Ohio Public Employees Retirement System

Employer Manual

A guide for payroll, fiscal and employee benefit officers.

OPERS

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About OPERS

Welcome!
We know that any organization the size of OPERS may, at first glance, appear to be overwhelming—and that's the last thing we want. We created this manual to make sure you have a quick reference guide for some of your most common questions. We're hoping you view this manual as the start of our two-way communication process.

Always remember that personalized help is easily accessible. Employer Outreach is available for you with just a call, 888-400-0965, or by email at employeroutreach@opers.org.

If you have questions about this material, or seek additional clarification on any particular point, please contact the OPERS Employer Outreach department, the OPERS Legal department, or seek legal advice from your attorney.

We hope this manual provides you with a useful and accurate resource that helps make your job easier.

NOTE: This manual has been written in plain language for use by public employers who are subject to coverage under the Ohio Public Employees Retirement System. It is not intended as a substitute for federal or state law, namely the Ohio Revised Code, the Ohio Administrative Code, or the Internal Revenue Code, nor will its interpretation prevail should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code or Internal Revenue Code. Rules governing the retirement system are subject to change periodically either by statute of the Ohio General Assembly, regulation of the Ohio Public Employees Retirement System's Board of Trustees, or regulation of the Internal Revenue Code.

About OPERS

Mission Statement
The mission of the Ohio Public Employees Retirement System (referred to as OPERS, the System or the Retirement System) is to provide secure retirement benefits for its members. Although not required by Ohio law, OPERS also administers health care programs and services for retirees as long as it is fiscally prudent to do so.

To support this mission, OPERS has identified the following core values:

- Opportunity to make a difference
- Professionalism and integrity
- Exceptional teamwork
- Respected partnerships
- Service excellence

Historical overview
OPERS was established in 1935 to make available a secure means of providing retirement for Ohio public employees. The System, originally named Public Employees Retirement System (PERS) added Ohio in 2003 to become OPERS. OPERS is older than Social Security.

OPERS Board of Trustees
The OPERS Board of Trustees is the governing body of the System and is responsible for the administration and management of OPERS. The 11-member Board of Trustees meets monthly to review and formulate policies that affect our members, employers, contributors, and benefit recipients. The Board of Trustee members also authorize the investments made with the System's funds. Board members receive no compensation for their service to OPERS, but are reimbursed for necessary expenses. Please reference the OPERS website for a current listing of The OPERS Board of Trustees.

Employer Outreach
To assist you in the areas of payroll reporting, compliance, updates on important legislation and information about OPERS policies, the Employer Outreach department was created. Designed to serve the special needs of payroll professionals, human resources professionals and finance officers, Employer Outreach provides training, information and education. Employer Outreach staff is solely dedicated to employers and employer-related responsibilities, and understands that employers have unique challenges and questions. It’s our goal to work with you as partners.

Resources for employers
Here’s a quick reference guide to some of the resources available to employers:

- **Training seminars and onsite consultation**

  Employer Outreach has dedicated trainers who facilitate employer seminars live via the Internet. We’re also available for one-on-one training. Simply contact Employer Outreach to arrange a date and time that works for you. We can assist you with one-on-one training via the telephone or on site. To see a list of current Employer Outreach seminars visit opers.org and click on Seminar Options under the Employers heading.

- **Employer Call Center**
  The Employer Call Center has dedicated employer account representatives available to answer your questions over the telephone and via e-mail. The staff is trained on OPERS requirements for contribution reporting and payment as well as on the employer's role in benefit administration. You can reach us at 888-400-0965 or by email at employeroutreach@opers.org.

- **Tools**
  Employer Outreach provides tools to employers that are free of charge and will help you handle your OPERS accountabilities quickly and easily. Here's an overview:

  - Employer Contribution System (ECS)—This web-based application is available to all employers, free of charge. ECS lets you file your monthly contribution reports and/or payments online, complete some forms, and gives you instant accuracy feedback. The system is:

    - Completely secure, (the same safeguards your financial institution uses),
    - Easy-to-use, and
    - Free of charge (you'll just need access to the Internet).

    The vast majority of all contributing public employers have registered to report their employees' contributions to OPERS using ECS.

  - Publications – In addition to publications you'll receive because you're an OPERS member, Employer Outreach produces two publications tailored specifically to employers. These publications will help keep you informed of upcoming events, statutory changes, policy updates and other information needed for retirement reporting.

    - *Employer Notices* are published on an as-needed basis. You'll find that *Employer Notices* are single-focus, operations-oriented publications targeted to specific employer contacts based upon content. Notices are available electronically if your employer entity, as a whole, chooses to participate in Electronic Distribution of Employer Communications (EDEC). Employer notices are also available via the OPERS website.
    - The *Employer Outreach Newsletter* is published quarterly and features in-depth articles on topics that will help OPERS employers stay informed of important happenings, news and trends. This publication is also available via the EDEC program and the OPERS website.

Of course, we know the best communication is two-way communication. You can contact us with any questions or concerns you may have. Here are three ways to reach us:

- ***By mail***: 277 E. Town St., Columbus, OH 43215-4642
- ***By telephone***: Contact Employer Outreach directly by dialing 888-400-0965, or
- ***By email***: employeroutreach@opers.org.

OPERS resources for your employees
To better serve you and your employees, OPERS provides seminars and one-on-one counseling so that employees can completely understand their OPERS retirement plan.

Counseling
OPERS will provide retirement counseling for your employees on a one-to-one basis through an appointment at our Columbus office. Personal telephone counseling is also available.

Member Services

Schedules for the seminars can be found at opers.org by clicking Seminar Options under the Members heading. Employees may register for sessions via the Internet or by calling OPERS' Members Services Call Center at 800-222-7377.

Membership in OPERS

OPERS-reporting employers ORC 145.01 (A)

Here's a list of the public employers whose employees are considered OPERS members:

- State of Ohio
- Counties
- Municipal corporations
- Park districts
- Conservancy districts
- Sanitary districts
- Health districts
- Townships
- Metropolitan housing authorities
- State retirement boards
- The Ohio Historical Society
- Public libraries
- Union cemeteries
- Hospitals
- Institutional commissaries
- State medical colleges
- State universities
- Regulatory and licensing boards
- Bureaus*
- Commissions*
- Councils*
- Committees*
- Authorities*
- Administrative bodies* Units of local government not covered by Ohio Revised Code Sections 742.01, 3307.01, 3309.01, or 5505.01 (for example, Southwest Regional Water District)

*If created by legislative authority according to Ohio Revised Code, Section 145.01(A)

Individuals excluded from OPERS membership ORC 145.012

Here's a list of individuals who are excluded from OPERS membership:

An individual who is:

- Employed by a private, temporary-help service and performs services under the direction of a public employer or is employed on a contractual basis as an independent contractor under a personal service contract with a public employer;
- An emergency employee serving on a temporary basis in case of fire, snow, earthquake, flood or other similar emergency;
- Employed in a program established pursuant to the Job Training Partnership Act, 96 Stat. 1322 (1982), 29 U.S.C.A. 1501;
- An appointed member of either the motor vehicle salvage dealers board or the motor vehicle dealer's board whose rate and method of payment are determined pursuant to division (J) of section 124.15 of the Revised Code;
- Employed as an election worker and paid less than $600 dollars per calendar year for that service;
- Employed as a firefighter in a position requiring satisfactory completion of a firefighter training course approved under former section 3303.07 or section 4765.55 of the Revised Code or conducted under section 3737.33 of the Revised Code except for any firefighter who:
    1. Has elected under section 145.013 of the Revised Code to remain a contributing member of the public employees retirement system;
    2. Was eligible to transfer from the public employees retirement system to the Ohio police and fire pension fund under section 742.51 or 742.515 of the Revised Code and did not elect to transfer;
    3. Has elected under section 742.516 of the Revised Code to transfer from the Ohio Police and Fire Pension fund to the Public Employees Retirement System.
- A member of the board of health of a city or general health district pursuant to sections 3709.051 and 3709.07 of the Revised Code that includes a combined health district, and whose compensation for attendance at meetings of the board is set forth in division (B) of section 3709.02 or division (B) of section 3709.05 of the Revised Code, as appropriate;
- Participating in an alternative retirement plan established under Chapter 3305. of the Revised Code;
- A member of the board of directors of a sanitary district established under Chapter 6115 of the Revised Code.
- A member of the unemployment compensation advisory board
- An employee, officer or governor-appointed member of the board of directors of a nonprofit corporation formed under section 187.01 of the Revised Code
- An employee of the nonprofit entity established to provide advocacy services and a client assistance program for people with disabilities under Section 319.20 of Am. Sub. H.B. 153 of the 129th general assembly and whose employment begins on or after October 1, 2012

Additionally,

- No inmate of a correctional institution operated by the department of rehabilitation and correction,
- No patient in a hospital for the mentally ill or criminally insane operated by the department of mental health,
- No resident in an institution for the developmentally disabled operated by the department of developmental disabilities,
- No resident admitted as a patient of a veterans' home operated under Chapter 5907. of the Revised Code, and
- No resident of a county home

shall be considered as a public employee for the purpose of establishing membership or calculating service credit or benefits under this chapter.

Definition of a public employee

A public employee is defined as any individual who is:

- Employed by and performs service for a public employer (except in the capacity of an independent contractor). ORC 145.01(A)
- An OPERS member who continues to perform the same or similar duties for a private employer that contracts to provide what was a publicly operated function prior to the contract date. This is known as a carryover employee. ORC 145.01(A)(2)
- An OPERS member who works for a public employer, but is paid from funds or by an entity other than the public employer. ORC 145.01(A)(3)
- A non-teaching employee of Cleveland State University, University of Toledo Health Science Campus, or Northeastern Ohio University's College of Medicine. ORC 145.011(A)
- A state university law enforcement officer for the University of Akron. ORC 145.011(B)
- An individual retired from OPERS or another Ohio retirement system, and who then becomes re-employed in an OPERS-covered position. ORC 145.38

Membership is required for public employees ORC 145.03(A)

In general, OPERS membership is required for all public employees, regardless of hours worked or salary earned. Employers must withhold and send in employer and employee contributions beginning with the first day of employment—unless employees have exempted themselves, such as some students who work while at the college or university, or they are elected officials who have not opted to pay into OPERS as an elected official, or the employee is excluded from membership.

Because of the many types of public-service positions, many exceptions, special circumstances and variable instructions exist. We've tried to anticipate and answer as many special cases about membership as possible here. However, we know this can get complicated. If you have questions, need clarification, or if you would like to discuss a particular case, contact Employer Outreach at 888-400-0965.

Employer responsibility: Although membership is required, the process by which an individual (your employee) becomes a member requires you, as employer, to take action. Specifically, employers are required to complete and submit to OPERS a *Personal History Record* (PHR) and form SSA-1945 (Statement concerning employment in a job not covered by Social Security) for each newly hired employee. The PHR must be submitted to OPERS within 30 days of the individual's first day of employment.

The PHR is available to be completed and submitted via the Employer Contribution System (ECS), and must be completed electronically by employers reporting via ECS. When completing the PHR online, no signatures are required. We obtain additional information and signatures via correspondence sent directly to the employee.

Independent Contractor/Worker Acknowledgment ORC 145.038

Effective January 7, 2013, independent contractors/workers or any other individuals not considered to be public employees are to complete the *Independent Contractor/Worker Acknowledgment (PEDACKN)* form not later than 30 days after the individual begins providing services to a public employer. Employers must send a copy to OPERS. The *Independent Contractor/Worker Acknowledgment* establishes a five year limitation to request a membership determination for the service.

Employer responsibility: Employers must obtain the form from any individual providing services in any classification other than public employee for whom no contributions will be remitted to OPERS.

Determination of Membership OAC 145-1-42

Membership in OPERS is only available to employees of public employers. However, public employers will frequently hire individuals under a contract for specific project work. It's important to remember that this contract by itself does not and cannot determine OPERS membership.

If the contract establishes an employee/employer relationship, then the employee is considered to be a public employee and is subject to OPERS membership. However, if the contract is one of a client/independent contractor relationship, then the independent contractor is excluded from OPERS membership.

Retirees cannot be hired back as independent contractors for the public employer from which they retired or for any other public employer (within the first two months of retirement) without an impact to their benefits. They may be hired back as an independent contractor for a different public employer after two months of retirement.

Employer responsibility: It's crucial for employers to establish the appropriate relationship when entering into contracts because the relationship in the contract determines membership. Please note that if there is a period during which contributions are not withheld and sent to OPERS, and membership is then determined to be required, the employer is liable for both employee and employer contributions, plus interest if the unreported service occurred in a previous calendar year. If it occurred in the current calendar year it will be reported as a regular remittance and is subject to late penalties.

If OPERS receives contributions for a person who is ineligible for membership, the employee contributions will be refunded as unauthorized and the employer contributions will be credited to the employer's OPERS account.

For your information, components of a contract that may establish an individual as an OPERS member are when an individual:

- Is a party to a bilateral agreement, which may be a written document, ordinance, or resolution that defines the compensation rights, obligations, benefits and responsibilities of the individual as an employee.
- Is paid earnable salary at a specific periodic rate for services that are personally performed for the public employer, and appears on the employer's payroll.
- Is eligible for workers' compensation or unemployment compensation
- May be eligible for employee fringe benefits, such as vacation or sick leave.
- Is controlled or supervised by public employer personnel, and
- Receives a Form W-2 for federal income-tax reporting purposes.

Components of a contract that would exclude an independent contractor from OPERS membership are when an individual:

- Is party to a bilateral agreement which may be a written document, ordinance, or resolution that defines the compensation, rights, obligations, benefits and responsibilities of both parties,
- Paid by fee, retainer or other payment by contractual arrangement for particular services performed during a specific, definite term.
- Is not eligible for workers' compensation or unemployment compensation
- May not be eligible for employee fringe benefits, such as vacation or sick leave,
- Does not appear on a public payroll.
- Is required to provide his or her own supplies and equipment and to provide and pay assistants if necessary.
- Is not controlled or supervised by personnel of the public employer as to the manner of work; and
- Should receive a Form 1099 for income tax reporting purposes.

What to do if you're not sure
If you're uncertain if someone should be considered an employee or an independent contractor for OPERS membership, contact OPERS to request a status determination.

How this is handled:
Both the individual and you, as the employer, must complete, sign and date the request for determination form:

- Individuals should fill out the *Independent Contractor/Employee Determination for Worker* (form PED-1EE), and

- You, as the employer, should fill out the *Independent Contractor/Employee Determination for Employer* (form PED-1ER)

The completed forms should be sent or faxed to OPERS:

- By U.S. Mail to:
  OPERS
  277 E. Town St.
  Columbus, OH 43215-4642 or,
- By fax to: 614-857-1138

Both individuals and employers are required to include any relevant documentation such as contracts, ordinances, resolutions or meeting minutes.

The OPERS Board of Trustees has the ultimate decision-making authority to determine whether an individual is a public employee, and if contributions are required.

Valid exemptions from membership for certain public employees ORC 145.01(A)

Student exemptions ORC145.03 (B)
Students working for the public college or university where they are currently attending may request optional exemption from OPERS membership.

How this is handled:
To be eligible for optional exemption, the students must sign, of their own initiation and free will, a *Request for Optional Exemption as a Student* (Form F-3) **within thirty days of being employed**.

- The form must be submitted to the System for approval and is only valid when it has been stamped "approved" by the System.
- Students who are granted an optional exemption do not pay into the System or Social Security, nor does the employer remit contributions.
- Students who choose to be exempted from OPERS membership must be attending classes for the exemption to be valid. The college or university defines “student” for their institution.
- A student's termination of employment terminates an exemption. Officials of the public college or university decide the definition of student status and termination of employment for their institution.

Employer responsibility: As noted above, if a student continues to work while not regularly attending classes (for example, during summer), the student exemption is not valid.

- You must submit a *Personal History Record* (PHR), and contributions must begin with the payroll covering the period in which the exemption was no longer valid. (Please note that the date indicated on Section 2 of the form should reference the start date of membership in OPERS, not the start date of employment with the employer.) However, once a student resumes regularly attending classes, the exemption becomes valid again.

- All approved student requests for exemption are returned to the employer. You must retain the approved exemption forms with your *permanent r*ecords. Many educational institutions are implementing imaging. An imaged copy is acceptable as long as the "approved" stamp is clearly visible and legible.

Please note: It's important for you, as employer, to keep this form on file because former students, later in their careers, may choose to purchase their exempted time. If this happens and you cannot provide the approved student exemption form upon OPERS' request, state retirement law provides that the employer is liable for both the employer and the employee contributions, plus interest, for the exempted time. Natural disaster or destruction of records is not a valid reason to contest a billing for delinquent contributions for the employee(s) in question.

Carryover Employee ORC 145.01(A)(2)

A carryover employee is an OPERS member who continues to perform the same or similar duties for a private employer that contracts to provide functions that were publicly operated.

A carryover employee has two choices: ORC 145.034

- The employee can continue to contribute to OPERS and contribute to Social Security, or
- The employee can terminate membership in OPERS and contribute only to Social Security.

Regardless of the choice, carryover employees are required to pay into Social Security.

How this is handled:

- Employees must choose whether they want to continue to contribute to OPERS within 90 days of the date of the conversion to a private employer.
- The decision to end contributions must be the employee's and OPERS will send a letter stating the member has elected to cease contributions
- Once this form has been approved by the System, contributions must stop.

Carryover employees who have chosen to stop contributions may leave their accumulated contributions on deposit with the System or request a refund.

New employees hired after the date of conversion of the employer to a private entity are not public employees and cannot become members of, or contribute to, OPERS.

Employer Responsibilities: A public employer who is transferring a public operation and its employees to a private employer should contact OPERS well in advance of the conversion. OPERS will supply the employer with applicable instructions and forms. ORC 145.01(A)(2)

The public employer who contracts with the private employer is responsible for ensuring continuation of contribution report submission and payment.

Public safety division employees ORC 145.01(AAA)
If the employee is in a public safety position and the employer has specified their primary duties are other

than to preserve the peace, protect life and property and enforce the laws, the employee is considered a public safety officer and contributes under the public safety division.

To be eligible for the public safety division, the employee must:

- Be identified by their employer as full-time,
- Have a Peace Officer's Training School Certificate in compliance with Ohio Revised Code Section 109.77, and
- Be hired on or after the date of the legislation pertaining to the specific type of officer. Refer to the OPERS website for current rate information.

Note for public safety directors
With the passage of SB 267, effective March 24, 2009, Public Safety Directors will contribute to OPERS at the local contribution rate. Public Safety Directors paid into OPERS at the public safety law enforcement rate from November 1, 2005 to March 23, 2009.

Law enforcement division employees ORC 145.01(YY)
Retirement coverage is available for certain law enforcement officers. Employers are responsible for determining if an individual can participate in the law enforcement division of OPERS. Refer to the OPERS Web site for current rate information.

How this is handled:
To be eligible for the *law* enforcement division, an employee must:

- Be identified by their employer as full-time.
- Have a Peace Officer's Training School Certificate in compliance with Ohio Revised Code Section 109.77.
- Be hired on or after the date of the legislation pertaining to the specific type of law enforcement officer (the information that contains effective dates for the legislation is found on page 13).
- Have their employer-specified primary duties as preserving the peace, protecting life and property and enforcing the laws within their jurisdictions.

Employees who were hired prior to the enabling legislation had the option to become a member in OPERS. Employees who did not choose to become members in the law enforcement division remained under the regular OPERS schedule of benefits.

Membership in OPERS

This chart gives you two important pieces of information to help you determine if an employee is eligible for membership in the public safety or law enforcement divisions of OPERS. You can find the exact date when legislation was passed, and the groups of officers who were affected by the legislation.

March 4, 1975 (HB 1312)	County sheriffs and deputy sheriffs
January 1, 1981 (HB 509)	Township constables and police officers
September 26, 1984 (HB 243)	Narcotics agents
December 15, 1988 (HB 552)	Undercover drug agents, liquor control investigators, park officers, forest officers, wildlife protectors, state watercraft officers with Department of Natural Resources, park district police officers, conservancy district officers, municipal (city and village) police not covered by the Ohio Police and Fire Pension Fund, police employed by a state mental health institution, special police employed by a state institution of the mentally retarded and developmentally disabled
April 16, 1992 (SB 124)	Criminal bailiffs and court constables deputized by a county sheriff
November 6, 1996 (HB 379)	State university law enforcement officers, Hamilton County Municipal Court bailiffs and deputy bailiffs
September 16, 1998 (HB 648)	University of Akron law enforcement officers (transferred from SERS)
March 18, 1999 (HB 552)	Preserve and staff officers with Department of Natural Resources
June 30, 1999 (HB 163)	Enforcement agents with Department of Public Safety, food stamp trafficking agents
September 5, 2001 (HB 94)	House sergeants-at-arms and assistant sergeants-at-arms
February 1, 2002 (HB 158)	Regional transit authority police officers and state highway patrol officers
September 29, 2005 (HB 66)	Municipal public safety directors (reclassified to public safety division)
March 24, 2009 (ORC 145.01(AA))	Municipal public safety directors (reclassified to local division)

Special Instructions:

Employees holding two positions (law enforcement and non-law enforcement) ORC 145.01(AA) to (ZZ)
Employees who contribute to the OPERS law enforcement division and who also hold a non-law enforcement, OPERS-covered position are required to contribute on both the law enforcement and non-law enforcement jobs and may earn benefits under each.

How this is handled: Each position must be reported separately.

Firefighters
Prior to January 1, 1976, firefighters were excluded from OPERS membership. Since that time, many changes have been made refining firefighter membership eligibility. Listed below are effective dates to help you determine whether a firefighter is required to be an OPERS member:

January 1, 1976	On an optional basis, volunteer firefighters paid on a local government payroll on an hourly, monthly, yearly or per-call basis are eligible for OPERS membership.
January 1, 1977	Volunteer firefighters paid via a local government payroll on an hourly, monthly, yearly or per-call basis are required to be in OPERS unless they requested and received approval of an exemption.
January 1, 1979	Newly hired, part-time firefighters are eligible for contributing to OPERS membership only if, during the calendar year, the hours worked are 250 or more *and* earnings are $500 or more.
May 1, 1991	Firefighters are required to establish contributing OPERS membership, regardless of hours worked or wages earned, unless they requested and received an exemption.
July 1, 1991	Firefighters are required to contribute. House Bill 382 voided firefighter exemptions.
August 3, 1992	House Bill 383 excluded newly hired firefighters and those firefighters who did not elect to continue OPERS membership.

Employer information about OPERS membership by specific positions

Fire Chief and Assistant Fire Chief ORC 145.012 (A)(6)

If the positions are entirely administrative, OPERS membership is required. However, please note two categories of exemption, as outlined below:

- Newly hired fire personnel (after August 3, 1992) trained in fire training program established and maintained with the assistance of the executive director of the state board of Emergency Medical Services who, along with the advice and counsel of a committee consisting of fire fighters and fire safety training committee, is to adopt rules for such training (as specified in section 4765.55 of the Ohio Revised Code).
- Fire personnel trained in an Ohio fire academy that has been established and conducted by the fire marshal (as specified in section 37373 of the Ohio Revised Code).

Firefighter Emergency Medical Technician (EMTs)
If the employee is required by the employer to have firefighter training to be an EMT, that employee is excluded from OPERS membership. However,

- If the employee is not required by the employer to have firefighter training to be an EMT, OPERS retirement contributions are required for the EMT service only.

EMTs
If the employee is strictly an EMT and carries no other job responsibilities, he or she must contribute to OPERS.

Special Instructions

Membership of elected officials ORC 145.20
By definition, an elected official is an individual who is:

- Elected by the public to a position of the state of Ohio; or
- Elected by the public to a position of a political subdivision whose employees are covered by OPERS; or
- Appointed to fill an elective position.
- OPERS membership for an elected official is optional unless the official is:
    - Already a member of OPERS through previous elective service; or
    - Retired from OPERS or another Ohio retirement system.

Employer responsibility for Elected Officials: No form or other notice to OPERS is necessary if an elected official does not wish to become a member. Employers should not submit a *Personal History Record* (PHR) for elected officials who are eligible to and choose to exempt from OPERS membership.

- Elected officials who do not choose membership in OPERS must contribute to Social Security.
- An elected official may not opt out of OPERS membership if the individual has previously paid into OPERS as an elected official through any Ohio public employer, or is retired from any public Ohio retirement system unless the elected official has refunded his or her previous contributions.
- As with all newly hired employees, employers must send OPERS a *Personal History Record* (PHR) for Elected Officials who must become members or choose membership in OPERS.
    - **Employers Not Registered on ECS**: When processing the Personal History Record for elected officials who inform you of their intent to contribute to OPERS, you'll need to answer in the affirmative the question asking if the employee is an elected official.
    - **Employers Registered on ECS**: The Personal History Record must be submitted electronically, answering the affirmative the question asking if the employee is an elected official. Upon receipt, an "Elected Official Membership" letter (A-9) will be mailed to the elected official asking for his/her election to opt in or out of OPERS.
- If the elected official chooses OPERS membership after the date elective service began, the individual may be eligible to purchase the previous service after establishing 18 months of contributing credit in OPERS as long as:
    - The elective service was not previously covered by Social Security.

  - The elected service being purchased was for a period prior to July 1, 1991. If the elected official did not opt into OPERS after July 1, 1991, the contributions are required to be submitted to Social Security.

- An elected official may become a member at any time during the elected term office if that official has not previously been a member at any time during their elective service. If an elected official chooses to opt into OPERS membership after originally choosing to opt out:
  - **Employers Not Registered on ECS**: A Personal History Record should be completed for the elected official and you will need to answer in the affirmative the question asking if the employee is an elected official.
  - **Employers Registered on ECS**: The elected official will need to complete the *Elected Official Membership* (A-9R) indicating the election to opt into OPERS membership. The letter will need to include the elected official's signature; as well as, the fiscal officer's signature with the first full pay period that the contributions will be withheld/submitted to OPERS.
- Once membership is elected, it is compulsory for the current as well as subsequent elective positions.

Membership Information for Elected Officials who are OPERS Retirees
An OPERS retiree who returns to OPERS-covered employment as an elected official is treated as a re-employed retiree, and must make contributions. They are required to submit a *Notice of Re-employment of an Elected Official (*form SR-6E).

However, if OPERS members are covered for non-elected official service and are also elected officials contributing to Social Security for their elected positions, their elected service has no effect on their OPERS retirement, nor are they considered to be OPERS re-employed retirees for subsequent elected service.

An elected official who intends to retire and receive a pension during a term of office, or is re-appointed to the same position, or is elected to the position in the next consecutive term may have some retirement benefits suspended (or forfeited) unless the elected official:

- Retires more than 90 days before the election, or
- Submits a written notice of intent to retire to the Board of Elections at least 90 days prior to the primary election, or
- Is appointed to the same or consecutive term and notifies the appointing authority in writing about the fact that the individual retired or intends to retire before the end of the appointed term.

Employers face specific requirements when re-employing retirees who retired from and intend to return to the same position if that position is usually filled by the vote of a board, commission or other legislative authority of a county, municipal corporation or township. The employer's requirements are to:

- Provide public notice at least 60 days before the re-employment is to begin.
- Hold a public meeting 15-30 days before the re-employment is to begin to allow discussion of the issue of the person being re-hired to the same position.

- Certify the above requirements were met on the *Notice of Re-employment of an OPERS Retiree* (form SR-6E).

OPERS and regular re-employed retirees
Employees who have retired from public employers covered by OPERS or any of the Ohio retirement systems are called re-employed retirees. Membership for re-employed retirees is mandatory. Re-employed retirees (including law enforcement personnel) contribute at the local or state contribution rate to a money purchase annuity.

Specific rules must be followed for employers who are considering re-employing retirees. It's critical that you as the employer realize that re-employment in a job covered by OPERS may affect the retiree's ability to receive benefits. Employers should not re-employ a retiree for at least two months after retirement to ensure there is no negative impact on benefits. This prohibition applies even if the retiree waives salary for the two-month period.

By definition, a re-employed retiree is an individual who is:

- Retired from a public employer with OPERS retirement benefits, or benefits from one of the other Ohio retirement systems, and is re-employed by a public employer in an OPERS-covered position. Before a retiree is re-employed, the individual should contact OPERS' Member Services Center at 800-222-7377. ORC 145.38

Employer responsibilities:

- As an employer, you must determine whether a new hire is a retiree from OPERS or any of the other Ohio retirement systems. If an individual is an OPERS re-employed retiree, you must notify OPERS to ensure you will not be responsible for any overpayment of benefits.
- OPERS retirees who become re-employed in an OPERS-covered position are required to send to OPERS:
    - *Notice of Re-employment of an OPERS Retiree* (form SR-6), or a *Notice of Re-employment of an Elected Official* (form SR-6E, whichever is applicable. No new *Personal History Record* (form A) is needed.
- OPERS retirees must complete this form for each employer if multiple positions are held; for example, an accountant who works for two townships would complete the form for each township.
- Employers are required to certify these forms and send to OPERS by the end of the first month of employment. Employee and employer contributions must begin from the first day of re-employment. Re-employed retirees will continue to receive their retirement benefit. Contributions deducted from earnable salary go toward a Money Purchase Annuity. For those choosing to receive a Money Purchase Annuity benefit at age 65 or older, the annuity is calculated as the sum of employee contributions for the period of re-employment, plus allowable interest, multiplied by two. Those choosing to receive their Money Purchase Annuity benefit prior to age 65 will receive their contributions and allowable interest paid in a lump sum.
- Employers must provide health care coverage for OPERS retirees who are re-employed in an OPERS-covered position if the coverage is available to employees in comparable positions. Your re-employed retiree is not permitted to waive your health care coverage because the employer's health care coverage becomes primary upon re-employment.

Termination of membership

When an employee leaves public employment, he or she has decisions to make. Employees may choose to leave their contributions on deposit with OPERS, take a lump-sum refund, or roll over to another qualified retirement account.

Employees should be encouraged to contact OPERS directly so that they can choose the best option for their circumstances.

Employer responsibility: If an employee chooses to terminate membership in OPERS by requesting a refund, and this request is received within one year following the termination date, you, as former employer will be required to certify the date the employee terminated public employment.

Annual Non Contributing List ORC 145.036

OPERS-reporting employers are required to submit an annual report listing non-contributing individuals. Non-contributing individuals are defined as those who are providing services to a public employer but are not making contributions to the retirement system. The *Non-contributing List* must be submitted by January 31 for the preceding calendar year.

The *Non-contributing List* must include the following individuals:

- Any worker not reported to any of the Ohio retirement systems
- Students who have exempted from OPERS membership
- Independent contractors or workers performing services under personal contracts for whom no retirement contributions are being remitted
- Elected officials who have not opted in to OPERS membership
- Election workers, defined in rule as individuals who perform services as precinct election officials or voting location managers, earnings less than $600 per calendar year for whom no retirement contributions are being remitted
- Any other individual for whom OPERS contributions are not being remitted by the public employer, but who has performed work for a public employer.

Only those individuals who are paid directly by a public employer need to be included on the *Non-contributing List.* If payment is made to a corporate entity for a worker's services, the worker does not need to be included.

Employer responsibility: For those employers using ECS to remit regular contribution reports, submit the *Non-contributing List* either by the data entry or file transfer methods by January 31 for the preceding calendar year. Additional information is available in the ECS help menu. For paper reporting employers, obtain the *Non-contributing List (NCL)* on the OPERS website and submit it by the end of January.

Contribution Reporting

In this section, we'll go through the necessary steps for successful contribution reporting. Our goal is to make sure you have all the information you need to complete these tasks as quickly and as accurately as possible, so that error-free reports are generated.

Always remember that personalized help is easily accessible. Employer Outreach is available to you with just a call, 888-400-0965, or by email at employeroutreach@opers.org.

Employer responsibilities for contribution reporting ORC 145.47, 145.51

Employers have very specific responsibilities required by law. Here's a brief overview of what you need to know. Public employers are required by law to:

- Withhold and remit employee contributions for all OPERS members and those who have chosen to become members.
- Contribute a specific amount for each OPERS-covered employee (the employer contribution), and
- Generate and send accurate reports and payments to OPERS of the time worked and contributions withheld and/or made for each employee.

Accurate reporting of employee contributions is critical for OPERS-covered individuals because the information ensures the correct service credit is applied to each employee's retirement account. It's also important to the public employer because inaccurate or late reporting may result in significant penalties and interest.

Employer and employee contribution information
To ensure accurate service credit, both the employer and employee make contributions that are used to fund each employee's retirement. The limits for both the employee and the employer contribution rates are established by law.

Each year, state and local government units receive notice of the contribution rate that has been certified by the OPERS Board of Trustees. Notification of the state's rate (obligation) as an employer, certified by the Board of Trustees, is published on or before November 1 of each even-numbered year as called for by Ohio's biennial budget cycle.

Contribution rate information ORC 145.12, 145.69

- **Employee contribution rates** ORC 145.47, 145.49
  Currently, OPERS members contribute under one of four different divisions: state, local, public safety or law enforcement. Because the benefits provided under each division vary, so do the employee contribution rates. For the most current member contribution rate information for all divisions, please refer to opers.org.
  How the employee contribution is calculated
  Simply multiply the employee's earnable salary by the appropriate percentage to calculate the employee contribution. This must be done each month and for each employee individually.
  If you report electronically via ECS data-entry method, these calculations are done automatically for you.

If you report electronically via ECS file-transfer method, ECS will notify you of any errors in calculation.

- **Employer contribution rates**
  Employers are also required to make a contribution to the retirement plan on behalf of each employee. These rates also vary due to the difference in benefits provided under each division.

  How the employer contribution to OPERS is calculated
  If not reporting via ECS data entry or file transfer methods, when determining the total employer retirement contribution due each month, you'll need to:

  - Calculate the employer's contribution for each individual employee by multiplying the employee's earnable salary by the correct employer rate, and
  - Add all contributions together for the total employer contribution amount.

Earnable salary ORC 145.01 (R), OAC 145-1-26
By law, the contribution calculations are made only on the earnable salary paid to a public employee for actual services performed by that employee.

Here are some examples of **earnable** salary:

- Salary and wages,
- Payments made during active employment for vacation, sick or personal leave used,
- Payments made for the conversion of vacation, sick or personal leave if paid during the year or in January for the prior year as part of an OPERS-approved annual conversion program, except for payments to state employees under ORC Sections 124.383 and 124.386. Employers may have proprietary conversion plans whereby employees are paid out for leave balances; however, these amounts are not pensionable unless OPERS is notified of all current plans each year by March 31 and the plans meet the approval guidelines and have been approved by OPERS prior to the issuance of any payments.
- If an employee receives laundry, housing, and meals from the employer as part of his compensation package, this is called full maintenance. The value of full maintenance is earnable salary. All three components must be provided by the employer. If only one or two of the three components of full maintenance are provided, they are incidental benefits and not earnable salary. If this situation occurs in your employing unit, please contact OPERS Employer Outreach for details of how to handle this situation.
- Fees and commission paid under section 507.09 or the Revised Code
- Payments made under a disability leave program sponsored by the employer and for which the employer is required by section 145.296 of the Revised Code to make periodic employer and employee contributions.
- Amounts designated by the employer as picked-up contributions (salary-reduction method) or gross salary (fringe-benefit method) by IRS code 414(h)(2),
- Amounts not treated as income for federal income taxes under a cafeteria plan (IRS Code 125) except amounts under a cafeteria plan that are paid in lieu of a fringe benefit or a cash value placed on that fringe benefit. Most common is a 457(b) plan—Governmental Deferred Compensation Program;

- One-time, lump sum or periodic bonus payments that are based on the employee's basic rate of pay,
- Payments for overtime or comp time worked if paid in the year earned,
- Annual or more-frequent periodic supplements for longevity,
- Stipends paid to a student that are subject to federal income taxation
- Payments made for assuming call or stand-by responsibility
- Payments made in lieu of salary, wages, or other earnings for sick leave used under a donated sick leave program
- Awards of back wages to employees or retirees who have been reinstated to their position based on an arbitration award, personnel board of review or court order.

Here are examples of what is **not earnable** salary (this list is not intended to be all inclusive): ORC 145.01(R) and OAC 145-1-26

- Fees and commissions paid as sole compensation for personal services and fees and commissions for special services over and above services for which the contributor receives a salary.
- Amounts paid by the employer to provide life, sickness, health, medical, dental or hospital insurance, or amounts paid instead of providing this insurance (including disability payments if used to purchase insurance).
- Incidental benefits such as lodging, food, laundry, parking, use of employer's equipment (automobiles, tools), or amounts paid in lieu of providing these benefits,
- Reimbursements or allowances for job-related expenses including moving, travel or education,
- Payments for accrued but unused sick leave, personal leave, or vacation that are made at any time other than in the year in which the sick leave, personal leave, or vacation was accrued;
- Payments made to or on behalf of a contributor that are in excess of the annual compensation limits under division (a)(17) of section 401 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 401(a)(17), as amended;
- Anything of value received by the contributor that is based on or attributable to retirement or an agreement to retire,
- Payments made by the employer for accrued overtime worked or for compensatory time for overtime worked that are made at any time other than in the year in which the overtime or compensatory time is accrued;
- Payments made by the employer as a residency bonus to employees'
- Payments made pursuant to an agreement and representing either one-time lump sum payments or bonus payments made periodically but not related to or not made upon the basis of the individual employee's basic rate of pay,
- Retroactive payments made by the employer within 36 months of the employee's effective date of retirement and with an understanding the employee would retire;
- Monetary amounts that are in excess of the employee's gross salary paid in lieu of a fringe benefit or a cash value placed on that fringe benefit;

- The amount in excess of gross salary paid under a fringe benefit method as picked-up contributions under IRC section 414(h)(2);
- Stipends paid to a student that are not subject to federal taxation;
- Payments made as honoraria that means a nominal payment made for services for which there is no binding legal obligation to pay;
- Payments made as fees or commissions that are fixed charges or calculated as a percentage of an amount not directly related to work or services performed, including but not limited to pay per run, pay per meeting, pay per page, pay per exam, and pay per piece;
- Payments paid by the employer to an individual who is not a public employee;
- Payments made at termination of employment for overtime compensation, accrued vacation, sick or personal leave, and considered terminal compensation; and
- Pay differential amounts between an employee's civilian pay and military pay while the employee is on active duty in the armed forces.

Earnable salary or not: what to do if you're uncertain
If you're not quite sure whether some form of compensation should be considered earnable salary, you should request a determination from OPERS. It's best to ask for a determination prior to reporting the contributions. Any contributions received for compensation that is determined not to be earnable salary will be considered an unauthorized contribution and refunded to the employer for distribution back to the member.

What you need to do:
Contact an Employer Outreach Representative at 888-400-0965. Be prepared to provide all pertinent information in writing, including :

- Employee's position,
- Circumstances of compensation,
- When compensation was made, and
- Documentation about the compensation.

After review of the information, you'll be notified about status (earnable or not earnable) of the compensation.

Employer responsibilities for reporting information
In addition to the actual contributions, employers are responsible for reporting specific information on a basis consistent with reporting frequency and due dates. At OPERS, your employees' contributions are posted to each individual's OPERS account with information from the *Report of Retirement Contributions* that you submit.

Because each contribution represents a sum of money on deposit (the contribution) and a period of time worked by the employee (service credit), it's critical that you report contributions by the period *earned*—regardless of when the employee was paid. OPERS posts service credit to a member's account using the Pay Period Begin (PPB) and Pay Period End (PPE) dates.

Contribution Reporting

Methods of reporting
There are two ways you can send retirement contribution reports:

- Employer Contribution System (ECS)
  Nearly all public employees have their contributions reported via the Internet using ECS. This system is fast, secure and provides fiscal officers with immediate and accurate feedback. ECS was designed to be easy to use and to streamline the reporting process.

  Here's how:

  - ECS gives you the option of sending your reports via file transfer or data entry.
  - ECS provides an up-to-date employee database; you only need to enter employee information once, then ECS pre-fills each following month-so you can calculate contribution amounts with just one click, (data entry).
  - Reports are instantly checked as part of the submission process, making the error-resolution process easier.
  - Reports are saved online for up to two years. Printer-friendly versions of contribution reports are available.
  - You get an overview of your report before it's submitted with ECS' Report Verification pages.
  - Supplemental reports can be generated and submitted quickly and easily.
- Paper Reports
  Because this reporting method is labor-intensive and the accuracy check is slow, it is not recommended and will soon be obsolete.

  Employers must manually record the following information on the report:

  - Employer Name,
  - OPERS Employer Code,
  - Report Period Ending date,
  - Frequency Code,
  - Name, and
  - Complete Social Security Number
  - Pay Periods Begin and End Codes, if applicable,
  - Dates for Pay Period (Begin and End),
  - Earnable Salary, and
  - Retirement Contributions.

Frequency of submitting the *Report of Retirement Contributions*
Each *Report of Retirement Contributions* must show totals of all earnable salaries and contributions for all pay periods that end during the reporting period or month.

For example, if employees are paid more than once a month, salaries earned and contributions taken for each employee must be listed and the total entered on your report.

Employers must file their report along with payment for both the employee and employer's share, no later than the end of the month following the last day of the reporting period to avoid potential penalties.

For employers filing electronically, the report must be submitted on or prior to the end of the following month and paperless payment must be scheduled either before or the day of the end of the following month. Postmark date is used for mailed reports and payments.

Employer responsibility: Timely and accurate report submissions are important. Employers may be charged a penalty up to 5% if reports and/or payments are received after the due date or submitted with errors.

Remember, the Employer Contribution System (ECS) can save you time when compiling your report by informing you of accurate reporting within minutes rather than days, reducing your chance of receiving penalties and interest.

What's on the report

No matter the type of reporting method you use, the same basic information will be required on each *Report of Retirement Contributions*.

Here's what's required for each contribution report:

Employer Name—This tells OPERS who you are, it's the name of the entity submitting the report.

OPERS Employer Code— This is the employer's identification number. OPERS assigns a number to each employing unit. Please include all six digits of this number to eliminate processing errors. The last digit of the number, 0 or 8, refers to the taxable status of contributions. Post-tax contributions are submitted under an employer code ending in 0; pre-tax contributions are submitted under an employer code ending in 8.

Reporting Period End Date—For all electronic reporting, the reporting period end date is the last employee payroll end date falling within the reporting month. For those employers reporting on paper, it will be the last day of the month. All payroll periods ending in a month must be included in the report for that month.

Social Security Number—You must list the full Social Security number for each employee.

Name—Employees must be listed in alphabetical order by last name, first name, and middle initial. Full, legal names should be used.

Earnable salary—An employee's total earnable salary during the payroll period covered by the *Report of Retirement Contributions*

Retirement contribution—This is the amount deducted from the earnable salary that is to be sent to OPERS.

Certification—The payroll officer must sign the paper contribution report, certifying accuracy of the information. On electronic reports, employer certification is, by virtue of ECS, accepting a designated employer's login and password.

Contribution Reporting

Audit and payment—It's important that all *Reports of Retirement Contributions* are audited for accuracy before being sent to OPERS. ECS provides instant auditing for common errors.

Reporting Codes

Report codes are essential for your retirement contribution reports and are an important part of the accuracy requirements. Here's the code information that must be used, regardless of how you submit your reports.

Frequency Code—This shows how often each employee is paid. Be sure that the frequency code, Pay Period Begin and Pay Period End dates agree. There are five valid pay period frequency codes for employee records:

Code		**Description/Definition**
4	**Monthly**	A payroll period of exactly one calendar month, beginning and ending on the same dates each month.
5	**28-day**	Each payroll period must contain four full weeks. There will be one month during the year for which your *Report of Retirement Contributions* will contain two, 28-day pay periods because they both end in the same month.
6	**Semi-monthly**	Two payroll periods each and every month, beginning and ending on the same dates each month. There are a total of 24 equal earning periods throughout the year, and each monthly *Report of Retirement Contributions* will represent exactly one calendar month for each employee. The most common set of dates for frequency six reporting are two periods, the first being the 1-15 of the month, and the second beginning on the 16, and ending on the last day of the month
7	**Bi-weekly**	Each payroll period must contain exactly 14-days. The beginning and ending days of each pay period must be consistent throughout the year. If pay periods begin on a Sunday, they must end on a Saturday and do so consistently. There are slightly more than 26 bi-weekly periods in each calendar year. Two *Reports of Retirement Contributions* each year will contain three biweekly periods because all three pay periods end within the same calendar month. (Every eleven years there will be three 6-week pay periods)
8	**Weekly**	Each payroll period must contain exactly seven days. The beginning and ending days of each period must be consistent throughout the year. If pay periods begin on a Sunday, they must end on a Saturday, and do so each period. Four monthly *Reports of Retirement Contributions* each year will contain five periods because they all end within the same calendar month.

Pay Period Beginning (PPB) and Pay Period Ending (PPE) codes—Only specified Pay Period Begin (PPB) and Pay Period End (PPE) codes can be used in contribution reporting. In addition, only certain combinations of these codes will be accepted.

Pay Period Begin—This is the first day of a pay period in which an employee worked and earned pay from which retirement contributions were withheld.

Pay Period End—This is the last day of a pay period in which an employee worked and earned pay from which retirement contributions were withheld.

On occasion, employers will need to report both pay period begin and end code for a single employee for the same reporting period. When this situation occurs, employers should list the employee twice. The reporting periods, along with their respective codes, should appear in chronological order.

Examples include:

- Employee quits and is re-hired within the same pay period.
- Employee retires and is re-employed within the same payroll period.
- Employee changes pay frequency within the same monthly report.

Pay Period Begin (PPB) codes

	Intended use	Accepted after a PPE code of:
E – Re-employed retiree	Employee is an OPERS retiree and is returning to work	P
H – Pay schedule/frequency change	Employee is changing pay schedules and/or frequencies under the same employer code	n/a
N – New employee	Employee is new to the employer	Q, S, blank
R – Returned from non-military leave	Employee was laid-off, on an approved, unpaid leave of absence, or on workers compensation and is now returning to work	F, L, W
S – New or returning to seasonal employment	Employee was seasonal or intermittent and is returning to work under the same employer code	S
T – Returned from military leave	Employee left work for a military leave and is returning under the same employer code	M
X – Returned from Exemption/Excluded	Employee is no longer covered by a student exemption or excluded by manner of compensation which is not earnable salary	X

Pay Period Ends (PPE) codes

	Intended use	Must be followed by a PPB code of:
D – Employee is deceased	Employee is deceased	n/a
F – Laid off	Employee has been laid off but is expected to be called back to work	R
H – Pay schedule/frequency change	Employee is changing pay schedules and/or frequencies under the same employer code	n/a
L – Leave of absence	Employee is on an approved, unpaid leave of absence	R
M – Going on military leave	Employee is on military leave	T
P – Employee has retired	Employee has retired	E
Q – Employee has quit	Employee has terminated	N
S – Leaving seasonal employment	Employee was seasonal or intermittent and is expected to return to the same employer next season	S, N
W – Left on workers compensation	Employee is on workers compensation	R
X – Exemption/Excluded	Employee is no longer contributing to OPERS due to a student exemption or being compensated in a manner that is not earnable salary	X, N

PPB/PPE combinations: Here are the only acceptable PPB and PPE Code Combinations: Pay Period Begin (PPB) and Pay Period End (PPE) code valid combinations

If PPE code is:	Then PPB code must be:
D	n/a
F	R
L	R
M	T
P	E
Q	N
S	S, N
W	R
X	X, N

Pay Period End (PPE) Code Management

This feature lets you notify OPERS about employees who are no longer employed or correct previously reported pay period end dates and/or pay period end codes.

Additional points to remember about PPE Code Management:

After a contribution report is submitted to OPERS, Pay Period End Code Management (PPECM) cannot be used until the following business day. OPERS refreshes your submitted report(s) each night so codes are available to be modified the following business day.

Pay period begin and pay period end codes can only be used on a regular report of retirement contributions.

To access Pay Period End Code Management, logon to ECS and access the Online Reports menu.

Electronic reporting

Following is the file format for regular reports of retirement contributions.

EMPLOYEE RECORD FORMAT

FROM	TO	TYPE	COUNT	REQUIRED/ OPTIONAL	DESCRIPTION
01	01	Alpha	1	R	Record Type = "E"
02	07	Num	6	R	**OPERS Employer Code Format = XXXXYY, where:** XXXX = Four digit OPERS employer code YY = Two digit OPERS suffix code
08	08	Alpha	1	R	**Payroll type values:** "R" Regular Payroll "A" ARP Payroll - **universities only**
09	17	Num	9	R	Employee Social Security number (No embedded dashes)
18	43	Alpha	26	R	**Employee Name** Omit space and apostrophe in last name. Example: McNeal would appear as MCNEAL. O'Neal would appear as ONEAL. Sequence of name will be: last name, first name, middle name or initial. A comma may be inserted between last name and first name. For example, the name John J. McNeal Jr. can appear as: MCNEAL JOHN J JR or MCNEAL, JOHN J JR or MCNEAL, JOHN J, JR
44	52	Num	9	R	**Gross earnings subject to OPERS deductions for period:** Dollars and cents, nine characters with leading zeros and no decimals. EX: Earnings 1,251.63 would appear as 000125163
53	59	Num	7	R	**OPERS contributions for period:** Dollars and cents, seven characters with leading zeros and no decimals. Example: Contributions 106.39 would appear as 0010639
60	60	Num	1	R	**Employees Payroll Cycle values are:** 5 28-day period 6 Semi-monthly 7 14-day period 4 Monthly 8 7-day period (weekly)
61	66	Num	6	R	**Payroll Begin Date (or first day of work for OPERS contributions if new employee**) Format = MMDDYY, where: MM = 2 position month DD = 2 position day YY = 2 position year
67	72	Num	6	R	**Period End Date (or last day of work if no longer employed)** Format = MMDDYY, where: MM = 2 position month DD = 2 position day YY = 2 position year
73	73	Alpha	1	R	**Pay period begin (PPB) code values are:** **E** Reemployed retiree **H** Pay schedule/frequency change **N** New employee **R** Returned from non-military leave **S** New or Returning to seasonal employment **T** Returned from military leave **X** Returned from exemption/excluded

74	74	Alpha	1	R	**Pay period end (PPE) code**, values: **D** Employee is deceased **F** Employee is laid off **H** Pay schedule/frequency change **L** Leave of absence **M** Going on military leave **P** Employee has retired **Q** Employee has quit **S** Leaving seasonal employment **W** Left on workers compensation **X** Exemption/excluded
75	75		1		**Blank -** OPERS use only
76	76		1		**Unused -** Reserved for future expansion
77	80		4		**Unused -** Reserved for future expansion
81	100		20	O	**User Area** Unused for OPERS processing

EMPLOYER SUMMARY RECORD FORMAT

FROM	TO	TYPE	COUNT	REQUIRED/ OPTIONAL	DESCRIPTION
01	01	Alpha	1	R	**Record Type = "T"**
02	07	Num	6	R	**OPERS Employer Code** Format = XXXXYY, where: XXXX = Four digit OPERS employer code YY = Two digit OPERS suffix code
08	13	Num	6	R	**Period End Date for this disk report** Format = MMDDYY where: MM = 2 position month DD = 2 position day YY = 2 position year
14	37	Alpha	24	R	**Employer Name** Abbreviated employer name, left justified
38	43	Num	6	R	**Record count:** Number of employee records on this payroll with leading zeros. EX: 127 employees would appear as 000127
44	52	Num	9	R	**Total OPERS contributions:** Total of the employee contributions for this payroll, dollars and cents, nine characters with leading zeros and no decimals. EX: Contributions total 35,622.30 would appear as 003562230
53	53	Alpha	1	R	**Blank -** OPERS use only
54	54	Num	1	R	**Employer reporting frequency code, values are**: **4** One report per month **7** Biweekly reports (26 per year)
55	96		42		**Unused** Reserved for future expansion
97	100		4		**SUPP:** For supplemental report only, regular reports leave blank **ARP:** For ARP regular reports, spaces 97-99, **universities only** **ARPS:** For ARP supplemental reports, **universities only**

Reporting on Paper

If you file your contribution report on paper, please remember the accuracy standards for PPB and PPE codes and dates, Social Security numbers, and all other fields are the same. In fact, much of the information required is the same as with electronic reports including:

- Employer Name
- OPERS Employer Code
- Report Period Ending
- Social Security Number
- Name
- Frequency Code
- Earnable Salary
- Retirement Contribution

Paper reports require the following additional steps before being submitted:

- **Total contributions this page**—You need to total the Retirement Contribution column on each page of the report and insert in this box.

- **Cumulative total**—After page one, each additional page of your report needs to have a running total of the Total Contributions This Page figure. On the last page of the report, your running total will show the grand total of contributions for the month.

- **Certification**—For paper reports, this is found on the lower right corner of the *Report of Retirement Contributions*. An authorized signer of the reporting unit per OPERS records must certify the report. If the report is more than one page, only the last page needs to be certified.
  Audit and payment—After a paper report has been prepared and audited, you are required to:
  - Send the original report to OPERS with:
    - Payment in the form of warrant(s) or check(s), and
    - An *Employer Payment Remittance Advice* (E-3) showing how payment is to be allocated.
    - Keep a copy of the report for your files.

What to do with changes or errors (on paper report)

As with all manual processes, there may be changes and/or errors made, when that happens, time is lost because the paper reports must be received (usually a two-day mail in process), checked (an additional day), and then you're notified of the problem to research, correct and resubmit.

A notification of error letter is mailed to the employer notifying you of the correction(s) required. This delay in submission can potentially cause you to incur a penalty if the corrected report and payment are not received prior to the original due date.

A *Report of Retirement Contributions* is not considered accepted until:

- It is in correct format
- Free of errors, and
- Payment has been received by OPERS.

That means retirement contributions cannot be allocated to individual employee accounts until all discrepancies are resolved.

Special cases regarding contribution reporting
Special cases sometimes occur related to the reporting of retirement contributions. Here are the most common examples:

Employees with two jobs
Many public employers have employees who have both law enforcement and non-law enforcement jobs. Employees classified under different employer codes must be reported on separate *Reports of Retirement Contributions* due to the differences in contribution rates between the two divisions. So, you'll need to report the employee on one *Report of Retirement Contributions* for the employee's law enforcement job and another *Report of Retirement Contributions* for the employee's non-law enforcement job.

Only employees with multiple positions under different reporting frequency codes for the same employer code may be reported multiple times (one for each pay frequency) on the same contribution report.

Seasonal or intermittent employees
These employees are defined as employees who work only a specified period of time each year (for example, lifeguards, recreation leaders, lawn maintenance workers) and may have special reporting requirements.

How this is handled:

- Seasonal/intermittent employees must appear on the *Report of Retirement Contributions* in the month in which their first pay period ends.
- You need to note they are "seasonal" or "intermittent" by using a pay period begin code of "S" and indicating their first day of employment as their pay-period begin date.
- Enter the employee on each following month's report for as long as employment lasts.
- The frequency code for each of these employees must appear on each monthly report you submit.
- Indicate in the Pay Period End Date (PPE) field the last day worked on the *Report of Retirement Contributions* for the month in which they ended their seasonal or intermittent employment. Include a PPE Code of "S" if they will be returning to your employment at a later time or "Q" if you are certain they will not be returning for additional seasonal employment.

Adjustments to submitted reports
If you need to report additional salary and contributions for a prior reporting period, you must submit an additional regular *Report of Retirement Contributions* to OPERS for that same reporting period.

Underreporting contributions
Underreporting is defined as:

- Retirement contributions withheld from an employee's pay, but were erroneously excluded on the *Report of Retirement Contributions.*
- When an employee is required to be a member and is not reported, and
- Not reporting the full contributions for a member.

Please be aware that underreported earnings require additional regular reports be submitted for the same reporting period. These additional regular reports will have the same due date as the original report.

Retirement contributions sent in error to one of the other Ohio retirement systems is also considered to be underreporting to OPERS. If you determine that you have incorrectly reported retirement contributions to another retirement system, correction of this error must be made by forwarding a regular *Report of Retirement Contributions,* which may result in penalties for late payment and reporting if it is received past the due date based on the reporting period covered. Social Security is not considered another retirement system, so if you have incorrectly sent employee withholdings to Social Security, you should complete a *Certification of Unreported Public Service* (from AA).

Remember that in cases of late payment to OPERS for employee retirement deductions, the corresponding employer liability may also be subject to penalty.

Not withholding contributions from an employee's pay
For contributions that were not previously deducted from the employee's pay:

- For a previous calendar year, you must complete the *Certification of Unreported Public Service* (form AA) and submit to OPERS without payment. OPERS will calculate the amount due for both employee and employer contributions, plus interest, and bill the employer for the total amount due.
- If failure to deduct contributions occurs for a payroll period in the current calendar year, submit a regular *Report of Retirement Contributions* covering each report period that should have been submitted.
- If the timeframe of contributions not being withheld includes previous year(s) as well as current year, submit a *Certification of Unreported Public Service* (form AA), including the current year's earnings.
- Begin deducting contributions immediately.
- Include the employee on your next regular contribution report.
- Submit a *Personal History Record* (PHR) and SSA-1945 for the employee if not already done.

Adjustments due to overpayment of employee contributions—Unauthorized Contributions
Follow these procedures if you need to make a change to a report that has been submitted:

- Amount withheld is greater than required

- Complete the *Employer Request for Return of Unauthorized Contributions* (form F-103) to request a refund of overpayment. Make sure you show the payroll period during which the error occurred.

* If your *Report of Retirement Contributions* is processed by the Ohio Department of Administrative Services (DAS), contact DAS for instruction.

Adjustments due to underpayment of employee contributions
If the amount withheld was less than required, send OPERS a check, or schedule an online payment via ECS, for the amount due and submit another *Regular Report of Retirement Contributions* indicating the **additional** contribution amount for each employee.

How to make contribution payments
Although significant, reporting is only part of the job for processing retirement contributions; the other part is remitting the contributions. After you have a report prepared, it's time to send in the information together with payment for the employer and employee contributions. Here's the information you'll need to remit both employee and employer contributions.

- Your *Report of Retirement Contributions* for employees' retirement deductions are sent to OPERS together with a check, wire transfer, EFT, or online payment using ECS for the total contribution amount listed on the report.
- If sending a check, wire transfer or EFT, an *Employer Payment Remittance Advice* (form E-3) must be submitted to OPERS via the mail, fax or ECS.
- **Paying Employer Contributions**
  The employer contribution is calculated separate from the employee contribution. The employer contribution payment is due to OPERS on the same basis as the report and employee contributions.
- ***Employer Account Summary***
  On a monthly basis, each employer will receive an *Employer Account Summary,* a document that shows the activity on your account. If an amount due is shown, the amount must be paid by the due date noted on the summary. If a credit balance is shown, you may have the balance credited against your next remittance for employer liabilities by calling Employer Outreach or by indicating on an *Employer Payment Remittance Advice* (form E-3) sent with the remaining balance due or through the electronic E-3 on ECS. An *Employer Account Summary* is not an invoice and should not be relied upon as a reminder that contributions are due. OPERS will notify employers via letter when a charge is added to your account with the exception of member or employer contributions.

Penalties and Interest
Employers are responsible for the timely reporting and payment of retirement contributions. If retirement contributions are reported or remitted past the due date, Ohio Revised Code provides for OPERS to charge penalties and/or interest.

How this is handled:

Employee Contributions:

- **Penalties**

  If reporting and/or payment of employee contributions are late, the penalty is calculated on the total employee contribution amount on the report as follows:

Days late	Penalty assessed
1- 10	1.0%
11 - 30	2.5%
31 days and beyond	5.0%

  The penalty will be assessed when the payment or accurately submitted *Report of Retirement Contributions* is postmarked, or scheduled if remitted electronically, after the due date.

  You will receive written notice of the penalty charge. This notification letter will contain a due date and serves as the invoice for payment of the penalty charge. Penalty charges will also be reflected on the account summary as activity for the month and be included in the balance due.

Employer Liabilities

- **Penalties**
  - OPERS may assess a penalty if payment for employer liabilities is late. he employer retirement contribution is due 30 days after the end of the monthly reporting period.
  - If employer liabilities are not paid by the tenth day after the due date, a penalty on the amount due will be assessed for late payment as follows:

Days late	Penalty assessed
11- 30	1.0%
31 -60	2.5%
61 days and beyond	5.0%

  - You will receive written notice of any penalty charges. he notification letter will show a due date and serves as the invoice for payment of the penalty charge. Penalty charges will also be shown on the *Employer Account Summary* as activity for the month and be included in the balance due.
- **Interest Charges**
  - Interest charges may be assessed when the employer liabilities are not paid by the due date.
  - OPERS may assess monthly interest charges on past due amounts. Monthly interest charges are assessed at a rate set by the OPERS Board of Trustees, currently set at 6% per annum.
  - Monthly interest charges accrue daily beginning day one of the delinquency until the outstanding balance has been paid.

Supplemental Reporting
It could happen that a salary earned during a prior month is paid at a later date. A *Report of Retirement Contributions-Supplemental* is to be used to report additional salary/contributions only for the following reasons:

- A retroactive salary increase payment,
- A disability payment,
- A settlement agreement payment,
- Longevity or an additional payment made to a former employee
- A payment made under an OPERS-Approved Annual Conversion Plan

Supplemental reports are due at the end of the month following the month in which the payment was made to your employee. Although the employee may have earned this supplemental income in previous months, employer reporting responsibility is based on when the payment was made.

If the supplemental payment was approved with a future required payment date, OPERS would use the future date as the approval or payout date.

If the supplemental payment did not specify a required payment date, OPERS would use the actual date of payment as the approval or payout date.

Supporting documentation is always required to validate a supplemental report submitted for settlement agreement payments, longevity payments, or payments made under an OPERS-approved annual conversion plan. Supporting documentation for all other types of supplemental payments may be requested at OPERS' discretion.

Important tips for supplemental reports:
It's important to remember that you cannot simply add a new employee via the *Report of Retirement Contribution-Supplemental.* New employees with no previous contributions cannot be reported on a supplemental report for retroactive payments since there are no original contributions to supplement.

Additionally:

- The report period end date for the supplemental report must match the reporting period end date of the corresponding regular report.
- For those filing electronically, if a pay period begin (PPB) or pay period end (PPE) code is submitted on a supplemental report, the codes will not be updated onto the employee record.
- Inaccurate date/frequency combinations will cause your reports to be blocked.

Alternative Retirement Plans (ARP)

For colleges and universities only

Overview

This section has been created specifically for colleges and universities who offer an Alternative Retirement Plan (ARP) option to their employees. If an academic institution chooses to begin providing an ARP to employees, the institution must comply with all requirements set forth in the Ohio Revised Code pertaining to the selection of and notification about the ARP. Following is the information you'll need to make sure your ARP employees are reported correctly to OPERS.

State law provides that eligible full-time university and college employees can choose membership in an ARP rather than membership in OPERS. Eligible employees should review all information pertaining both to OPERS and ARP benefits prior to making a choice. Where possible, employees should be encouraged to seek the advice of professional financial advisors.

Specific guidelines and procedures have been established for eligible employees to choose an ARP. These guidelines ensure OPERS is fully informed of the employee's decision and ensures proper processing for the employee's retirement account.

Eligibility

Membership in OPERS is mandatory for all public employees, as defined in the Ohio Revised Code. However, public employees who are employed full-time as university and college employees in academic or non-academic roles, including law enforcement personnel and employees receiving benefits from OPERS, STRS or SERS, are eligible to elect to participate in an ARP, rather than contributing to OPERS if those employees are:

- Newly hired employees. (Note: An employee with less than one year between each period of employment with the same institution is not considered a new hire).
- Current employees not previously offered an ARP election who are reclassified into a full-time positions.
- Current employees at an academic institution within 120 days of the institution's adoption of a qualifying ARP.

Employees with prior service credit have certain decisions to make:

If employees elect to participate in an ARP going forward, they may choose to:

1) Keep their existing OPERS account on deposit with OPERS if they had prior public service in a non-ARP position, or
2) Refund their OPERS accounts and have them transferred to their ARP vendor.

Transferring an OPERS account to an ARP account

Employees with previous OPERS service can choose to transfer their prior service to their ARP vendor. The amount transferred to the ARP vendor represents the amount in the employee's individual account and terminates the employee's OPERS membership.

Employees wishing to transfer prior service to their ARP vendor must complete an *Application for a Transfer to an Alternative Retirement Plan (form A-4 ARP)* and submit the form to OPERS. Once the transfer is complete, employees will receive a Refund Statement from OPERS via U.S. mail.

Employees not eligible to make a new ARP election:

- Continuously employed employees who elected to participate in ARP via another Ohio retirement system and whose position is subsequently reclassified to an OPERS covered position. These employees must remain in the ARP. An *Employer Notification Of Employee Eligible To Elect An Alternative Retirement Program (ARP-2)* will need to be forwarded to OPERS along with a copy of their original ARP election form and indication of the reclassification date.

- Continuously employed employees who elected to participate in ARP whose position changes to part-time. These employees must remain in ARP unless they separate from the college or university for a period longer than a year or begin employment with a new college or university.

Employer Responsibility:

You are responsible for informing OPERS of all newly hired and reclassified employees who are eligible to select an ARP. For all newly hired and reclassified employees, employers must:

- Complete an *Employer Notification Of Employee Eligible To Elect An Alternative Retirement Program (ARP-2),* and

- Submit the form electronically to OPERS via ECS no later than 10 days after an employee’s first day on the payroll or the reclassification.

Employee Election Period

Qualifying employees have a specified period of time, called the “election period,” to choose to participate in an ARP or remain contributing to OPERS. An employee’s election period lasts for 120 days from the first day they are eligible to select an ARP. An employee’s election to participate in an ARP is an irrevocable decision. No change can be made to an employee’s election to an ARP once it is selected. However, an election to contribute to OPERS can be changed to elect to participate in an ARP if the employee is still within the 120-day period.

The date that begins the ARP 120-day election period is the employee’s start date for new employees or reclassification date for employees newly reclassified into an ARP-eligible position.

Reclassified employees who elect to participate in an ARP will have a choice whether to transfer prior contributions to their ARP vendor. If an ARP-eligible employee fails to submit a *Retirement Plan Election Form* within 120 days of becoming eligible, they will continue to contribute to OPERS.

If an employee who has elected an ARP moves from a STRS or SERS covered position to an OPERS covered position and remains continuously employed or has a break in service of less than one year, the employer must notify OPERS of the employee’s reclassification to an OPERS covered position and begin reporting the employee on the OPERS ARP report.

The information can be faxed or mailed to:

- Fax: (614) 857-1051 – Member Assessment Unit
- Mail: OPERS 277 East Town Street, Columbus, OH 43215-4642

Employer Responsibility:

Whether your employee is newly hired or newly eligible for an ARP, if an employee determines that an ARP is the right program for his or her financial future, OPERS must be notified so that proper accounting of the employee's retirement contributions can take place. Employees must indicate their choice on a *Retirement Plan Election Form (form ARP-3)*. A *Personal History Record* (form A) and *Statement Concerning Your Employment in a Job Not Covered by Social Security* (form SSA-1945) are not required for new employees who select participation in an ARP if their selection is made immediately upon hire.

However, if an employee has not yet selected a retirement plan and they have been issued their first payroll check, OPERS contributions must be deducted and remitted to the retirement system. A completed *Personal History Record* and form SSA-1945 is also required.

Properly completed election forms for participation in an ARP must be submitted to OPERS within 10 days of receipt by the employer.

ARP Elections and OPERS Service Credit

No OPERS service credit or benefits are available for any time period covered under an ARP election. Additionally, while employees remain employed and contributing to an ARP, no refunds for prior service can be requested. If employees have active payroll deductions for purchase of OPERS service and they elect an ARP, the service purchase payroll deductions must terminate.

ARP Reporting Requirements

For both current and new employees, employee and employer contributions must be submitted to OPERS during the employee's election period until their retirement plan selection is made. These contributions must be included on your regular *Report of Retirement Contributions*.

Once an employee elects an ARP, you must begin to remit the entire amount of their retirement deductions, plus the related employer contribution (less the OPERS mitigating rate), to the ARP vendor of their choice. For employees new to your academic institution, this can begin with either the full pay period containing the employee's signature date on the *Retirement Plan Election Form* or the first full pay period immediately following the employee's ARP election signature date. For existing employees reclassified into an ARP eligible position, this must begin with the first full payroll period beginning after the employee's signature date on the *Retirement Plan Election Form*.

If an employee moves from a full-time position where they are contributing to an ARP to a part-time position, the employee remains contributing to ARP until they separate from employment and are eligible to make a new election.

Mitigating Contribution Rate

Once your employee has selected an ARP and you have begun remitting their retirement deductions to their ARP vendor, reporting of these employees to OPERS is still required. Ohio law permits OPERS to assess a mitigating contribution rate against the employer's retirement contribution to mitigate any negative financial impact of the ARP on the OPERS Traditional Pension Plan. The mitigating contribution rate is subject to change annually. Refer to the opers.org Web site for the most current mitigating rate information.

Monthly reporting of the ARP mitigating contribution is done via the Employer Contribution System (ECS). OPERS will notify employers if employees expected to be reported on an ARP report were omitted. The *Missing ARP Employee List (ARP-4 letter)* is generated the 10th of each month and contains a listing of all employees with a current ARP election who did not appear on the previous month's ARP report(s). The *Missing ARP Employee List* is sent via U.S. mail to the main contact at the college or university.

If the listed employees on the ARP-4 were omitted in error, employers can remit an additional ARP report. If the employees have separated from the college or university, employers must access Pay Period End Code Management on ECS to provide the applicable pay period end code and pay period end date for each employee. If the employees did not have earnings for the previous period, but are still considered continuously employed (i.e., they are not on leave or other reason covered by an applicable pay period end code), there is no further action for the employer to take other than to include the employee on the next ARP report.

It's important to realize that, although the total amount of the employer contribution remains the same, the mitigating contribution amount will be remitted to OPERS; the remainder of the contribution will be remitted to the appropriate ARP vendor.

Additional facts you should know as you implement the ARP mitigating rate:

- Employers are responsible for informing employees about the mitigating rate, the amount and the reason.

- The mitigating rate applies only to contributions effective with the ARP election, not to any balances transferred.

- Service purchase payroll deduction agreements must terminate upon an employee becoming an ARP participant.

- Unauthorized mitigating contributions will be credited to the employer's account; they will not be refunded in the form of a check.

Additional information

In the spirit of full disclosure to your employees, following are important speaking points that you may want to discuss with your employees:

- The mitigating contribution is provided for by Ohio law to enable retirement systems to recoup the costs, and therefore losses, of administering or offering additional retirement options to public employees.

- The total retirement contribution amount does not change; however, a portion (the mitigating rate) of the employer's contribution will be remitted to OPERS rather than the total amount being remitted to the selected ARP vendor.

- When considering an ARP, eligible employees must be made aware of the mitigating contribution – this is the employer's responsibility. Where appropriate, employees should discuss the potential impact of the mitigating contribution rate on their total retirement package with their financial advisor.

Making Adjustments to a Prior Month's ARP Report

Because ARP reports are required to be submitted electronically via ECS, if you notice an error on a report that was already submitted, you may be able to use Pay Period End Code Management to make the necessary adjustments. Other types of corrections will require you to contact your Employer Account Representative team to assist with the necessary changes. They can be reached at 888-400-0965,

Payment of the Mitigating Contribution

The employer mitigating contribution is due monthly along with the ARP report. Payment can be made electronically via ECS or by check.

Employer Programs

It is possible for employers to defer taxes on your employees' retirement contributions. This is known as employer pick-up. Internal Revenue Code Section 414(h)(2) allows employers to make contributions to a qualified pension plan on a tax-deferred basis. Taxes are deferred until an employee receives the contributions as a refund or as retirement benefits.

Under the Internal Revenue Code, employer contributions to a qualified pension plan such as OPERS are not currently taxed; whereas, employee contributions to a qualified pension plan are currently taxable. The purpose of a pick-up plan is to defer taxes on the member's OPERS contribution, whether it is actually being paid by the employee or the employer. If being paid by the employee, the method is called *salary-reduction employer pick-up*; if paid by the employer, the method is called *fringe- benefit employer pick-up*.

How this is handled:
As mentioned, there are the two ways you can structure a pick-up plan for retirement contributions:

- Fringe-benefit method, or
- Salary-reduction method.

For both methods:

- No federal, state or school district income taxes are withheld from the picked-up retirement contribution. The contribution is not reported as taxable income on the employee's W-2 form for federal, state or school district purposes.
- The contribution is taxable for local tax and Medicare (if the employee is subject to Medicare taxation).

However there are some differences you should know about:

Fringe-benefit method
With the fringe-benefit method, employees receive an increase in salary that is intended to cover the retirement contribution.

Example: If 10.0% of an employee's earnable salary must be contributed to OPERS for the member's retirement contribution) and you, as the employer, give a 5.0% pay increase to your employees for the purposes of providing a fringe benefit pick-up. With this method, if you specify this increase is to be used to pay 5.0% of your employees' required retirement contributions, there would be no change in each employee's gross pay. However, employees would now have only 5.0% withheld as a retirement deduction from their earnings instead of the 10.0% previously withheld. The net result is a 5.0% increase in take-home pay.

In the case of an individual earning $1,000 each month, the employer will still remit $100 to OPERS on behalf of the employee, but only $50 is withheld from the employee's earnable salary. The employer pays the remaining $50.

Under the fringe-benefit method a 5% contribution pick-up means a direct 5% increase in salary. Note that the final average salary is not increased because the gross salary doesn't change.

Elected officials are not eligible to participate in a fringe-benefit pick-up plan while serving the term in which the plan was enacted. Township elected officials are not eligible for a fringe-benefit pick-up plan at all.   [Ohio Attorney General Opinions 1984-036, 2004-048]. Carryover employees are not eligible for any pickup plan due to Revenue Ruling 81-36.

Salary-reduction method

With the salary-reduction method, employees do not receive a pay increase. Instead, each employee's gross salary is reduced by the required contribution amount for tax purposes. This way, the employee pays less federal and state taxes since the contributions are deducted on a pre-tax basis. Then, you forward the retirement contributions to OPERS as your employee's contribution to the retirement fund.

Here's an example of the salary reduction method: If you have an employee with an earnable salary of $1,000 per month with a required 10.0% retirement contribution, the salary is divided into:

- The amount of $900 paid to the employee, on which the employee pays federal and state tax, and
- A retirement contribution of $100 that is sent to OPERS, on which no federal and state taxes have been withheld.

IRS code requires that if you're using the salary-reduction method, you must actually reduce salaries and report the reduced salary on the year-end W-2 form—otherwise the employee's contribution would be subject to double taxation. Therefore, the only direct costs to employers are the costs to administer the plan.

How to implement a pick-up plan

In order to establish a pick-up plan, you'll need to follow specific steps.

First, you will need to write a plan description that includes:

- What employees are eligible to participate (all employees or only certain employee classes).
- The first date of the reporting period for which the picked-up contributions will be reported to OPERS.
- Specific language to meet IRS requirements (Revenue Rulings 81-35 and 81-36) as follows:
    1. Contributions, although designated as employee contributions, are employer-paid.
    2. Employees do not have the option to receive the contributions directly. All contributions are paid by the employer directly to the plan.

OPERS has templates for employers to use in constructing your plan description. You may obtain a copy of the appropriate template by contacting Employer Outreach. You may send a draft of the complete plan description to OPERS for review prior to presenting to your governing body for approval. OPERS will review the proposed plan on a preliminary basis to ensure that it is consistent with OPERS statutes and administrative rules, as well as relevant federal tax provisions. You may also want to submit your proposed plan to your legal counsel for review of compliance with federal tax law. General guidance and answers to specific federal tax questions can be obtained by contacting the Internal Revenue Service. Once your plan description is approved by your board, submit a copy, along with a cover letter to OPERS.

Private Letter Ruling (PLR)

If there are questions about your plan's structure, you may be required to obtain a Private Letter Ruling from the IRS to confirm your plan meets the specifications. The procedure for requesting a Private Letter Ruling is described in IRS Revenue Procedure 2006-41 (updated annually).

Please note that an acceptance from OPERS does not necessarily mean your plan meets all IRS requirements under federal law. When OPERS receives a copy of this documentation, we'll send you an approval letter with a new employer code for reporting these picked-up contributions.

In general, please note that after implementing a pick-up plan, if you want to make any changes to the plan, you must notify OPERS 30 days prior to the effective date of the changes you are proposing.

Contribution methods and taxes–How this affects employees

As mentioned before, with both contribution methods, no federal and state income taxes are withheld from the employer-paid contributions—nor are the contributions reported as taxable income on the employee's W-2 form.

Here are some additional tax points to remember:

- If employees elect upon termination to refund their OPERS contributions, all pick-up (tax-deferred) contributions are reported to the IRS on form 1099R as taxable income for the tax year in which the refund was made. This is taxable income and is subject to a 20% federal withholding, unless the employee elects a direct rollover to an individual retirement account (IRA) or ROTH IRA, a deferred compensation plan, or another qualified plan.
- Special tax provisions may apply when taking a refund of an OPERS account. Generally, the taxable portion of a refund is subject to an additional 10% excise tax if the employee is under age 55. Employees may avoid the excise tax by rolling over the taxable portion of a refund into an IRA, deferred compensation plan, or another qualified plan.
- Recipients who receive a monthly benefit from OPERS and beneficiaries who receive a distribution due to the death of an employee are not subject to the excise tax.
- If, during employment, an employee had after-tax contributions, a portion of the monthly benefit payment will be excluded from federal taxes. Usually the retiree pays taxes on a larger portion of their monthly benefit. If the employee did not have after-tax contributions, the monthly benefit payment is fully taxable.

Early Retirement Incentive Plans ORC 145.297, 145.298

State law allows Ohio's public employers to establish Early Retirement Incentive Plans (ERIP) that allow employers to purchase additional service credit for eligible employees, giving them the opportunity for early retirement, or to retire with a larger benefit than they may have been otherwise entitled.

Please refer to the OPERS website at www.opers.org for the *Early Retirement Incentive Manual*.

OPERS annual conversion plans ORC 145.01(R)(1)(b), OAC 145-1-26 (E)

An *annual conversion plan* allows employees to convert unused vacation, sick or personal leave into cash compensation. OPERS must approve Annual Conversion Plans for earnable salary purposes prior to the issuance of such payments. By March 31 each calendar year, employers are required to submit to OPERS all active conversion plans which they intend to report as earnable salary. If conversion payments are not intended to be reported to OPERS as earnable salary, then no approval would be necessary.

***Employer responsibility*:** You must have your plan approved by the governing body of your entity, and by OPERS, before it can be implemented.

Basic guidelines that must be included in your plan:

- Plan cannot be discriminatory. If you do not wish to offer it to all employees, those included or excluded must be named in the ordinance by job title or job classification only. Do not mention any employee by name.

- The plan cannot be restricted based on years of service.

- The maximum amount of converted vacation, sick or personal leave that can be considered earnable salary is the amount the employee earns in one calendar year, less any amounts taken during the same calendar year. To be considered earnable salary the leave also must have been earned in the calendar year it was converted. This concept is considered the LIFO method (last in, first out).
  The only exception is that leave conversion may occur in January for the prior calendar year. In this case the amount considered earnable salary would be the amount of leave earned in the prior year less the amount of leave taken in the prior year. A payout date in January is the only way to affect an OPERS-approved conversion plan that allows for employees to have the potential to convert the entire amount they earn in a year provided they have not used any leave the prior year.

- The plan cannot restrict the number of times employees are eligible to take advantage of the plan. An employee cannot be limited to the number of occurrences of conversion; e.g., conversion can only be done three times over the course of employment.

- For conversion leave to be considered earnable salary for retiring or terminating employees, the termination date would have to occur in the month of the leave payout of your annual conversion plan or later in order for the member to take advantage of the conversion. Only the leave accrued in that calendar year may be converted. Please keep in mind; payments made at termination for accrued leave are not earnable salary. Conversion payments are only made when your policy indicates and cannot be changed to accommodate a retiring or terminating employee.

- With each conversion payment, OPERS must receive the OPERS Conversion Payment Template, available at opers.org, detailing each eligible employee's amount able to convert as specified in the plan, accrual to date for the leave type being converted, amount taken or previously converted in the calendar year, and the amount of leave converted.

Service Credit

What is Service Credit? ORC 145.01 (H)
Service Credit is the term used for the period of employment with a public employer and receiving earnable salary. This credit includes all contributing service and may include other purchased service (such as military or out-of-state service).

It's critical for employee service credit information to be accurate because it ultimately determines eligibility for retirement benefits and health care.

How to use this information
Not every situation is covered in this manual. If you have a question, contact Employer Outreach at 888-400-0965. We'll work with you to make sure you have accurate information to share with your employees. However, we may direct you to have the member, your employee, contact the OPERS Member Service Center due to release-of-information guidelines.

Service Credit or Contributing Months?
For the Traditional and Combined plans, we use the term "service credit" to calculate length of service. For the Member-Directed Plan, employees earn "contributing months." Throughout this manual, you'll see clearly in the header of each section which retirement plan applies to the information we're discussing.

How Contributing Service is defined ORC 145.01 (T)
There are a few simple rules to remember about contributing service:

- Contribution reports submitted to OPERS establish an employee's contributing service credit (contributing months).
- Your employees may earn full-time or part-time service credit.
- Contributing service is calculated on a monthly basis according to the employees' pay period end dates, per calendar year. It is not possible to receive more than one year of service credit (contributing months) for any calendar year through combined employment, working for more than one OPERS-reporting employer.

Here's how contributing service credit is calculated—Traditional and Combined Plans
Contributing service credit is established only when the employee's contribution is sent to OPERS and posted to the employee's OPERS account.

Full-time/part-time
Each year of full-time, contributing service credit with a public employer earns an employee one year of service credit. Therefore, one month equals 0.083 years (12 months x 0.083 = 1).

- Full-time service credit is earned by employees who contribute at least the minimum salary each month of the year. This amount is available at opers.org. Earnings per month are posted according to the end date of the employee's pay period.
- Part-time service credit is earned by those who receive less than the minimum earnable salary per month. Those employees receive a pro-rated service credit.

Calculating contributing service—Member-Directed Plan
Employees participating in the Member-Directed Plan earn contributing months (rather than service credit). Contributing months are earned when you, as their employer, send their contributions to OPERS

and the contributions are posted to their OPERS account. Remember, your employees cannot receive a contributing month of credit until contributions are received and posted to their OPERS account.

An employee's contributing months are used toward vesting in the employer contributions. Twelve consecutive contributing months equals one year of participation in the plan. Employees vest at the rate of 20% each year, so it takes five years, or 60 contributing months, for an employee to be fully vested in the employer contribution.

Special circumstances
Here are some special circumstances that employers should know about regarding contributing service credit earned by employees.

Employer-granted disability leave—All retirement plans ORC 145.296
You may have a situation where an employee goes on a disability leave program.
It's important to remember that all disability leave programs are employer-specific. Disability leave granted by employers is not the disability benefit under the Retirement System. If any portion of the disability leave is funded by the employer, then the following apply:

- You, as the employer, must continue to report the employee on the regular contribution reports to OPERS.
- You must continue to send the correct contributions on the earnable salary in effect for the employee at the time the leave is granted.
- If the disability pay is approved to be paid at a later date, you must submit a supplemental report with contributions based on the earnable salary in effect at the time the employee (OPERS member) stopped working. This report must be submitted with the supplemental reason of disability, and contributions reported for the period member was on disability leave.
- A state employer is not required to make employee contributions for the first three months of disability leave because these contributions are paid by the employee.

Employer responsibility: If you have a disability leave program where your employee receives a portion of his or her salary while on leave, employers are responsible for both employee and employer contributions on an employee's salary from the time the leave begins. (Except for state employers, as noted above).

Please note: If your disability leave program pays the employee's *entire* salary while the employee is on disability leave, you, as the employer, will report on the regular report as usual and the employee will make employee contributions. If your disability leave program pays a *portion* of the employee's salary while on disability leave, then the employer makes the employee contributions for the employee.

Reinstatement—All retirement plans ORC 145.01 (R)
When an employee has been terminated from your employment and is later reinstated because of arbitration, personnel board of review order, court order or other settlement order, contributions may be due for the period between discharge and reinstatement.

How this is handled: ORC 124.385
Employers must send OPERS a copy of the award or order to OPERS, Compliance. OPERS will review the document and determine if the payment to the employee would be considered earnable salary.

- Wages should be reported on *Report of Retirement Contributions--Supplemental* covering the period between discharge and reinstatement. ou'll need to complete the report the same way you complete all supplemental reports, noting the payment date of the settlement award.
- As for individuals already receiving retirement benefits, we will revise their benefit calculation to include any back wages in their benefit up to their termination date (benefit effective date). Any contributions received after their termination date would qualify as contributions in the Money Purchase Annuity. The member can withdraw funds from the Money Purchase Annuity at age 65 with an employer match or if prior to age 65, the member will only receive those contributions plus interest.
    - However the employee/retiree will need to repay retirement benefits received and reimburse health care claim payments made during the time covered by the award or order.

Employer responsibility: When back wages are due, employee and employer contributions must be sent and reported for the earnable salary the employee would have received for the entire period of reinstatement. Contributions from employee withholding are due as soon as the agreement is executed and OPERS has determined the payment should be considered earnable salary. The employer share will be billed to the employer.

Delinquent Contributions (unreported public service)—All retirement plans ORC 145.47 and 145.48, 145.483

It is your responsibility as a public employer to withhold, report and send employee contributions, as well as the employer retirement contributions. If a situation arises that an employee has not had employment reported to OPERS, immediate action should be taken to report the employee's service credit or contributing months.

Here's what you need to do:

- If the contributions were never withheld and if the period of time includes service for a prior year, notify OPERS of the error or omission. You will be asked for specific documentation on the *Certification of Unreported Public Service* (form AA), along with any exemption forms on file.
- If the contributions were withheld but not reported or if the period in question is within the current calendar year, you should send the contribution payment and submit a regular *Report of Retirement Contributions.*
- After review of the *Certification of Unreported Public Service* (form AA) documentation, if it is determined that the employer must bear the cost of the unreported service credit, OPERS will send a *Delinquent Contribution Billing* letter with the amount due. This amount will also appear on the *Employer Account Summary*.
- To avoid penalties, you must pay the entire bill by due date indicated on the billing letter. If the bill is not paid within 60 days of the due date, it will be certified to either the state director of budget and management or county auditor for collection.

Employer responsibility: In the case of unreported employment (frequently called delinquent contributions), when an employer has failed to withhold and send an employee's contributions to OPERS, you, as employer, are liable for BOTH employee and employer contributions, plus interest.

Constitutionally denied salary—All retirement plans ORC 145.01 (Y)
Under Ohio's constitution, some public officials cannot receive in-term increases in salary (referred to as denied salary). However, these individuals may make contributions on this denied salary increase to OPERS.

How this situation is handled:
The employee (elected official) should contact you with the request to have contributions withheld on the denied amount.

- You, as the employer, must certify to OPERS (using the *Certification of Denied In-Term Salary Increase form* (form CSH-6):
    - Your employee's current salary,
    - Your employee's projected annual salary, including the denied in-term increase, and
    - The effective date of the increase.

You can find the certification form to certify denied salary (form CSH-6) via the Employer Forms section on the OPERS website.

Employer responsibility: No employer contributions are due on this additional salary. Elected officials must pay both the member and employer contributions for the amount of the denied salary increase.

Purchased service credit: ORC 145.31
In addition to getting service credit through monthly contributions during employment, an employee may acquire service credit through outright purchase.

Employees may be eligible to purchase service credit directly through OPERS in one or more direct payments or through employer payroll deductions. Some limitations may apply and, depending on which retirement plan your employee has enrolled in, different rules apply.

In all cases, employees must complete all service credit purchases before retirement.

The following information discusses the most common ways an employee can purchase service credit.

How can an employee purchase service credit?
Depending on the type of service credit being purchased, an employee may make payment either directly to OPERS or through the employer by payroll deduction.

Usually, payments directly to OPERS may be made as a single, lump-sum payment or as partial payments. Payments directly to OPERS do not involve the employer.

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Service purchase by payroll deduction
If an employee requests payroll deduction and that is an option for the type of service being purchased, the employer is responsible for:

- Completing all reporting information,
- Withholding and sending the deduction to OPERS, and
- Processing funds back to an employee if a refund event occurs.

How this is handled:

1) Have the employee contact the OPERS Member Services Center directly to:
   - Determine eligibility for the type of service to be purchased, and
   - Determine the cost of the service to be purchased.
2) Once eligibility is confirmed, OPERS will send your employee a cost statement. This document will describe the employee's payment options. The employee chooses a payment method and returns the *Service Purchase Payment Option Form* (found at the back of their cost statement) directly to OPERS.
3) If the employee has selected payroll deduction as the payment method, OPERS will notify the employer that payroll deductions for the purchase of service should begin and the post-tax amount the employee has selected to deduct from their payroll each month. If you are on a bi-weekly or semi-monthly payroll schedule, you may choose to deduct the designated monthly amount over the number of payrolls each month.
4) You are responsible for completing the *Report of Service Purchase Deductions* (and sending it via ECS to OPERS) with payment by the deadline indicated. You may either create a data file with the required information, or choose the data-entry method.

Effective January 1, 2012, members only have the option to enroll in post-tax payroll deductions to purchase service credit. Any member enrolled in pre-tax payroll deductions prior to the rule change effective January 1, 2012 who elected to remain in pre-tax payroll deductions must have pre-tax deductions submitted monthly until the service purchase is paid in full or the member terminates employment.

Paper employers: The *Report of Service Purchase Deductions* is available by calling the Employer Outreach at 888-400-0965. If applicable, separate reports will need to be completed for pre-tax and post-tax payroll deductions.

Reporting

- Employers will receive a *Notice of Enrollment* letter informing you of an employee's approval for service purchase. The deductions for this purchase must begin within 60 days following the notification from OPERS. Do not begin deductions until OPERS notifies you.
- The deductions on the report must be totaled.
- Where necessary, a Deduction End code must be added to the employee's line on the report. OPERS has established three scenarios where a Deduction End Code is required:

  - Insufficient Net Pay,
  - Final Deduction (per OPERS notification), and
  - Employee request to terminate deductions (post-tax purchases only).

- If reporting on paper, the report must be signed by an authorized signer, dated, and returned to OPERS by the date indicated.

Note: After deductions have begun, an employee may increase or decrease the amount by informing you directly, only if their deductions are taken on a post-tax basis.

When no deductions were withheld for a monthly report period, the report must still be submitted indicating zero deductions.

Employers using ECS to report regular retirement contributions must also use ECS to report service purchase deductions. Both file-transfer and data-entry methods are available.

Payment

- Payments for service purchase payroll deductions to OPERS can be made via employer check, wire, or electronically via ECS.
- If a refund situation occurs, the refund will be sent to employers to process for repayment to the employee.

Payoff of a service purchase

- OPERS will send you a *Final Deduction Notice* when the employee's purchase is nearing completion. This should be received 90 days in advance of the final payment to permit you time to indicate the date to stop deductions in your payroll system. However, advance notification may be affected by additional payments made directly by your employee.
- Once OPERS has processed the last deduction from the employer, the employee's name will be deleted from your pre-filled Report of Service Purchase Deductions. The employee will see the purchase as Paid in Full on his next quarterly *Service Purchase Payment Summary*.

Penalties

A penalty of up to 5% of the <u>total</u> amount of the *Report of Service Purchase Deductions* is assessed if the report and/or the payment to cover the total deductions taken are filed late

- If reports and payments are not received by the due date, you will receive a *Notice of Penalty Charge* letter. This notification letter will contain a due date and serves as the invoice for payment of the penalty charge. Penalty charges will also be reflected on your *Employer Account Summary*.
- Interest at a rate set by the OPERS Board of Trustees, currently 6% is charged on the penalty amount if it is not paid by the due date indicated on the *Notice of Penalty Charge* letter.

Restrictions
When purchasing service via payroll deduction, it is important for you, as the employer to understand your employee **cannot**:

- Purchase more than one type of service at a time.
- Purchase school-board service. (This type of service purchase must be paid by a lump-sum payment).
- Purchase Bureau or Workers' Compensation service. (This type of service purchase must be paid by a lump-sum or partial payment).
- Purchase service credit if they are a retiree who is re-employed in an OPERS-covered position.
- Purchase service credit by payroll deductions to OPERS if the employee is not actively contributing to OPERS. Note: Payroll deductions cannot be accepted for report periods beyond the employee's last month of retirement contributions.
- Have deductions withheld from any employer other than the one indicated on the employee's payment option form unless the employee submits a *Service Purchase Payment Change* form to OPERS.
- Enroll in pre-tax deductions for the purchase of service credit (effective January 1, 2012).

Refund of service purchase deductions
If OPERS determines a payment was submitted for a service purchase that was either not approved or already paid in full, a refund of the deduction will be sent to the employer to process for repayment to the employee.

Types of Service Credit Purchases
Following are specific types of service credit purchases which have additional employer responsibilities.

Employment Interrupted by Military Service—All retirement plans ORC 145.302
Any employee who is working for an OPERS-covered employer whose work is interrupted by military service may purchase credit for time spent in the military if the employee returns to work for the same public employer within three months of discharge or release from the military.

How this is handled:
Employees who choose to purchase service credit or contributing months must submit the following to OPERS:

- A copy of the discharge or separation notice (form DD214) from the armed forces, and
- A Certification of *Interrupted Military Service Credit* (form IM-1) with the certification sections completed by the employer.
- OPERS will calculate the cost of the purchase and notify the employee. Interest is added if the service is not paid for within the required time period.

Employer responsibility: Employers are responsible for employer contributions on the earnable salary the employee would have earned during the time he or she served in the military.

- After processing the employee's paperwork, OPERS will calculate the amount due. The employer will receive an Interrupted *Military Service Purchase Billing*, which serves as the employer's invoice.
- The employer charge will be due within 30 days of the end of the current month and will be included on the next *Employer Account Summary*.

Exempt Service—Traditional and Combined Plans ORC 145.302

Employees who have contributed to OPERS for at least 18 months in either the Traditional or Combined plans may purchase service credit that was covered by an OPERS-authorized exemption.

Exemption reasons include eligible student status and employment where certain exemption limitations were not exceeded.

When an employee chooses to purchase exempt, previously unreported public service:

- A *Certification of Unreported Public Service* form (form AA) showing the periods of service and earnings must be completed by the fiscal officer of the department where the credit is being claimed. An affidavit cannot be accepted. This form also certifies the employee's employment with you based on your records.
- The (certifying officer) completing and sending the *Certification of Unreported Public Service* must:
  - Send a copy of the exemption form, and
  - Inform OPERS if salary limitations were ever exceeded.

If limits were exceeded, employers will be asked to certify both the employee's exempt service and the service beginning with the payroll period in which the limitation was exceeded through the date when either contributions began or employment was terminated.

Employer responsibility: In the case of exempt service where the employer has valid exemptions on file, the employer is not responsible for payment for exempt service. The member pays the actuarial cost. If requested, employers are expected to accommodate an employee's request for purchase via payroll deductions.

However, if the employer is unable to produce an approved exemption for the time being requested the employer must bear the cost of the purchased service credit, both employee and employer share, plus interest. OPERS will send a *Delinquent Contributions Billing* for the amount due. This amount will also appear on the next monthly *Employer Account Summary*.

Leave of Absence
An employee who was on an authorized leave of absence may purchase service credit or contributing months for up to one year of that leave.

***Employer responsibility*:** There is no financial responsibility because the service is purchased directly from OPERS. However, employers are expected to:

- Certify to OPERS that the employee was on authorized leave,
- Certify the inclusive dates of the leave, and
- Certify the salary that would have been earned during the leave.

The certification must be on the *Certification of Leave of Absence* (LOA) form available at www.opers.org.

Non-contributing elective service—-Traditional and Combined Pension Plans: This section applies to elected officials or those appointed to an elective position only. Those individuals may choose to purchase service credit with OPERS for service on which no contributions were withheld as long as:

- The elective service was not previously covered by Social Security.
- The elected service being purchased was for a period prior to July 1, 1991. If the elected official did not opt into OPERS after July 1, 1991, the contributions are required to be contributed to Social Security.

Prior to retirement and after 18 months of contributing service to OPERS, employees may purchase credit for non-contributing service after January 1, 1935 but prior to July 1, 1991.

How this is handled:
OPERS must receive a *Certification of Unreported Public Service* (form AA), certified by the entity for which the service was performed.

- After this record has been received, OPERS will issue a cost statement of the amount the employee must pay.

Employer responsibility:

- The appropriate entity must certify the elected/appointed service.
- For purchases that commenced prior to July 7, 2013, the employer will receive an *Elected Official Service Purchase* billing for the employer contributions due on the purchase. This billing is due 30 days from the end of the month in which it was billed.

Workers' Compensation
Employees may be eligible to purchase a maximum of three years of service credit if they were off the payroll because of an injury for which a weekly award through Workers' Compensation was received.

How this is handled:

- The employee should contact the Member Services Center at (800) 222-7377.

Employer responsibility: Employers are responsible for employer contributions on the earnable salary the employee would have earned during the time he or she was receiving workers' compensation benefits plus interest.

- After processing the employee's paperwork, OPERS will calculate the amount due. The employer will receive a *BWC Service Purchase Billing*, which serves as the employer's invoice.
- The employer charge will be due within 30 days of the end of the current month and will be included on the next *Employer Account Summary*.

Retirement Incentive Plan Credit
For employees participating in the Traditional plan, total service credit may include credit purchased by you, as employer, for the employee under an authorized retirement incentive plan, which you have adopted. The service credit purchased for the employee cannot exceed either:

- The lesser of an amount specified in your plan, or
- Five years or one-fifth of the employee's established service credit.

NOTE: Employees who are in the Member-Directed or Combined plans must change to the Traditional Pension Plan to be eligible to participate in a retirement incentive plan.

Also, remember that the time purchased by the employer does not count toward service credit needed to be eligible for health care.

How this is handled:
Because a retirement incentive plan is employer-specific, each case may be handled slightly differently.

Employer responsibility: Employers will need to contact OPERS to determine how to proceed.

Employer Account Summary

In this section, we'll review the *Employer Account Summary*–a document that provides details of every transaction that's occurred on your account during the time period reported. We think you'll find it to be an informative document that will help you monitor your retirement contribution account activities for your records. It will also help you if you need to work with internal and external auditors.

Employer Account Summary

The *Employer Account Summary* provides employers with a complete and accurate snapshot of all activities on their account. Here's what you can expect:

- Employers will receive a monthly *Employer Account Summary*. All summaries are sent via U.S. mail.
- Account summaries will be generated on the 15th of each month, or the next regular business day.
- The account summary will provide you with all activity of the previous month–even if there is no outstanding balance.

Employer responsibility: Please remember that the *Employer Account Summary* is not an invoice; it is a record of all activity on your account each month.

Do not wait for your *Employer Account Summary* to generate payments that are known and due to OPERS. You'll know the exact amount of your employer contribution liability when your *Report of Retirement Contributions* is completed. Employers remain responsible for the timely remittance of all contribution reports and employer liabilities.

The *Payment Remittance Advice* section of ECS provides *real-time* account information, including all charges due and due dates.

Employer charges

You will be notified by letter from OPERS for any charges that are listed on the *Employer Account Summary* that are in addition to the regular employer contribution liabilities. This notification is sent via U.S. mail, and will specify the due date for the charge. The notification letter is sent as soon as OPERS identifies an additional charge for which employers are responsible and serves as your notification for payment of such charges.

Examples of charges for which you will receive notification by letter include:

- Delinquent contribution billings,
- Bureau of workers' compensation service purchase billings
- Interrupted military leave service purchase billings,
- Pension overpayment billings, and
- Penalties and interest charges

Employer Account Summary

Special note for agencies of the state of Ohio:
As a regular practice, account summaries showing each month's employer liability contribution activity will not be sent to each individual agency–a single summary will be sent to the Ohio Department of Administrative Services (DAS). The individual state agencies will receive an *Employer Account Summary* that will display additional charges such as penalty and interest charges or service purchase billings.

Certification process for payments due to OPERS ORC 145.51
The situation may occur where an employer cannot or does not pay retirement contributions or employer liabilities as shown on their *Employer Account Summary*. When this happens, OPERS is required by law to start the certification process to collect the funds due.

How this is handled:
OPERS will certify the amount due to the county auditor or to the Budget and Management Director of state agencies. This amount will then be withheld from any funds the employer may be due that are controlled by the county auditor or director and paid directly to OPERS.

Credits
Credits to your account may occur for a variety of reasons such as overpayments of employer liability, or when a return of unauthorized contributions is completed for one of your employees. Credits posted to your account will appear on your *Employer Account Summary* as activity for the month.

OPERS is unable to refund the credits on your account. Federal law requires that once money posts at a retirement system, it must be used for the exclusive benefit of the members and participants, so the money must stay within the System. Issuing a credit complies with this federal law requirement.

Using your credit amount
A credit amount posted to your employer account may be used to reduce unpaid employer liabilities. Credits appearing in the *Account Credits* section of your summary have not been deducted from the *Liability Due* amount. The credit total does, however, reduce the *Balance as of* amount.

How this is handled:
When you have a credit that you want to use to reduce a current liability, simply include this information in your next employer remittance by using the *Employer Payment Remittance Advice* (form E-3) or by submitting an online payment or E-3 on ECS. Indicate you're using a credit by noting this information at the bottom of the *Employer Payment Remittance Advice* or by applying them electronically. Credits may not be used to reduce the amount remitted for member contributions.

Auditor confirmations
All public entities will at some point in time have an external audit. At your request, OPERS will provide confirmation of retirement contribution liabilities by plan that has been paid by your entity. However, OPERS is not able to confirm the number of employees covered under each of the OPERS retirement plans for an auditor.

How this is handled:
If you are requested to provide a retirement contribution confirmation, submit a written request on your employer letterhead containing the following information, or call Employer Outreach.

- The time period being audited,
- Indicate whether the auditor is requesting a confirmation for liabilities paid during the period (cash basis) or for the period (accrual basis),
- The auditing firm's address to which to forward the confirmation.
- You may send this request to:
  Ohio Public Employees Retirement System
  Attn: Accounts Receivable Department
  277 E. Town St.
  Columbus, OH 43215-4642

OPERS will send the confirmation information to the auditing firm.

GASB Statements No. 12, 27 and 45
To help you stay in full compliance with public accounting procedures, and as required by state law, OPERS publishes the disclosures for GASB Statements No. 12, 27 and 45 on an *Employer Notice* during the first quarter of each year. These notices may be viewed online at opers.org.

OPERS Benefits

This section reviews the benefits for which your employees may become eligible–and the necessary steps you'll need to take to process your employees for the benefits they've earned. Employees can find the most up-to-date benefit information at opers.org. You may also refer your employees to the OPERS Member Services Center at 800-222-7377. Note the benefits differ according to the division the employee is reported under, as well as the retirement plan selected by the employee.

Benefits under the Traditional or Combined Plans

Here's what *employees* need to do to start the retirement benefits process:

- Applications for the Traditional Plan are currently available by accessing their accounts online through the OPERS Web site or by contacting the Member Services Center. This retirement application is not available on the OPERS Web site.
- OPERS will send you the necessary paperwork, or notify you via ECS if you report electronically, to certify the employee's final pay period end date as well as which month's *Report of Retirement Contributions* will contain the employee's final salary payment.

Benefit calculation

Prior to retirement, OPERS will work with your employees to help them fully understand their retirement benefits. Additional information is available on the OPERS website. OPERS will handle all calculations, but it's important that employers understand some basic facts about retirement benefits.

Benefits are paid to retirees each month. The OPERS monthly benefit is calculated on the basis of:

- Final average salary, multiplied by a specific percentage based on service and type of plan, and
- Service credit.

Interim benefit payments

Interim benefit payments are available for some employees who apply, and are eligible, for age-and-service retirement. This expedites the first benefit payment to eligible employees–now retirees.

The interim benefit is calculated and paid on the salary and service credit currently in the employee's account, if the employer has certified the last day the employee will receive earnable salary. The interim payment continues until OPERS receives the employee's final retirement contribution, at which time the benefit will be recalculated and any adjustment necessary will be made.

Disability benefits
Public employees who contribute to OPERS via the Traditional Pension or Combined plans may be eligible to apply for benefits under one of two disability plans, the original plan or the revised plan.

Here's how the two plans are distinguished:

- Employees who had contributions on deposit with OPERS on July 29, 1992, had a one-time opportunity to elect under the revised plan. If no election was made, the employee stayed under the original plan.
- All employees initially hired into public service after July 29, 1992, are only under the revised plan.

Differences between the two disability plans:

- If covered under the original plan, an employee must file a disability application before age 60 and be off the employer's payroll;
- If covered under the revised plan, an employee may apply at any age.

For both plans, the Retirement Board approves applications for disability benefits. However, to be eligible for continuing disability benefits, the employee may be required to have a medical review periodically that could result in a medical examination. Another requirement the employee may be subject to is continued treatment. OPERS will cover periodic examination costs, but recipients are responsible for all associated continued treatment costs.

The application process for disability benefits:
To apply for a disability benefit the employee must:

- Complete a *Disability Benefit Application* (form DR-1) and send to OPERS with,
- A completed *Report of Employer for Disability Applicant* (form DR-4), and job description, and
- A *Report of Attending Physician for Disability Applicant* (form DR-3).

As the employer, you are responsible for:

- Completing the *Report of Employer for Disability Applicant* (form DR-4).
- Please note that as the employer you have two choices for the certification:
    - If you know the final day the employee was or will be compensated, you must fill in that date in Section 3 on the form, *Report of Employer for Disability Applicant*, or
    - If you do not know the final date of compensation, you must check that box and certify the final date will be provided upon notification from OPERS of the approved disability.
- Employers may also initiate the disability application process on the behalf of an employee by completing the DR-4 and forwarding to OPERS.
- Employers should keep in mind disability applications are based upon the position held by an employee when the disability event occurs. Therefore, switching an employee's duties to

compensate during the application process may have a profound impact on whether the disability application is approved.

Calculation and benefit amount
After approval of a disability application, the benefit is effective the first day of the month following the month of the approval.

Calculations are done by OPERS and are different under the original and revised plans.

Termination of benefits
Under both the Traditional Pension and Combined plans–the disability benefit ends if the individual:

- Is no longer disabled,
- Returns to public service, even in volunteer status,
- Opts to apply for, and receives, an age-and-service pension,
- Dies, or
- Upon request for self-termination with Board approval.

An individual receiving disability benefits may be required to have medical examinations once a year. If the disabling condition no longer exists, the benefit will be terminated within three months. In that case, OPERS will advise the individual who has received a disability benefit for fewer than five years. This information will go to the former employer. The employer must return the employee to the previous, or a similar, position and salary unless the individual was dismissed (or resigned in lieu of dismissal for dishonesty, misfeasance, malfeasance, or conviction of a felony).

Employment with a private employer may affect continuing receipt of a disability benefit. In order to confirm if private employment will affect receipt of disability benefits, the disability recipient must complete a (DR-2) *Employment Review for Disability Benefits Recipient*.

Under the original plan:
The disability benefit is payable for life, but will terminate if one of the events listed above occurs. In that case, an age-and-service retirement benefit may be available if the recipient is otherwise eligible.

Under the revised plan:
The disability benefit is payable for only a defined period of time, depending on the recipient's age at the effective date of the benefit.

When the disability benefit ends, the recipient has the opportunity to apply for an age-and-service retirement benefit, or apply for a refund of their OPERS account, which would not be reduced by the amount of disability benefits paid. OPERS will calculate the amount of an age-and-service retirement benefit.

Survivor benefits
Qualified survivors of an employee may be eligible for benefits if an employee dies before age-and-service retirement, or while receiving a disability benefit. In addition, certain survivors may qualify for monthly benefits from OPERS. However, certain qualifications must be met:

- The deceased employee must have had at least 18 months of Ohio service credit with three months of credit within the two and one-half years immediately before death, or
- The deceased employee was receiving a disability benefit at the time of death, or
- The deceased employee was eligible for retirement but did not retire, or
- The employee was a law enforcement member and met the law enforcement retirement eligibility requirements.

Beneficiary designation
The beneficiary of an employee who is an OPERS member is determined in one of two ways:

- Specific designation, or
- Automatic succession as established by law.

Under *specific designation* your employee has named a person, persons, trust, estate, or an institution. Upon the death of the employee, the OPERS account may be refunded in a lump sum if the designation specifies a person, persons, trust, estate, or an institution. However, if eligible children survive the employee, only monthly benefits can be paid. An eligible child is considered to be:

- Any unmarried, biological or legally adopted child under age 18 (or 22 if a qualified student attending an accredited school), or
- Any child, regardless of age if adjudged physically or mentally incompetent.

Specific designation must be made in writing by your employee on a *Beneficiary Designation* form or via MBS. At the time of age-and-service retirement, the employee must designate a beneficiary on the retirement application. A specific designation is not valid unless it had been received and approved by OPERS prior to the member's death.

Under *automatic succession* the beneficiary is determined in the following order at the employee's death:

- Spouse,
- Biological or legally adopted children,
- Dependent parents,
- If none of the above, parents share equally in a refund of the account, then
- A refund of the account will be paid to the estate.

Employer responsibility: OPERS should be notified immediately about the death of an employee so that processing of survivor benefits can begin, if applicable. As a part of that processing, survivors will be asked to provide OPERS with a death certificate and make appropriate application for any benefits that might be available.

Employers should notify OPERS immediately of the death of an employee by contacting Employer Outreach at (888) 400-0965.

Health care coverage
Retirement with OPERS provides your employees with the security of a monthly pension. Although not mandated by law, OPERS may also provide health care coverage to eligible retirees, disability benefit recipients, survivors, and their eligible dependents.

In the Traditional and Combined plans, access to health care or allocation received is determined by the cost of the health care coverage to OPERS at benefit effective date. That allocation is then determined by each retiree's or employee's length of service. Employees are encouraged to schedule an appointment with a counselor prior to retirement in order to determine coverage available.

Re-employment of a retiree or disability benefit recipient
Re-employment of a retiree or disability benefit recipient is not prohibited under Ohio retirement law. If you are considering hiring an OPERS benefit recipient–either age-and-service retirement or disability. The following is information you should know to assist you and your prospective employee.

Disability benefit payments
If an OPERS disability-benefit recipient returns to public employment, Ohio retirement law requires the disability benefit be terminated. Employers are required to provide proper notification to OPERS when hiring or re-employing a retiree, or employers may be liable for any overpayment of benefits paid to that employee as of the date of the employee's re-employment.

Employer Responsibilities:
When hiring an OPERS retiree, employers must:

- Complete a *Notice of Re-employment of an OPERS Retiree* (form SR-6), or, in the case of elected officials, *Notice of Re-employment of a Retired Elected or Appointed Official to an Elected Position* (form SR-6E).
- Employers have certain notice and public hearing requirements when they re-hire employees appointed by a board or commission. Employers must certify these forms have been handled correctly.
- Submit the notice to OPERS prior to the end of the first month of re-employment. If a retiree is re-employed within the last 10 days of a month, you'll need to notify OPERS immediately to prevent an overpayment of pension benefits. Confirmation of that notification must be followed up within 10 days by receipt of the *Notice of Re-employment of an OPERS Retiree* at the OPERS office.
- NOTE: The health care information must be completed on this form.

Health care coverage and re-employed retirees
Note the employer's health care coverage is primary, as well as mandatory, if health care is offered to other non-retired employees in similar positions, and OPERS' retiree health care coverage is secondary. Health care claims paid by OPERS will be reduced by the amount available under the employer's coverage.

Treatment of retirement contributions for re-employed retirees

Re-employed retirees do not contribute to the type of OPERS pension account as they did during their pre-retirement public service. Re-employed OPERS retirees must continue to receive their monthly retirement benefit and make contributions toward a money purchase annuity. Re-employed retirees employed in a full-time position at a college or university will have the option to contribute to an alternative retirement plan (ARP). All re-employed OPERS retirees must begin retirement contributions from the first day of re-employment regardless of whether the contributions are remitted to OPERS toward a money purchase annuity or an ARP vendor.

Benefits from a money purchase annuity are based on the calculation of the sum of the employee contributions received for the period of re-employment plus allowable interest, multiplied by two. The benefits from the money purchase annuity become available after termination of re-employment or when the retiree reaches age 65, whichever is later.

An OPERS retiree who is re-employed in a law enforcement position and contributes toward a money purchase annuity for the re-employment period is only eligible to contribute at the regular employee contribution rate, not the law enforcement or public safety rate.

Retirement when two public positions are held

An OPERS retiree who retires from a higher paying position can retain a lower paying public service position and avoid the two-month forfeiture period. The retiree must earn salary in the lower paying position for which OPERS retirement contributions are withheld and reported during the month they retired from the higher paying position.

Re-employed retirees as independent contractors

Any individual, including a retiree who is an independent contractor, is not eligible for membership in OPERS. In general, an age-and-service benefit recipient cannot work as an independent contractor for the employer from which they retired and continue to receive benefits. This prohibition is applicable regardless of the number of hours or days actually worked. If this occurs the age-and-service benefit recipient will forfeit their benefit for the term of the full contract, regardless of when they entered the contract.

However, an individual may be compensated under a contract for services as an independent contractor for another public employer. If this occurs within the first two months of retirement, the retiree will forfeit benefits for the entire period of service as an independent contractor.

Another retirement system's retiree

An age-and-service or disability benefit recipient from another Ohio retirement system (such as School Employees Retirement System, State Teachers Retirement System, Ohio Police and Fire Pension Fund, State Highway Patrol Retirement System, or the Cincinnati Retirement System) coming into OPERS-covered employment is considered a re-employed retiree and may be subject to the two-month forfeiture period.

Another system retiree who becomes employed in an OPERS-covered position but who has not been retired for two months still must make contributions to OPERS from the first day of employment, but the current retirement allowance will be forfeited for each month in which employment occurs during those two months.

Remember that contributions paid during these two months cannot be included in the calculation of the money purchase annuity that will be paid when this employment ends. The two months not used in the money purchase calculation is refunded sans interest when service is ended.

Employer responsibilities: Contributions to OPERS must begin from the first day of employment. However, these employees' contributions will earn a money purchase annuity, based on the calculation of the sum of the employee contributions received for the period of re-employment, plus allowable interest, multiplied by two.

As with any newly hired employee, employers must complete and file a *Personal History Record* (PHR).

Benefits for re-employed retirees (money purchase annuity)
Most re-employed retirees will receive their benefit from their re-employment contributions as a money purchase annuity, assuming all other eligibility requirements have been met. The benefit from a money purchase annuity is based on a calculation using the employee contributions received for the period of re-employment, plus allowable interest, multiplied by two.

A money purchase annuity benefit is payable upon the first day of the month following the later of:

- The last day for which compensation for the re-employment period was earned, or
- The first day of the month following attainment of age 65, or
- The completion of 12 months from the effective date of a current money purchase benefit.
- Distribution of a money purchase annuity begins no later than one of the following:
- April 1 of the calendar year following the calendar year that the individual attains age 70½, or
- April 1 of the calendar year after the individual terminates employment if the individual is age 70½ or older at termination.

Application process:
A re-employed retiree must fill out an *Application for Money Purchase Annuity* (MP-1). In addition:

- On this form a payment method is selected:
    - A monthly annuity payable for the remainder of the contributor's life, or
    - A lump-sum payment representing the present value of the annuity (if the monthly annuity payment would be less than $25, the contributor is eligible only for a one-time, lump-sum payment).
    - Completion of this form includes designation of a beneficiary.

Employer responsibilities: Employers must certify:

- The last day of service, and
- The *Report of Retirement Contributions* that will include the last contributions.

Refunding an OPERS Retirement Account

Refunds: Traditional Pension and Combined Plans

Upon termination of employment, and completing the appropriate application, employees may close their OPERS account and withdraw contributed funds. Employees participating in the Traditional Pension and Combined plans receive 100% of employee contributions plus applicable interest. Additional information is available on the OPERS website.

Refunds: Member-Directed Plan

Employees participating in the Member-Directed Plan may receive employee contributions–net of investment gains or losses earned on those contributions. Depending on length of participation in the plan, an employee may also receive a portion of the employer contributions, plus any investment earnings, based on the following schedule:

Years of Participation	Percent Vested
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 or more years	100%

Refund Application Process

An employee must:

- Complete a refund application for the specific retirement plan in which they participate through their online account, or contact Member Services at 800-222-7377 if not currently registered.
- Complete the appropriate section of the form to have the taxable portion directly transferred to an IRA or other qualifying plan, if applicable. Individual must include the percentage of the taxable contributions to be transferred. The entire amount does not have to be transferred, but any taxable contributions not transferred will be subject to the 20% withholding.

Note: If the employee submits the *Refund Application* directly to OPERS, the employer will receive the *Certification of Final Payroll* letter via ECS or via U.S. mail if reporting by paper.

The employer must:

- Certify form and then…
- Submit the document to OPERS.

A refund cancels the individual’s membership in OPERS. Please remember that 90 days must elapse from the employee’s last date of public employment before a refund is paid.

Additional information about refunds:

- If the individual returns to service in an OPERS-covered position before the refund is issued, the uncashed refund check must be returned to OPERS.
- Interest on refunds is paid at a rate set by the OPERS Board of Trustees.
- OPERS calculates interest on refunds based on years of service.

- If a refund is taken and the individual later returns to contributing membership in one of the state systems for at least 18 months, the amount refunded, plus interest, may be re-deposited.
- A 20% federal tax withholding is effective on the taxable portion of a refund, as well as the interest and employer contributions. The payment is taxable in the year the refund is received unless within 60 days of issuance it is rolled over into an Individual Retirement Account (IRA) or to another qualified plan. Married employees eligible for an age-and-service retirement benefit are required to obtain spousal consent if they apply for a refund of their account value.

Release of Account Information and Funds

OPERS takes the security of each employee, or member, account very seriously and we have implemented certain safeguards to maintain the security of account information. There are times, however, when OPERS must, by law, release specific information, or funds from, an employee's account. The following reviews exactly under what circumstances any release may occur.

Release of information
By law, some information held by OPERS for employees is confidential. As such, OPERS will not release information about an employee's individual account without written authorization from the individual.

The written authorization must:

- State what information may be released,
- Include who is being authorized to receive the information,
- Be signed, and
- Include the employee's Social Security number (SSN).

Medical records may be released with written authorization to the employee's physician, attorney or agent. Medical records may also be released to OPERS-selected physicians.

OPERS will release information without authorization to enforcement agencies for support orders, or to a prosecutor's office in the case of a theft-in-office conviction.

Release of funds
Following is an overview of the circumstances under which funds may be released from an employee's account.

Garnishment
Although an employee's account generally is not subject to garnishment, attachment, bankruptcy proceedings, or any other legal process or assignment, if OPERS is making a payment by refund or monthly benefit, we're required to honor:

- Federal tax levies,
- Some state court-ordered restitution withholding,
- Court-ordered child or spousal support withholding. An OPERS refund or monthly benefit payment may be subject to a support withholding order for spousal or child support payments. Support must have been granted in the original decree of divorce, dissolution or legal separation. OPERS will begin or cease support withholding only when a court or agency order is issued to OPERS, or
- Division of Property orders (that comply with Ohio's domestic relations laws). OPERS is not subject to a Qualified Domestic Relations Order (QDRO) issued under the federal law that is applicable to private pension plans. However, Ohio law permits a court to issue a Division of Property Order (DPO) allowing OPERS to make direct payments to a former spouse from either a monthly benefit or lump-sum payment being paid to an OPERS recipient. To do this, the DPO must be on the correct form.

Release of Account Information and Funds

If OPERS receives one of the above orders, the amount will be withheld and sent to the responsible agency, as required by law.

Theft in office
A public official or employee, who is convicted of or pleads guilty to theft in office, may have their refund or benefit payment garnished for purposes of restitution. However, the individual's indictment, conviction/plea, or sentencing is not an automatic garnishment or forfeiture order.

Before any OPERS funds can be accessed for theft in office, the individual account holder (employee or retiree) must be indicted for the offense under Section 2921.41. Even then, the individual's account is frozen only if the prosecutor notifies OPERS in writing and provides the individual's name, SSN and a copy of the indictment.

Sex offense restitution
An individual's OPERS account may be garnished if the individual has been convicted or pleads guilty to a sex offense and the court has awarded restitution to the victim. This applies to any individual who commits a felonious sex crime against anyone with whom the individual had contact in the course of public employment. The sex crimes covered under this law are rape, sexual battery, corruption of a minor or gross sexual imposition.

Employer responsibility: As a general rule, any employer seeking restitution for a theft-in-office situation, or a victim seeking restitution for a sex-offense situation, should discuss the matter with the prosecutor.

However, once a guilty plea is entered, the employer or victim may file a request with the court requiring restitution for the offense be withheld from the employee's OPERS account.

Under a court order, OPERS can release funds to make a specific payment to the clerk of courts, the employer, or victim if the request for release of funds has been:

- Filed through the prosecutor, and
- Certain notices have been given.