

On May 11, 2015, HR distributed an email regarding the upcoming changes to STRS contributions and mitigating rate. On Friday, June 19, 2015, STRS announced the mitigating rate would not be changing effective July 1, 2015. The following is an excerpt from the STRS June Board News:

**Board Amends Prior Action on Mitigating Rate**

*The mitigating rate, established by law, is a portion of the employer contribution that is used by the retirement system to offset the negative impact of participation in a defined contribution plan. At its April 2015 meeting, the Retirement Board approved a 1% increase in the mitigating rate for STRS Ohio’s Defined Contribution (DC) Plan participants. The increase was to be phased in over two years beginning July 1, 2015, and by operation of law would have also applied to higher education faculty who participate in an alternative retirement plan (ARP).*

*A recent legislative initiative sought to modify STRS Ohio’s increase in the mitigating rate for ARP participants. To provide an opportunity for STRS Ohio to work with the legislature on a long-term agreement on the mitigating rate, the Retirement Board voted at its June meeting to amend its April 2015 action regarding changes to the defined contribution program that pertained to increasing the mitigating rate. The board action means the mitigating rate for DC Plan and ARP participants will remain for now at 4.5%.*

Please see the revised chart below reflecting:

1. Employee contribution increases on July 1, 2015 and July 1, 2016
2. No increase to the mitigating rate

Contributions	STRS Defined Benefit & Combined Plans			ARP & STRS DC Plan		
	Current	July 2015	July 2016	Current	July 2015	July 2016
Employee Contribution to your Retirement Account	12.0%	13.0%	14.0%	12.0%	13.0%	14.0%
WSU Contribution to your Retirement Account	14.0%	14.0%	14.0%	9.5%	9.5%	9.5%
Total Contribution to your Retirement Account	26.0%	27.0%	28.0%	21.5%	22.5%	23.5%
WSU Contribution to STRS Mitigating Rate	--	--	--	4.5%	4.5%	4.5%
Total Contribution	26.0%	27.0%	28.0%	26.0%	27.0%	28.0%

If you have any questions about this information, please contact STRS at (888) 227-7877.

## **July 1, 2015 Changes to STRS Contributions and Mitigating Rate**

We would like to call your attention to a recent announcement by STRS regarding changes to the mitigating rate for participants in the Alternative Retirement Plan (ARP) and STRS Defined Contribution Plan (STRS DC), as well as remind you of upcoming changes to employee contributions to STRS and ARP plans that were included in STRS' recent pension reforms .

**Mitigating Rate:** STRS has announced the mitigating rate will increase to 5% July 1, 2015 and 5.5% July 1, 2016. The current mitigating rate is 4.5%. The STRS announcement regarding the mitigating rate can be reviewed on their Board News site (<https://www.strsoh.org/aboutus/retirementboard/boardnews.html#boardnews>). The mitigating rate is a fee is charged to members in STRS defined contribution plan and ARP to lessen the impact on the Defined Benefit Plan of people opting out for the DC plan or ARP. The mitigating rate is deducted from the employer contributions. STRS is making this change to maintain the financial stability and integrity of the Defined Benefit Plan.

**Employee Contributions:** In 2012 the State Teachers Retirement System (STRS) announced employee contributions to STRS and Alternative Retirement Plans (ARP) will increase by 1% each year from July, 2013 through July, 2016. The increases were included in pension reform legislation enacted in September 2012 to strengthen Ohio's statewide retirement systems. Pension reform details, including changes to employee contributions, are available at the STRS Pension Legislation site: <https://www.strsoh.org/news/legislation/legislation.html>

The university will update the mitigating rate and employee contributions automatically. Employees do not need to take any action regarding these changes. The changes will be reflected in pays for any work performed after July 1.

- Faculty paid 9 over 12 months will see the new rates on their first pay of the fall semester - 8/31/15. Their deferred pay will continue at the old rates through 7/31/15.
- Faculty paid 9 over 12 months with summer appointments will see the new rates on their summer session pay beginning on 7/31/15, but their deferred pay will continue at the old rates through 7/31/15.
- Faculty paid 12 over 12 will see the new rates on all pay after 07/01/15

The below chart reflects the impact of these upcoming changes:

Contributions	STRS Defined Benefit & Combined Plans			ARP & STRS DC Plan		
	Current	July 2015	July 2016	Current	July 2015	July 2016
Employee Contribution to your Retirement Account	12.0%	13.0%	14.0%	12.0%	13.0%	14.0%
WSU Contribution to your Retirement Account	14.0%	14.0%	14.0%	9.5%	9.0%	8.5%
Total Contribution to your Retirement Account	26.0%	27.0%	28.0%	21.5%	22.0%	22.5%
WSU Contribution to STRS Mitigating Rate	--	--	--	4.5%	5.0%	5.5%
Total Contribution	26.0%	27.0%	28.0%	26.0%	27.0%	28.0%

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