

# STRS PENSION FORMULA PUSHES EARLY RETIREMENT

The State Teachers Retirement System formula encourages educators to retire early in their careers and begin collecting benefits while continuing to work. The table below shows how it works for a school superintendent who today is 52 years old, has 30 years of service, and is making \$100,000 — slightly below the state average. By retiring now but continuing in the same job as a so-called “double-dipper,” the superintendent could generate a nest egg of \$1.6 million from a combination of pension payments and an additional annuity by working through age 65. If the superintendent waits five more years to age 57, he or she will go into full retirement after 65 with a smaller nest egg but larger annual pension paychecks that will produce the maximum benefit through a life expectancy of 82 years. Each year worked beyond 35 years of service is likely to reduce the benefits received over a lifetime.

	Superintendent retires now and immediately is re-employed	Superintendent waits five years	Superintendent waits nine years for maximum annual benefit
Age	52	57	61
Years of service	30	35	39
Three highest years of pay*	\$94,260, \$97,087 and \$100,000	\$109,273, \$112,551 and \$115,927	\$122,987, \$126,677 and \$130,477
Three-year average	\$97,116	\$112,584	\$126,714
Pension factor	66%	88.5%	100%
Pension in first year	\$64,096	\$99,637	\$126,714

## What is the superintendent's financial situation by age 65?

COLA-adjusted pension	\$87,171	\$120,560	\$138,118
Salary	\$146,853	\$146,853	\$146,853
Combined pension and salary income	\$234,024	\$267,414	\$284,972
Additional income provided by double dipping over:	13 years \$983,238	8 years \$880,787	3 years \$529,664
Potential cash value of additional retirement annuity**	\$658,637	\$405,315	\$202,658
Total pension and annuity benefits through 82 years of age***	\$3,417,985	\$3,792,958	\$3,661,947

Numbers may not add due to rounding.

\*Assumes three highest were the last three, with 3 percent raises each year.

\*\*The annuity, generally fully paid by the school district, is an additional STRS benefit for those who retire and rehire. The STRS provides annual growth and a 50 percent match upon working to age 65.

\*\*\*Life expectancy for STRS members is about 82.

**SOURCES:** State Teachers Retirement System of Ohio <https://www.strsoh.org/pdfs/brochures/15-126.pdf>  
and Beacon Journal calculations