined Contribution or Combined Plan must be accompanied by the written consent of the Participant's spouse as provided in Section 6.6.
- (b) Application. Application for withdrawal of an account must be made on a form provided by and submitted to STRS Ohio.

#### 6.5 Annuity Payments in General in the Defined Contribution Program.

- (a) Minimum \$100 Annuity. Annuities paid to a Participant or to the Survivor, or Survivors, of a joint and survivor annuity must be one hundred dollars or more monthly as provided in Section 6.12.
- (b) Joint and Survivor Benefit. If a Participant is married when he or she becomes eligible to receive annuity benefits, the normal form of payment to such Participant shall be a joint and 50 percent survivor benefit with the Participant's spouse entitled to receive, following the Participant's death, 50 percent of the benefit paid to the Participant during the joint lives of the Participant and his or her spouse. The amount of the joint and survivor annuity shall be the Actuarial Equivalent of the value of the single life annuity benefit at the time the Participant's benefit payments commence.
- (c) Waiving 50 Percent Survivor Annuity. The Participant shall have the right to waive, during such election period as the Retirement Board may prescribe based on IRS guidelines, the joint and 50 percent survivor annuity and receive benefits in another form offered under this Defined Contribution Program but only upon the Participant's written request accompanied by the written consent of his or her spouse as provided in Section 6.6.
- (d) Application. Application for each annuity payment must be made on a form provided by and submitted to STRS Ohio.

#### 6.6 Spousal Consent. Consent of the spouse shall be required as follows and such spousal consent must be notarized and on a form provided by and submitted to STRS Ohio.

- (a) Withdrawal. If a Participant in the Defined Contribution Program who has terminated Covered Employment is married and is at least age fifty at the time of application for Withdrawal of a balance of five thousand dollars (\$5,000) or more, consent of the spouse shall be required under the circumstances and subject to the exceptions specified by Section 3307.87 of the Revised Code.
  - (b) Annuity. If a Participant in the Defined Contribution Program is married at the time of the application for a retirement benefit, the consent of the spouse shall be required for the Participant to select any form of payment, benefit or plan of payment that is not of a joint and survivor annuity with at least fifty per cent (50%) continuing for the lifetime of the spouse upon the death of the Participant.
  - (c) Survivor Designation. The designation of a Survivor other than the spouse by a Participant married at the time of designation shall be subject to the consent of the spouse.
  - (d) Separate Consents for Combined Plan. The Defined Contribution portion of the Combined Plan and the Defined Benefit portion of that plan shall be subject to separate requirements of spousal consent.
  - (e) Spouse Unable to Consent. The foregoing requirements shall not apply if a spouse cannot be located or for any other reason specified by rule 3307:1-5-02 or 3307:1-12-01 of the Administrative Code.
- 6.7. Disposition of Forfeitures. Any forfeitures or unclaimed funds under this Defined Contribution Program shall be transferred to the guarantee fund created by Section 3307.14 of the Revised Code.
- 6.8. Minimum Required Distributions. Effective July 1, 2002, and pursuant to the requirements of IRC Section 401(a)(9), distributions shall commence no later than April 1 of the calendar year following the later of the calendar year in which a Participant attains age seventy and one-half (70½) (or such other age as required by law) or the calendar year in which the Participant retires.

Notwithstanding any direction by the Participant to the contrary, all payments from a DC Account must be payable pursuant to a schedule whereby the entire amount in the DC Account is paid over a period that does not extend beyond the life expectancy tables prescribed in regulations under IRC Section 401(a)(9). All payments based on the Combined Plan's defined benefit formula shall be paid over the life or life expectancy of the Participant or the joint lives or life expectancies of the Participant and his or her designated Survivor.

In the event of the death of a Recipient while benefits are being paid under a schedule which meets the requirements of the preceding paragraph, payments shall continue pursuant to a schedule which is at least as rapid as the period selected. In the event of the death of a Participant before benefit payments have commenced, any death benefit shall be distributed by the end of the calendar year which contains the fifth anniversary of the date of such Participant's death unless the following conditions are met:

- (a) payments are made to an individual Survivor designated by the Participant;
- (b) payments are made for the life of such individual Survivor or over a period not extending beyond his or her life expectancy; and
- (c) payments commence no later than the end of the calendar year immediately following the calendar year in which the Participant died.

If the designated Survivor is the Participant's spouse, payments shall commence on or before the later of the end of the calendar year immediately following the calendar year in which the Participant died; and the end of the calendar year in which the Member would have attained age 70½. If the spouse dies before payments begin, the rules of this paragraph shall be applied as if the spouse were the Participant.

Notwithstanding the provisions of this Section, the distribution requirements of IRC Section 401(a)(9), including the minimum distribution incidental benefits requirements, and the regulations thereunder are hereby incorporated by this reference and shall supersede any conflicting Defined Contribution Program provisions.

Any amount paid to a qualified child as defined in Section 3307.66 of the Revised Code shall be treated as if it had been paid to the surviving spouse if the amount becomes payable to the surviving spouse upon such child ceasing to be a qualified survivor.

Notwithstanding any provision of the Defined Contribution Program to the contrary, not later than one year after the date of commencement of a required minimum distribution under this Section 6.8 in the form of a life annuity, a Participant who was married on the date the distribution commenced may elect to receive the distribution in the form of a benefit provided in paragraphs (A)(1), (A)(2), (A)(3), or (A)(5) of 3307.60 of the Revised Code and designate the Participant's current spouse as the joint annuitant. The election shall be made on a form approved by STRS Ohio and the administrative correction in the form of the benefit payment shall be effective as of the date the initial life annuity distribution commenced. The benefit shall be recalculated back to the date the original distribution commenced and any benefit overpayment may be recovered as provided in Section 3307.47 of the Revised Code.

Notwithstanding any provision of the Defined Contribution Program to the contrary, effective January 1, 2009, any distribution that commences pursuant to the requirements of IRC Section 401(a)(9), with respect to the 2009 Plan Year, and this Section 6.8 shall be subject to the provisions of Section 6.12.

Effective July 1, 2009, despite any provisions of the Defined Contribution Plan to the contrary, a Participant or Survivor who would have been required to receive required minimum distributions for 2009 but for the enactment of Section 401(a)(9)(H) of the IRC ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 RMDs or (2) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's designated Survivor, or for a period of



at least ten years (“Extended 2009 RMDs”), will not receive those distributions for 2009 unless the Participant or Survivor chooses to receive such distributions. Participants and Survivors described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence.

- 6.9. Division of Property. Pursuant to Sections 3105.80 to 3105.89 and 3307.371 of the Revised Code, benefits shall be payable to an alternate payee as directed by a division of property order. STRS Ohio shall determine whether such order complies with the applicable requirements and, if so, shall, upon the Participant’s benefit reaching pay status, pay the portion specified to the alternate payee in accordance with the relevant provisions of the Revised Code and the order.
- 6.10. Direct Rollovers from this Defined Contribution Program. Notwithstanding any provision of the Defined Contribution Program or any requirements under the Administrative Code to the contrary that would otherwise limit a Participant’s election under this Section, a Participant may elect, at the time and in the manner prescribed by the Retirement Board, and in accordance with any applicable IRC provisions and regulations, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the Participant except that an eligible rollover distribution does not include any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the Participant and the Participant’s designated Survivor, or for a specified period of ten years or more, or any distribution to the extent such distribution is required under Section 401(a)(9) of the IRC.

An eligible retirement plan is an individual retirement account described in Section 408(a) of the IRC, an individual retirement annuity described in Section 408(b) of the IRC, an annuity plan described in Section 403(a) of the IRC, a Roth IRA described in Section 408A of the IRC (effective January 1, 2008), or a plan described in Section 401(a), Section 403(b), or Section 457(b) of the IRC that accepts the Participant’s eligible rollover distribution.

For the purposes of this Section 6.10, a Participant includes any Participant or former Participant who has a vested benefit in the Defined Contribution Program. In addition, the Participant’s or former Participant’s surviving spouse or Survivor (effective July 1, 2010) and the Participant’s or former Participant’s spouse or former spouse who is an alternate payee are Participants with respect to the interest of the spouse, Survivor, or former spouse. A direct rollover with respect to a Participant, the Participant’s or former Participant’s surviving spouse, or the Participant’s or former Participant’s spouse or former spouse who is an alternate payee is a payment by the Defined Contribution Program to the eligible retirement plan specified by the Participant. A direct rollover with respect to a Survivor is a payment by the Defined Contribution Program to the inherited individual retirement account or individual retirement annuity specified by the Survivor.

- 6.11. Direct Rollovers Received by the Defined Contribution Program. Direct rollover distributions that are pre-tax amounts and are eligible for rollover to a qualified plan under IRC Section 402(c)(4) and Treasury Regulations issued thereunder, including an eligible rollover distribution received by the Participant as a surviving spouse or as a spouse or former spouse who is an alternate payee under a qualified domestic relations order, may be received by STRS Ohio as specified in this Plan Document, provided: (1) application shall be on a form provided by STRS Ohio; (2) application shall be subject to determination by the Retirement Board that the transferring plan or account is eligible to roll over funds to the Program plan in which the Participant participates; and (3) rollover distributions are initially invested in the Default Investment Choice at the time of deposit. Participants may reallocate the funds any time after the deposit is made.
- 6.12. Minimum Annuity Benefit. As of April 1, 2004, notwithstanding any provision of the Defined Contribution Program to the contrary, monthly annuity benefits must be \$100 or more to receive any Defined Contribution Program benefit in the form of an annuity payment. For a Recipient with a DC Account in the Defined Contribution Plan, the amount of the annuity shall be the Actuarial Equivalent of the value of his or her DC Account at the time benefit payments commence. For a Recipient with a DC Account in the Combined Plan, the amount of the annuity shall either be the Actuarial Equivalent of the value of the DC Account at the time benefit payments commence or the amount of the Participant's accrued defined benefit. The annuity benefit payments of the DC Account and the accrued defined benefit in the Combined Plan may be commenced separately as provided in Sections 6.2 and 6.3.

## **ARTICLE VII**

### **Benefits on Death or Disability and Health Care**

- 7.1. Death Prior to Retirement.
- (a) Defined Contribution Plan Participants. If a Participant dies before retirement benefits have commenced, the Participant's Survivor will be entitled to receive 100 percent of the vested value of his or her DC Account. This amount shall consist of the Account's value as of the distribution date. If there are multiple Survivors or a sole Survivor, each Survivor's share of the DC Account will be distributed in a single lump sum payment as soon as administratively practicable after STRS Ohio receives an application and acceptable proof of death in accordance with such rules as the Retirement Board may prescribe. The surviving spouse or sole Survivor of a Participant in the Defined Contribution Plan, may elect, in lieu of a refund of the DC Account, to annuitize the DC Account by making application for a lifetime monthly annuity on a form provided by STRS Ohio. The monthly annuity shall not be less than one hundred dollars (\$100) when computed as a one hundred percent (100%) joint survivor annuity without reversion; otherwise, a refund of the DC Account shall be paid.
- (b) Combined Plan Participants.

- (i) Benefit Amount for Survivors of Participants with Less than 1.5 Years of Qualifying Service Credit. Except as provided in this Section 7.1 (b), if a Participant dies without having both (1) 1.5 or more Years of Qualifying Service Credit and (2) 0.25 Years of Service Credit in the 30 months prior to his or her death, the Participant's Survivor is entitled to receive a death benefit equal to the value of the Participant's DC Account in a single lump sum payment.
  
- (ii) Benefit Amount for Survivors of Participants with More than 1.5 Years of Qualifying Service Credit and Recent Active Service Credits. Except as provided in this Section 7.1(b), if a Participant dies after having at least 1.5 Years of Qualifying Service Credit and having earned 0.25 of a Year of Service Credit in the 30 months preceding death, and dies leaving a qualified Survivor as defined in Revised Code Section 3307.66, his or her Survivor shall be entitled to receive a death benefit whose value shall equal the sum of the full value of the DC Account plus the Withdrawal Value of the Combined Plan's defined benefit. This amount shall be payable in either (1) a lump sum payment or (2) a service-based, dependent-based or retirement-based benefit under the Defined Benefit Plan as provided in Section 3307.66 of the Revised Code with cost-of-living adjustments calculated as set forth in Section 3307.67 of the Revised Code as follows:
  - (A) Sole Survivor Benefit Form. If there is a sole Survivor, the sole Survivor may elect to receive a single lump sum payment or the dependent-based, service-based or retirement-based survivor benefits as if they were eligible for such benefits under the Defined Benefit Plan.
  
  - (B) Multiple Survivors. If there are multiple Survivors, none of whom is a "qualified child" as this term is used in Revised Code Section 3307.66, the benefit shall be paid as a lump sum payment with each Survivor's share of the total benefit distributed in a single lump sum payment as soon as administratively practicable after STRS Ohio receives acceptable proof of death in accordance with such rules as the Retirement Board may prescribe.

If there are multiple Survivors, at least one of whom is a "qualified child" as this term is used in Revised Code Section 3307.66, benefits to Survivors shall be paid in the form of either a lump sum payment or a service-based or dependent-based benefit, provided that all multiple Survivors shall receive their death benefits in the same form of payment. If there is one primary Survivor, the form of benefit elected by the primary Survivor shall be determinative of the benefit payable to all Survivors. If there is more than one primary Survivor, the form of benefit shall be determined by rules established by the Retirement Board.

- (C) Ineligible Survivor. Notwithstanding any provision of this Defined Contribution Program to the contrary, if a Survivor receives a retirement-based, service-based, or dependent-based benefit and thereafter becomes ineligible to receive continuing benefits as a “qualified survivor” as that term is defined in Section 3307.66 of the Revised Code, the sole benefit payable to the Survivor, or the Survivor’s estate, as applicable, shall be the balance of the Participant’s contributions less any Survivor benefits previously paid.
- (iii) Benefit Amount for Survivors of Participants who Elected the Defined Contribution Program on or after July 1, 2013. If a Participant, who elected the Defined Contribution Program on or after July 1, 2013, dies without having 5 or more Years of Qualifying Service Credit, the Participant’s Survivor is entitled to receive both a death benefit equal to the value of the Participant’s DC Account in a single lump sum payment and the Withdrawal Value of the Combined Plan’s defined benefit.
- (iv) Benefit Amount for Survivors of Participants, who Elected the Defined Contribution Program on or after July 1, 2013, with More than 5 Years of Qualifying Service Credit and Some Service Credit Earned Within the Year Preceding Death. If a Participant, who elected the Defined Contribution Program on or after July 1, 2013, dies after having at least 5 Years of Qualifying Service Credit and having earned some Service Credit within the year preceding death, and dies leaving a qualified Survivor, his or her Survivor shall be entitled to receive a death benefit whose value shall equal the sum of the full value of the DC Account plus the Withdrawal Value of the Combined Plan’s defined benefit. This amount shall be payable in either (1) a lump sum payment or (2) a service-based, dependent-based or retirement based benefit under the Defined Benefit Plan as provided in Section 3307.66 of the Revised Code with cost-of-living adjustments calculated as set forth in Section 3307.67 of the Revised Code as follows:
- (A) Sole Survivor Benefit Form. If there is a sole Survivor, the sole Survivor may elect to receive a single lump sum payment or the dependent-based, service-based or retirement-based survivor benefits as if they were eligible for such benefits under the Defined Benefit Plan.
- (B) Multiple Survivors. If there are multiple Survivors, none of whom is a “qualified child” as this term is used in Revised Code Section 3307.66, the benefit shall be paid as a lump sum payment with each Survivor’s share of the total benefit distributed in a single lump sum payment as soon as administratively practicable after STRS Ohio receives acceptable proof of death in accordance with such rules as the Retirement Board may prescribe.

If there are multiple Survivors, at least one of whom is a “qualified child” as this term is used in Revised Code Section 3307.66, benefits to Survivors shall be paid in the form of either a lump sum payment or a service-based or dependent-based benefit, provided that all multiple Survivors shall receive their death benefits in the same form of payment. If there is one primary Survivor, the form of benefit elected by the primary Survivor shall be determinative of the benefit payable to all Survivors. If there is more than one primary Survivor, the form of benefit shall be determined by rules established by the Retirement Board.

- (C) Ineligible Survivor. Notwithstanding any provision of this Defined Contribution Program to the contrary, if a Survivor receives a retirement-based, service-based, or dependent-based benefit and thereafter becomes ineligible to receive continuing benefits as a “qualified survivor” as that term is defined in Section 3307.66 of the Revised Code, the sole benefit payable to the Survivor, or the Survivor’s estate, as applicable, shall be the balance of the Participant’s contributions less any Survivor benefits previously paid.
  
- (v) Transfer of Assets. If a benefit is payable as a retirement-based, service-based, or dependent-based benefit, the full value of the Participant’s DC Account plus the Withdrawal Value of the Combined Plan’s defined benefit shall, as appropriate, be transferred to the relevant payment account within the Trust Fund.
  
- (vi) Timing of Death Payments. In general, a lump sum death benefit shall be payable in full as soon as administratively practicable after STRS Ohio receives an application requesting payment and acceptable proof of death in accordance with such rules as the Retirement Board may prescribe and a retirement-based, service-based, or dependent-based benefit shall commence in accordance with the rules in effect under the Defined Benefit Plan.
  
- (vii) Survivor Annuity Options From the DC Account and Combined Plan’s Defined Benefit. The surviving spouse or sole Survivor of a Participant in the Combined Plan may elect, in lieu of lump-sum payments of both the DC Account and the Withdrawal Value of the Combined Plan’s defined benefit or in lieu of payment of a retirement-based, service-based, or dependent-based benefit, to withdraw one portion of the account and annuitize the other portion or annuitize both portions of the Combined Plan as follows. If the surviving spouse or sole Survivor elects to receive a lump-sum payment of or to annuitize the DC Account, the Survivor must take the Withdrawal Value of the Combined Plan’s defined benefit unless the Participant had at least five years of service at the time of death. If the Participant had at least five years of service, the Survivor may elect in lieu of a lump-sum payment

to commence to receive a monthly annuity from the Combined Plan's defined benefit if the Participant had attained age 60 or to defer the monthly annuity to begin when the Participant would have attained age 60 or until such time as a distribution is required under IRC section 401 (a)(9) as set forth in Plan Section 6.8.

The Survivor shall make application for any lifetime monthly annuity or a lump-sum payment on a form provided by STRS Ohio. The defined benefit shall be payable the later of the first of the month after the date of death or when the Participant would have attained age 60. Monthly annuities shall be paid in the form of single life annuity and in an amount equal to the survivor benefit that would have been paid if the Participant had elected a joint and 100 percent survivor annuity pursuant to which the Participant's spouse is treated as the surviving annuitant.

- 7.2. Survivor of Participant on Leave to Perform Military Service. Effective January 1, 2007, for both the Defined Contribution and the Combined Plans and notwithstanding any provision in Chapter 3307 of the Revised Code to the contrary, the Survivor of a Participant on a leave of absence to perform military service with reemployment rights described in Section 414(u) of the IRC, where the Participant cannot return to employment on account of his or her death, shall be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) that would be provided under Chapter 3307 of the Revised Code had the Participant resumed employment and then terminated employment on account of death.
- 7.3. Death After Retirement. If a Participant dies after retirement, any benefit payable to the Participant's Survivor will depend upon the payment option that has been elected or is available to distribute the value of his or her benefit in accordance with Article VI.
- 7.4. Survivor (Defined Contribution Program Participants). If a Participant is married, his or her Survivor shall be the Participant's spouse who shall be entitled to receive the Participant's remaining interest in the Defined Contribution Program upon the Participant's death. A Participant may, in writing and with his or her spouse's written consent as provided in Section 6.6, designate as a Survivor someone other than his or her spouse. Such a designation shall be in writing on a form provided by and received by STRS Ohio prior to the Participant's death and completed in a manner satisfactory to STRS Ohio in its sole discretion. If such election has been made, or if the Participant is not married, the Participant may designate the Survivor (along with alternate Survivors) to whom, in the event of the Participant's death, any benefit is payable hereunder. Each Participant has the right, subject to the spousal consent requirement noted above, to change any Survivor designation.

The most recent valid designation received by STRS Ohio will revoke all previous designations. For a valid Survivor designation where the Participant names two or more Survivors and specified percentages for each of the Survivors, STRS Ohio shall pay the specified percentage of a lump-sum payment to each named Survivor if the following conditions are met: (1) two or more Survivors were named in a valid designation; (2)

percentages were provided for all named Survivors; and (3) the sum of the percentages is one hundred percent (100%). If any of the three conditions is not met, the lump-sum payment will be divided equally among the Survivors.

Notwithstanding the foregoing, the Retirement Board may establish when a Participant's written Survivor designation and form of payment election, if any, will be revoked automatically if there is a change in the Participant's dependents or family members or retirement plan election. The Participant's marriage, termination of marriage, legal separation, withdrawal or distribution of account, or the birth of the Participant's child or adoption of a child shall constitute an automatic revocation of any previous designation. A Final Election by a Participant in the Combined Plan or Defined Contribution Plan that results in a change from the Participant's Initial Election shall also constitute an automatic revocation of any previous designation.

The interest of any Survivor who dies before the Participant will terminate unless otherwise provided. If a Survivor is not validly designated, or is not living or cannot be found at the date of payment, any amount payable pursuant to this Defined Contribution Program will be paid in the following order of precedence to the Participant's: (1) surviving spouse; (2) children, share and share alike; (3) parents, share and share alike; (4) estate; (5) person responsible for burial expenses up to the full amount of the burial expenses.

Prior to the effective benefit date of an application for retirement by a Participant in the Combined Plan, the same person must be designated as a Survivor for the Defined Contribution and Defined Benefit portions of the Combined Plan. At retirement the Participant may designate different Survivors for the Defined Contribution and Defined Benefit portions of the Combined Plan.

If a Survivor cannot be located or fails to submit the appropriate application within ninety (90) days of notification of available benefits, the rights of that Survivor shall be deemed waived and the next Survivor in succession shall be entitled to payment. Any payment made to a Survivor as determined by the Retirement Board shall be a full discharge and release to STRS Ohio from any future claims.

If the death of a Participant is caused by one of the following Survivors, no amount due under a plan established under Section 3307.81 of the Revised Code or Chapters 3307:2-1 to 3307:2-6 of the Administrative Code shall be paid to the Survivor in the absence of a court order to the contrary filed with the Retirement Board: (1) a Survivor who is convicted of, pleads guilty to, or is found not guilty by reason of insanity of a violation or complicity in the violation of Section 2903.01, 2903.02 or 2903.03 of the Revised Code or an existing or former law of any other state, the United States, or a foreign nation that is substantially equivalent to Section 2903.01, 2903.02 or 2903.03 of the Revised Code; (2) a Survivor who is indicted for a violation of or complicity in the violation of the Sections or laws described in this rule and is adjudicated incompetent to stand trial; or (3) a Survivor who is a juvenile is found to be a delinquent child by reason of committing an act that, if committed by an adult, would be a violation of or complicity in the violation of the Sections or laws described in this rule.

- 7.5. Disability Benefits – Combined Plan Participants. Except as hereinafter provided, a Participant covered by the Combined Plan who has five or more Years of Qualifying Service Credit and who suffers a disability, as disability is defined under the Defined Benefit Plan, may receive disability benefits under the STRS Ohio disability allowance program as provided in Sections 3307.48, 3307.62 and 3307.631 of the Revised Code and Chapters 3307: 1-7 of the Administrative Code with cost of living adjustments calculated in the manner set forth in Section 3307.67 of the Revised Code. Application for a disability benefit must be made within a two-year period from the date the Participant's contributing service terminated, unless the Retirement Board determines that the Participant's medical records demonstrate conclusively that at the time the period expired the Participant was physically or mentally incapacitated and unable to make application. For Participants who elected the Defined Contribution Program on or after July 1, 2013, the Years of Qualifying Service Credit requirement set forth in this Section 7.5 will be ten years and the requirement for earned Service Credit will be within one year prior to application.

If the Participant chooses the disability allowance program, all the assets held for his or her benefit in the Combined Plan subtrust attributable to both Participant and Employer contributions shall be transferred to the Trust Fund's subtrust used for providing disability allowance program benefits. At or after Normal Retirement Age, the Participant's disability benefit will terminate and the Participant may apply to receive a retirement benefit calculated with the defined benefit formula amount under the Defined Benefit Plan (currently the 2.2 percent formula).

If the Participant ceases to be disabled and returns to Covered Employment, the Participant will return to the Combined Plan but all contributions will be used to fund the Defined Benefit Plan benefit (currently the 2.2 percent formula).

Notwithstanding any other provision of this Defined Contribution Program to the contrary, in the case of a Participant who has at any time received disability benefits:

- (1) if the Participant dies while receiving disability benefits, the account withdrawal value will consist of the Participant's contributions; or
- (2) if the Participant returns to Covered Employment, ceases receiving disability benefits and subsequently terminates from Covered Employment, the account withdrawal value will consist of the Participant's contributions; or
- (3) if the Participant dies during retirement and no continuing benefits are payable, the sole benefit to the Participant's Survivor will be the balance of the Participant's contributions reduced by any retirement benefit previously paid.

- 7.6 Health Care Coverage. Participants of the Defined Contribution Plan are not eligible for STRS Ohio health care during retirement. Participants, and Survivors of Participants, of the Combined Plan who are receiving retirement benefits in an annuity form of payment from the defined benefit portion of the Combined Plan, disability allowance recipients and Survivors of Combined Plan Participants receiving retirement-based, service-based or



dependent-based benefit payments may participate in the health care program pursuant to Section 3307.39 of the Revised Code and rules adopted thereunder.

7.7. Purchase of Service Credit. Participants in the Defined Contribution Program are not eligible for the purchase of Service Credit, except as follows:

- (a) Military Service. Participants in the Defined Contribution Plan and the Combined Plan may make contributions in accordance with any rule adopted by the Retirement Board for periods of military service that meet the requirements set forth in Section 3307.752 of the Revised Code and IRC Section 414(u), which contains special rules relating to the Uniformed Services Employment and Reemployment Rights Act (USERRA).
- (b) Leaves of Absence Granted to Participants in the Combined Plan. Participants in the Combined Plan may make up contributions missed during periods of leave of absence granted by Employers under such terms, conditions and requirements of eligibility as are specified by any rule of the Retirement Board.
- (c) Participants Generally Ineligible to Purchase Service Credit. Except as otherwise specifically provided in this Plan Document, Chapters 3307:2-1 to 3307:2-6 of the Administrative Code, or the Revised Code, Defined Contribution Participants are not eligible to make contributions or purchase Service Credit for periods of time when they were not actually employed in Teaching Service and contributing to STRS Ohio. To the extent there is a specific provision permitting such contribution or purchase:
  - (i) Cost Statement. STRS Ohio will issue a cost statement setting forth both the current cost of such purchase and the time period the cost statement remains valid.
  - (ii) Minimum Payment. The Participant may purchase all or part of eligible credit, provided that the minimum payment shall be the greater of the amount needed to establish one per cent (1%) of a Year of Service Credit or two hundred dollars (\$200) but in all cases the Participant shall pay the full cost if the amount of the full cost is less than either two hundred dollars (\$200) or the amount needed to establish one per cent (1%) of a Year of Service Credit.
  - (iii) Establishing Service Credit Before Retirement. Participants applying for service retirement must establish all Service Credit and contributions before the effective date of service retirement if credit or contributions for such service is to be included in the benefit calculation, except that:
    - (A) Payments at Retirement. Payment to replace lost contributions from Teaching Service interrupted by military service or qualifying leaves of absences under Section 3307:2-4-03 of the Administrative Code will be accepted for three (3) months after the effective date of

retirement, and credit will be deemed to have been established and contributions posted prior to the effective date, provided:

- i. That prior to the effective date of retirement STRS Ohio approved an application to replace contributions from Teaching Service interrupted by military service or qualifying leaves of absence on forms provided by STRS Ohio determining that the service qualifies for replacement of lost contributions; and
  - ii. That prior to the effective date of retirement STRS Ohio issued cost statements for the replacement of lost contributions, with costs calculated for the month in which payment is actually made; and
  - iii. That payment in full is received by STRS Ohio no later than the last day of the third month after the effective date of service retirement.
- (B) Partial Benefits When Purchasing Service. An estimated or partial benefit may be paid prior to the final benefit determination only if a Participant qualifies for retirement without regard to such service for which payment in full has not been received.
- (C) Actions When Payment in Full Not Received. If payment in full is not received by the last day of the third month after the effective date of service retirement:
- i. The application to replace lost contributions shall be cancelled; and
  - ii. The final benefit shall be calculated for a Participant eligible for retirement without the service that could have been obtained had timely payment been received; and
  - iii. The application for retirement shall be cancelled for any Participant not eligible to retire without the service that could have been obtained had timely payment been received.

## **ARTICLE VIII**

### **Miscellaneous**

- 8.1. Plan Administration. The Retirement Board or its designees shall administer this Defined Contribution Program in accordance with its terms. In carrying out its duties, the Retirement Board shall have such powers and shall operate in accordance with such procedures as are specified by Chapter 3307 of the Revised Code and Chapters 3307,

3307:1 and 3307:2 of the Administrative Code, modified as the Retirement Board deems appropriate to reflect the specific provisions of this Defined Contribution Program.

- 8.2. Coordination with Defined Benefit Plan. As specified by Section 3307.031 of the Revised Code, STRS Ohio consists of both the Defined Benefit Plan created by Sections 3307.50 to 3307.79 of the Revised Code and this affiliated Defined Contribution Program established by the Retirement Board pursuant to Section 3307.81 of the Revised Code. Accordingly, the provisions of this Defined Contribution Program shall be interpreted and administered in the same manner as corresponding provisions of the Defined Benefit Plan unless a different interpretation is clearly intended under this Defined Contribution Program. To the extent any provision of this Defined Contribution Program is ambiguous or fails to address a particular matter, reference shall be made to the Defined Benefit Plan for any relevant guidance in the interpretation and administration of this Defined Contribution Program.

Notwithstanding the foregoing, Participants and Survivors who participate in the Defined Contribution Program are entitled to receive only the benefits provided in accordance with this document and shall not be entitled to any ancillary benefits, such as the ability to purchase service credits, and other benefits that may be offered to Participants and Survivors of the Defined Benefit Plan, including the cost of living adjustments calculated in the manner set forth in Section 3307.67 of the Revised Code, except as specifically provided in Section 7.1 and Section 7.5, unless such benefits are expressly offered to Participants and Survivors of this Defined Contribution Program.

- 8.3. Administrative Fees. As of April 1, 2004, administrative fees listed in Appendix C will be assessed as periodically directed by the Retirement Board. The Retirement Board shall have the discretion to change the amount or timing of this fee in its sole discretion and shall modify Appendix C from time to time to reflect modifications to the amount or timing of the administrative fees. In addition, pursuant to Section 3307.80 of the Revised Code, the Retirement Board may establish such rules as it may determine appropriate to protect the Trust Fund from incurring disproportionate costs for paying small benefits or maintaining small accounts, such as imposing administrative fees for small accounts or minimum benefit requirements to receive an annuity. Furthermore, as of April 1, 2004, a monthly administrative fee of \$10.00 is imposed on each inactive DC Account with a balance of less than \$5,000. The Retirement Board shall determine, in its discretion, when a DC Account becomes inactive.
- 8.4. Payments to Minors and Incompetents. As specified by rule 3307-8-01 of the Administrative Code, if a Recipient entitled to receive any benefits hereunder is a minor or is deemed by the Retirement Board, or is adjudged to be, legally incapable of giving valid receipt and discharge for such benefits, they will be paid to such persons as the Retirement Board in its sole discretion may designate or to the Recipient's duly appointed guardian.
- 8.5. Claims for Benefits. Claims for benefits under this Defined Contribution Program shall be governed by the claims procedures established under the Defined Benefit Plan with such modifications to these procedures that the Retirement Board in its sole discretion shall establish.

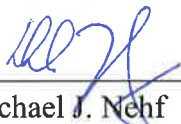
- 8.6. Amendment and Termination. The Retirement Board has the right to make any amendments to this Defined Contribution Program or to terminate this Defined Contribution Program at any time in its sole discretion, provided however, that no change shall be made that conflicts with the requirements of the Revised Code or the IRC that pertain to this Defined Contribution Program. Upon the termination of the Program or upon complete discontinuance of contributions under the Program, the rights of all Participants to benefits accrued to the date of such termination or discontinuance, to the extent then funded, or the amounts credited to their DC Accounts are nonforfeitable.
- 8.7. Missing Participants. If the Retirement Board is unable to locate a Recipient entitled to receive a benefit after a good faith attempt to do so, the Participant's DC Account shall be liquidated and deposited in the guarantee fund created by Section 3307.14 of the Revised Code and the Recipient's interest in the Defined Contribution Program shall be forfeited. If the Recipient shall subsequently be located, the DC Account shall be reinstated and credited with interest from the date of liquidation to the date of reinstatement at the rate of interest paid by the Money Market Choice over this period or such other earnings proxy as the Retirement Board may choose from time to time and the Recipient's right to receive benefits under the Defined Contribution Program shall be reinstated.
- 8.8. Nonguarantee of Employment. Nothing contained in this Defined Contribution Program shall be construed as a contract of employment between a contributing Employer and any Participant, or as a right of any Participant to be continued in the employment of the Employer, or as a limitation on the right of the Employer to discharge any of its employees, with or without cause.
- 8.9. Right to Plan Assets. No Participant or Survivor shall have any right to, or interest in, any assets of the Defined Contribution Program upon termination of employment or otherwise, except as provided from time to time under this Defined Contribution Program, and then only to the extent of the benefits payable under the Defined Contribution Program to such Participant or Survivor out of the assets of the Defined Contribution Program. All payments of the benefits provided for in this Defined Contribution Program shall be made solely out of the assets of the Trust Fund.
- 8.10. Nonalienation of Benefits. Pursuant to Section 3307.41 of the Revised Code, benefits payable under this Defined Contribution Program shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, including any such liability which arises from a Participant's or Survivor's bankruptcy prior to actually being received by the person entitled to the benefit under the terms of the Defined Contribution Program. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder shall be void. The Defined Contribution Program shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any person entitled to benefits hereunder. Nothing in this Section, however, shall preclude payment of Defined Contribution Program benefits pursuant to a division of property order pursuant to Section 6.9 or to preclude any individual from waiving his or her right to receive any Defined Contribution Program benefit in accordance with Section 3307.44 of the Revised Code.

- 8.11. Governing Law. This Defined Contribution Program shall be interpreted and enforced in accordance with the laws of the State of Ohio. In the event of a conflict between the terms of this Plan Document and the Revised Code, Administrative Code, IRC, or other applicable law or rule (collectively, "Laws and Rules"), the Laws and Rules shall prevail.
- 8.12. Form of Communications. Unless otherwise required by the Revised Code, notwithstanding any Defined Contribution Program provision that explicitly or implicitly refers to a writing, any Defined Contribution Program communications to and from Participants, may be in writing or by electronic, telephonic, or other means as may be specified from time to time by the Retirement Board or its designee.
- 8.13. Use of Masculine and Feminine: Singular and Plural. Wherever used in this Defined Contribution Program, the masculine gender will include the feminine gender and the singular will include the plural, unless the context indicates otherwise.

**STATE TEACHERS RETIREMENT  
SYSTEM OF OHIO**

Dated: July 1, 2019

By:

  
\_\_\_\_\_  
Michael J. Nehf  
Executive Director

**APPENDIX A**  
**Investment Choices**

STRS Money Market Choice  
STRS Barclays US Universal Bond Index Choice  
STRS Large-Cap Core Choice  
STRS Russell 2000 Index Choice  
STRS Russell 1000 Index Choice  
STRS REIT Index Choice  
STRS MSCI World Ex-USA Index Choice  
STRS MSCI ACWI Ex-USA Index Choice\*  
STRS Total Guaranteed Return Choice†  
STRS Russell Midcap Index Choice  
STRS Target Choice 2020  
STRS Target Choice 2025  
STRS Target Choice 2030  
STRS Target Choice 2035  
STRS Target Choice 2040  
STRS Target Choice 2045  
STRS Target Choice 2050  
STRS Target Choice 2055\*  
STRS Target Choice 2060\*

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\* Effective July 1, 2018

† Closed to new assets as of July 1, 2018

**APPENDIX B**  
**Actuarial Equivalent Assumptions**

*Effective July 1, 2017.*

**Withdrawal Value.** For purposes of determining the Withdrawal Value of a Participant's Combined Plan defined benefit under Section 6.2(a), Actuarial Equivalent shall be determined by applying interest equal to the Defined Benefit Plan's assumed rate of return ("Assumed Rate of Return") (7.45 percent as of July 1, 2017) and the mortality table adopted by the Retirement Board upon the advice of the Actuary, as adjusted periodically ("AE Mortality Table").

**Annuity Conversions.** For purposes of converting a DC Account under Section 6.3 into a life annuity form of payment, Actuarial Equivalent shall be determined by applying interest equal to the Assumed Rate of Return minus 3.50 percent and the AE Mortality Table.

**Optional Annuity – Forms of Payment.** For purposes of converting one annuity form of payment into an actuarially equivalent alternative annuity form of payment, Actuarial Equivalent shall be determined by applying the factors adopted by the Retirement Board for use under Section 3307.60 of the Revised Code that are based on interest equal to the Assumed Rate of Return and on the AE Mortality Table.

**IRC Section 415(b) Limits.** For purposes of the limits under IRC Section 415(b) as described in Plan Section 3.5(b), Actuarial Equivalent shall be determined by applying the applicable interest rate and the applicable mortality table described in Section 417(e)(3)(A) of the IRC.

## APPENDIX C

### Administrative fees

Quarterly Administrative Fee. Effective July 1, 2003, a quarterly administrative fee of \$10 shall be charged on all DC Accounts. Effective July 1, 2004, a quarterly administrative fee will not be charged if the Account is assessed a low balance fee during that same quarter.

Monthly Low Balance Fee. A \$10 low balance fee will be imposed on each inactive DC Account with a balance of less than \$5,000. The Retirement Board shall determine in its discretion when a DC Account becomes inactive.