

# EMPLOYER 101: Part II

Your Roles and Responsibilities  
2023



School Employees Retirement System of Ohio | Employer Services



# Agenda



- **Additional Reporting and Processes**
- **Service Credit**
- **Service Credit Purchase (SCP)**
- **Employee Benefits**
- **eSERS Tips**



# Additional Reporting and Processes



- **Pick-up of Employee Contributions**
- **Employer Pick-up of Retirement Contributions**
- **Wage Certifications**
- **Foundation Program**
- **Annual Employer Statement**
- **Surcharge**



# Additional Reporting and Processes



## Pick-up of Employee Contributions

- The earliest effective date of a pick-up plan is the date of a Board action implementing or changing the pick-up plan.
- According to IRS guidelines, pick-up plans may **not** be implemented retroactively.
- Notify SERS through eSERS, use the Pick-up Plan application, and include the Board resolution.

# Additional Reporting and Processes



## Pick-up of Employee Contributions

**The employer picked-up employee contributions are:**

- Tax deferred for federal income taxation purposes until the member receives the contributions in the form of a refund or retirement benefit.
- Tax deferred for state income taxation purposes, but an employer should contact local taxing authorities to determine the tax treatment of a pick-up plan for city or other local income taxation.

# Additional Reporting and Processes



## Pick-up of Employee Contributions

The employer picked-up employee contributions are:

- Designated as employee contributions and refundable to the member for retirement system purposes.

# Additional Reporting and Processes



## Pick-up of Employee Contributions

In order to implement a pick-up plan, federal tax law requires an employer to adopt a written plan that specifies the following:

- The group of employees to be covered
- The method of pick up
- The planned effective date

Employees in the covered group cannot opt out of the pick-up plan.

# Additional Reporting and Processes



## Employer Pick-up of Retirement Contributions

There are three types of Pick-up plans:

- **Salary Reduction**
- **Fringe Benefit not Included in Compensation**
- **Fringe Benefit Included in Compensation, or Pick-up on Pick-up**



# Additional Reporting and Processes



## Employer Pick-up of Retirement Contributions

- **Salary Reduction**  
Contributions are deducted from employees' salaries. The employee contribution amount is included in the employee's compensation for purposes of SERS but is deferred for federal and state income tax purposes.

# Additional Reporting and Processes



## Employer Pick-up of Retirement Contributions

- **Salary Reduction**

### Example:

Salary: \$20,000

SERS' contribution: \$2,000

Take home pay: \$18,000

Taxable income: \$18,000

Reported to SERS: \$20,000

# Additional Reporting and Processes



## Employer Pick-up of Retirement Contributions

- **Fringe Benefit not Included in Compensation**  
Contributions are paid by the employer from the employer's funds. The contribution is not deducted from employees' salary for purposes of SERS or for federal and state income tax purposes.

# Additional Reporting and Processes



## Employer Pick-up of Retirement Contributions

- **Fringe Benefit not Included in Compensation**

### Example:

Salary: \$20,000

SERS' contribution: \$2,000

Take home pay: \$20,000

Taxable income: \$20,000

Reported to SERS: \$20,000

# Additional Reporting and Processes



## Employer Pick-up of Retirement Contributions

- **Fringe Benefit Included in Compensation, or Pick-up on Pick-up**

Contributions are paid by the employer, and an additional contribution on the 10% also is paid. This provides for a higher salary for retirement purposes only, which will affect the pension amount.

# Additional Reporting and Processes



## Employer Pick-up of Retirement Contributions

- **Fringe Benefit Included in Compensation, or Pick-up on Pick-up**

### Example:

Salary: \$20,000

SERS' contribution: \$2,200 (10% of 20,000, plus 10% of that figure)

Take home pay: \$20,000

Taxable income: \$20,000

Reported to SERS: \$22,000

# Additional Reporting and Processes



## Wage Certifications

Certified wages are completed in eSERS.

The district will receive an email notification when a member, retiree, or beneficiary files one of the following applications:

- Service Retirement
- Survivor Benefits
- Refund
- Reemployed Retiree Payment

# Additional Reporting and Processes



## Wage Certifications

- Disability Benefit
- Beneficiary Lump Sum
- Transfer Service (combined service with other Ohio system)
- Death Certification



# Additional Reporting and Processes



## Wage Certifications

The notification is sent only to the Employer Web Administrator (EWA), and those assigned the “Wage Certification” role.

To see if your district has pending wage certifications, login to eSERS and click “Certified Wages.” If your district has one to be completed, it will appear in the Pending Wage Certifications panel.

# Additional Reporting and Processes



## Wage Certifications

Complete the certification only when you have the **final** payroll information for that employee.

If there is a certification that needs completed for a contract employee, obtain the needed information from the contractor and complete the certification for the contractor.

# Additional Reporting and Processes



## Wage Certifications

- When an employee has service credit in another Ohio public retirement system, the system with the greater service credit will be the paying system.
- If SERS is not the paying system, the employer will still need to complete a Wage Certification for any SERS wage details.
- If an employee holds multiple positions prior to retirement, and they choose to continue working in the lesser paying position, a Wage Certification will need to be completed for the wage details up to the effective retirement date.

# Additional Reporting and Processes



## Wage Certifications - Notes

There is a “notes” section where a note can be added for SERS staff to view regarding the certification. It is only viewed when the certification is being processed.

Any questions regarding the certification should not be entered in the “notes” field of the certification and should be directed to Employer Services.

# Additional Reporting and Processes



## Wage Certifications – Health Care Eligibility

In a Service Retirement Wage Certification, there is a drop-down menu to select yes or no to the following:

- **Eligible for Health Care at Separation**
  - If the Employee is **ELIGIBLE** for your health insurance – the employee does not have to be on the district's health insurance, just eligible for it – select yes.
  - If the Employee is **NOT ELIGIBLE** for your health insurance, you will then need to indicate if the employee was eligible for health care three of the last five years

# Additional Reporting and Processes



## Foundation Program

- Foundation-participating districts pay through the Ohio Department of Education (ODE) School Foundation Program.
- Foundation Program deductions are calculated annually.
- If a salary estimate has not been provided during the allotted window, SERS will calculate an estimate for the district. The SERS-calculated estimate takes the current year's estimate and adds 3%.

# Additional Reporting and Processes



## Foundation Program: Changes to Payment

- Periodic adjustments may be made during the year based on the changing circumstances of each employer.
- Adjustments may be initiated by either the employer or SERS.
- If a community school fails to remit any employee contribution payments, such amounts may be added to their deductions.

# Additional Reporting and Processes



## Foundation Program: Deduction Letters

- Once the salary estimates have been provided, SERS uploads Foundation Deduction letters to eSERS.
- There is a brief window where the district can adjust the letters before the amount is directed to the ODE.



# Additional Reporting and Processes



## Foundation Program

If there are insufficient Foundation funds available to satisfy the SERS Foundation Program deduction, the employer is responsible for remitting the difference directly to SERS.

This amount will show on your Annual Employer Statement.

# Additional Reporting and Processes



## Annual Employer Statement

- At the end of each fiscal year, SERS issues an Annual Employer Statement.
- It includes contribution and payment detail for the year.
- The statement is found on eSERS in the Employer Statement application.

# Additional Reporting and Processes



The **Employer Statement** is divided into two pages.

- 1 The first page contains a breakdown of the “Employee Activity” and “Employer Activity” for the fiscal year.
- 2 The statement will list the “Posted Contributions” (reporting), “Payments”, and the “Net” (any difference) that were reported for each month.
- 3 The net amounts at the top of the statement in the “Beginning Balances” row will show the balance from the prior fiscal year.
- 4 For Foundation Participating districts: if SERS collects your Surcharge through the foundation and there are \$0.00 foundation funds for the month of August and September, this is because your Surcharge payment is pulled from the August and September foundation payment.
- 5 The “Prior Fiscal Year Activity” row will show payment made for any prior fiscal year activity. In this example it shows payment for the previous statement balance.
- 6 This section of the statement provides a breakdown of additional types of payments submitted to SERS.

1	Employee Activity				Employer Activity			
	Payroll Period	Posted Contributions	Payments	Net	Liabilities	Direct Payments	Foundation Payments	Net
Beginning Balances				0.00				121,555.31
Monthly Payroll Activity	JUL-21	45,583.29	(45,583.29)	0.00	63,816.77	0.00	(63,816.77)	0.00
	AUG-21	46,219.08	(46,219.08)	0.00	64,706.78	0.00	0.00	64,706.78
	SEP-21	56,034.28	(56,034.28)	0.00	78,448.09	0.00	(38,330.93)	40,117.16
	OCT-21	57,762.47	(57,762.47)	0.00	80,867.50	0.00	(74,464.00)	6,403.50
	NOV-21	58,975.75	(58,975.75)	0.00	82,566.10	0.00	(74,464.00)	8,102.10
	DEC-21	56,936.59	(56,936.59)	0.00	79,711.29	0.00	(74,464.00)	5,247.29
	JAN-22	53,796.72	(53,796.72)	0.00	75,315.40	0.00	(74,464.00)	851.40
	FEB-22	56,330.03	(56,330.03)	0.00	78,862.03	0.00	(74,464.00)	4,398.03
	MAR-22	60,786.70	(60,786.70)	0.00	85,101.41	0.00	(74,464.00)	10,637.41
	APR-22	56,860.39	(56,860.39)	0.00	79,604.65	0.00	(74,464.00)	5,140.65
	MAY-22	59,965.89	(59,965.89)	0.00	83,952.35	0.00	(74,464.00)	9,488.35
	JUN-22	54,482.64	(54,482.64)	0.00	76,275.66	0.00	(74,464.00)	1,811.66
Summarized Payroll Activity		663,733.83	(663,733.83)	0.00	929,228.03	0.00	(772,323.70)	156,904.33
Prior Fiscal Year Activity		0.00	0.00	0.00	0.00	(121,555.31)	0.00	(121,555.31)
Refunds				0.00				0.00
Credit Memos				0.00				0.00
Credit Memos Adjustments				0.00				0.00
ERI Activity					0.00	0.00	0.00	0.00

3

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# Additional Reporting and Processes



The second page is a breakdown of additional payments to SERS and the ending balance.

- 7 This section is a continuation of the first page - a breakdown of additional payment types submitted to SERS in the fiscal year.
- 8 This row shows the ending balances.
- 9 If you have an employee balance that is due, the amount will be listed in the “Net” column in the “Ending Balances” row.
  - a. If there is a net employee amount, it is due to SERS by a specified date.  
If your district is owed a refund on the “Employer Activity” side, the refund will not be mailed out until the “Employee Net Ending Balance” has been cleared.
- 10 Any “**Amount Due to SERS**” on the statement, regardless of the amount, must be paid by the date specified by SERS.

If there is an “**Amount Due to District**,” a refund check will be mailed to your district within 30 days.

If your refund amount is \$25.00 or less, it will reflect as a credit memo for you to use against any FY2021 liability or you can request it as a refund back to your district. Please email your request to [employerservices@ohsers.org](mailto:employerservices@ohsers.org)

**Foundation participating districts cannot pay their statement balances with Foundation funds.**

**Please note:** Employer Services will not carry any balances forward. All balances must be paid by that specified date.

	Payroll Period	Employee Activity			Employer Activity			
		Posted Contributions	Payments	Net	Liabilities	Direct Payments	Foundation Payments	Net
Surcharge Activity		----	---	---	121,244.30	0.00	(121,244.30)	0.00
Purchased Service Activity		----	---	---	0.00	0.00	0.00	0.00
Penalties		----	---	---	0.00	0.00	0.00	0.00
ARP Activity		----	---	---	0.00	0.00	0.00	0.00
Miscellaneous Liabilities		----	---	---	0.00	0.00	0.00	0.00
Returned Items		----	---	---	0.00	0.00	0.00	0.00
<b>Ending Balances</b>		663,733.83	(663,733.83)	0.00	1,050,472.33	(121,555.31)	(893,568.00)	156,904.33
							<b>Amount Due to SERS is</b>	<b>\$156,904.33</b>

# Additional Reporting and Processes



## Annual Employer Statement: Balance

- Any **Amount Due to SERS** on the statement, regardless of the amount, is due to SERS by the date specified in the communications from Employer Services.
- If the **Amount Due to SERS** is reflected as a credit balance at the end of the statement, it is a refund due to the district.

# Additional Reporting and Processes



## Annual Employer Statement: Balance

### Example:

- Amount Due to SERS (\$xxx.xx).
- If your refund amount is \$25.00 or less, it can be used as a credit memo for any unpaid liability in your Payment Remittance application, or you can request that amount be refunded back to you.

# Additional Reporting and Processes



## Annual Employer Statement: Balance

- If there is an amount owed on the “**Employee Activity**” portion of the statement, that amount is due to SERS by the due date specified by Employer Services.
- Any refund due to the district on the “**Employee Activity**” portion of the statement will not be sent to the district if there is an Employee Activity balance.

# Additional Reporting and Processes



## Annual Employer Statement: Payment

- All districts, including Foundation-participating districts, pay their Employer Statement balance directly.
- It is important for Foundation-participating districts to provide a salary estimate that is as close as possible to the actual salary.
- If your district owes SERS, or if you are receiving a large refund each year, check your salary estimate; it may be incorrect.



# Additional Reporting and Processes



## Surcharge

### The Surcharge is:

- An additional employer charge used exclusively to fund health care.
- Calculated at 14% of the difference between an employee's annual compensation amount and the minimum compensation amount.

# Additional Reporting and Processes



## Surcharge

### The Surcharge is:

- Limited to 2% of each district's total qualified SERS payroll.
- Subject to statewide limit of 1.5% of the total qualified payroll for all SERS employers.



# Additional Reporting and Processes



## Surcharge: Exemptions

The Surcharge applies to all SERS members reported during the fiscal year on the Contribution Report except:

- Members who retired, refunded their account, or received disability benefits effective before July 1
- Members who died before July 1
- Reemployed Ohio public retirees

# Additional Reporting and Processes



## Surcharge: Payment

- Due within 30 days from notification that the final Surcharge amount has been calculated.
- To be completed in the Payment Remittance application on eSERS.

# Additional Reporting and Processes



## Surcharge: Payment

If your district participates in the Foundation Program and has the Surcharge collected from its Foundation payments, SERS automatically deducts it from your September Foundation payment.

# Service Credit



- **Service Credit**
- **Earned Service Credit**

# Service Credit



Service credit is accrued through contributions during employment and for other service, either at no cost, or that may be purchased.

The amount of an employee's service credit determines:

- Eligibility for retirement, disability, and survivor benefits
- The amount of a benefit
- Eligibility for health care coverage and premium costs
- Eligibility of any dependents for survivor benefits

# Service Credit



## Earned Service Credit

- An employee earns service credit based on paid service for a school, college, or university.
- One year of service is credited upon completion of 120 or more days of **paid** school employment within a school year.



# Service Credit



## Earned Service Credit

If an employee works less than 120 days, the employee will receive a fractional amount of service credit prorated on the basis of a 180-day school year.



# Service Credit Purchase (SCP)



- **Service Credit Purchase (SCP)**
- **SCP Payroll Deduction**
- **Changes to New SCP deduction Plans**



# Service Credit Purchase (SCP)



## Service Credit Purchase (SCP)

### **Types of service credit available for purchase:**

- Refunded SERS service
- Leave of Absence
- Non-contributing service with a SERS-covered employer
- Other government or school service
- Exempted service on or after July 1, 1991
- Resignation due to pregnancy or adoption of a child
- Military service
- School board member service prior to July 1, 1991

# Service Credit Purchase (SCP)



## Service Credit Purchase (SCP)

If the employee is eligible to purchase service credit, SERS will send a cost letter to the employee for purchasing all or a part of the service credit by making payments directly to SERS in one or more installments, or by payroll deduction, if the employer offers this type of payment plan.

# Service Credit Purchase (SCP)



## SCP – Workers' Compensation

- An employee may receive additional service credit at no cost for periods the employee received Workers' Compensation.
- If the employee was off the payroll due to a school-connected injury and receiving Workers' Compensation, they may receive up to three years of service credit for this time
- A Workers' Compensation awards history report must be provided for an evaluation of service credit

# Service Credit Purchase (SCP)



## SCP Payroll Deduction

- SERS will send your employee a **Payroll Deduction Authorization Form** to be completed by both the employee and employer.
- The employer is responsible for submitting the employee's payroll deduction to SERS through eSERS using the SCP Payroll Deduction Submission application. Once you have done this, the liability will be available in the Payment Remittance application.

# Service Credit Purchase (SCP)



## Changes to New SCP Deduction Plans

- Any payroll deduction purchase plan received **on or after January 1, 2019, must be on a post-tax basis.**
- Due to the Internal Revenue Service's revised position on such programs, SERS no longer accepts pre-taxed, picked-up payroll deductions for the purchase of service credit.



# Employee Benefits



- **Retirement Eligibility**
- **Service Retirement Process**
- **Termination of Employment and Refunds**
- **Reemployment**
- **Disability Benefits**
- **Death and Survivor Benefits**
- **Cost-of-Living Adjustment (COLA)**



# Employee Benefits



## Retirement Eligibility

Based on age, service credit, and eligibility, SERS offers two types of Service Retirement:

- Unreduced Service Retirement
- Early Service Retirement with Reduced Benefits

# Employee Benefits



## Service Retirement Eligibility Requirements

	<b>Members with at least 25 years of service as of August 1, 2017 (Grandfathered)</b>	<b>Members with less than 25 years of service as of August 1, 2017</b>
<b>Unreduced Service Retirement</b>	Age 65 with 5 years or Any Age with 30 years	Age 67 with 10 years or Age 57 with 30 years
<b>Early Service Retirement <i>with Reduced Benefits</i></b>	Age 60 with 5 years or Age 55 with 25 years	Age 62 with 10 years or Age 60 with 25 years

# Employee Benefits



## Service Retirement Process

The retirement process includes a number of steps:

- The employee meets with a SERS counselor
- The employee completes the Retirement Application
- Application is processed
- The employer is notified of a Wage Certification on eSERS
- The employer completes the Wage Certification after the final information is collected

# Employee Benefits



## Service Retirement Process

- When an employee has service credit in another Ohio retirement system, the system with the greater service credit will be the paying system. However, even if SERS is not the paying system, the employer still needs to complete a Wage Certification.
- If an employee holds multiple positions prior to retirement, a Wage Certification will need to be completed for the wage details up to the effective retirement date.

# Early Retirement Incentive (ERI) Plan



An employer may establish an Early Retirement Incentive (ERI) plan, which allows certain employees to retire early or increase the service credit of those employees eligible to retire.

Employers should contact their legal counsel for advice on adopting an ERI plan

# Employee Benefits



## Termination of Employment and Refunds

- When an employee terminates employment, he or she is entitled to refund the employee contributions and amounts paid towards the purchase of service credit.
- The employee needs to complete an **Application for Refund of a Members Account**. Once processed, a notification is emailed to the employer to complete the Refund Certification on eSERS.
- No refund is issued before three months after termination.

# Employee Benefits



## Reemployment

- A retiree may be reemployed after retirement.
- As a retiree of an Ohio public pension system, the type of job taken after retirement and the timing of the start date can affect the pension benefits.
- The original pension received is not affected during reemployment unless the new retiree does not wait two months before returning to a public sector job.

# Employee Benefits



## Reemployment

- If a retiree holds multiple positions prior to retirement, he or she may retire from the highest paying position and continue working in the lesser-paying position(s) without forfeiting those two-months of pension payments.
- Reemployed retirees do not accrue any additional service credit for the period of reemployment.



# Employee Benefits



## Reemployed Retiree Annuity

- When a reemployed retiree terminates employment, he or she is able to apply for payment of the reemployed annuity account.
- The retiree will need to complete a **Reemployed Retiree Payment Application**.
- The employer will need to certify the wages through eSERS in the Certified Wages application.

# Employee Benefits



## Disability Benefits

### Old Plan:

Covers members whose first date of service is before July 29, 1992 and did not elect New Plan. The member must file application before reaching age 60.

### New Plan:

Covers members whose first date of service is on or after July 29, 1992. The member can apply at any age.

# Employee Benefits



## Disability Benefits

To be eligible for disability benefits, an applicant must:

- Have at least 5 years of total service credit
- Apply within 2 years of last contributing date of service
- Be found disabled from last assigned duties for a period of at least 12 months by a SERS-appointed examiner
- Not receiving service retirement
- Not have withdrawn their account

# Employee Benefits



## Disability Benefits

The application process includes:

- Member contacting SERS for a Disability Benefit Application
- Attending Physician Report
  - Member's personal physician providing a report stating the basis for disability
- Employer receiving a Job Duty Form
  - Identifying applicant's current job, employment status
  - Employer providing a detailed job description

# Employee Benefits



## Disability Benefits

### **The medical examination includes:**

- Upon receipt of the necessary information, SERS will appoint a physician and schedule a medical examination. The examiner will complete a detailed medical report.
- The processing time is roughly 3-5 months

# Employee Benefits



## Disability Benefits

- The final decision is made by the Retirement Board. A written notice is sent to the applicant and the employer.
- If denied, the member is able to appeal the decision.



# Employee Benefits



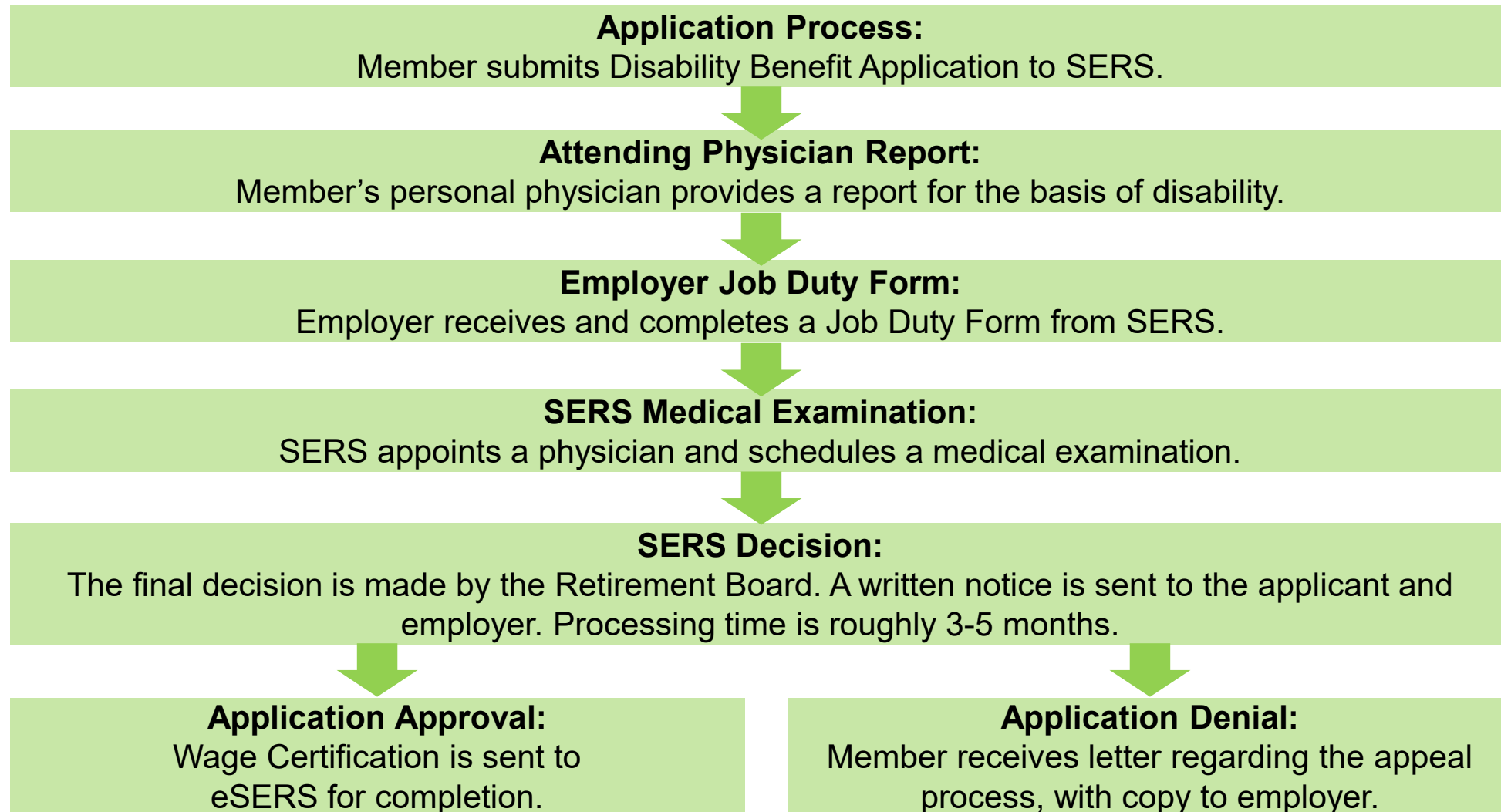
## Disability Benefits

If approved, a Wage Certification for Disability must be completed in eSERS by the employer.

The effective date is the first of the month following:

- Last day of paid service (work or sick leave), or;
- Date the members completed application for a disability benefit was received by SERS.

# Disability Application Process





# Employee Benefits



## Death and Survivor Benefits

At death after retirement or receipt of a disability benefit, the retiree or disability benefit recipient's beneficiary is entitled to a one-time lump sum payment of \$1,000.

# Employee Benefits



## Death and Survivor Benefits

- If an employee dies while employed, the qualified survivors may apply for benefits.
- Report any employee's death on eSERS under the Death Notification application. This starts the process of contacting beneficiaries and processing any benefits.



# Employee Benefits



## Cost of Living Adjustment (COLA)

- A three-year cost-of-living adjustment (COLA) suspension is in effect for all retirees and benefit recipients for the years 2018, 2019, and 2020.
- When the COLA resumes, the increase will be the percentage increase in the CPI-W (the index used by Social Security), not greater than 2.5%, with a floor of 0%.

# Employee Benefits



## Cost-of-Living Adjustment (COLA)

- As of April 1, 2018, new retirees and benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility.
- Benefits that originate from the same member account will not have more than a four-year waiting period in total.

- **New eSERS Functions**
- **Contacts / Web User Maintenance**
- **New eSERS Registration**



# Contact Information



**Call: 1-877-213-0861**

**[employerservices@ohsers.org](mailto:employerservices@ohsers.org)**

**Secure Fax number: 614-340-1195**