



# EMPLOYER SERVICES FACT SHEET

# **SURCHARGE**

SERS has compiled everything an employer needs to know about the Surcharge and Surcharge-related issues.

## **What is the Surcharge?**

- An additional employer charge used exclusively to fund health care
- Calculated at 14% of the difference between an employee's annual compensation and the minimum compensation amount
- Limited to 2% of each district's total qualified SERS payroll
- Subject to a statewide limit of 1.5% of SERS' eligible compensation

## **What is the Minimum Compensation?**

- \$30,000 for fiscal year 2024
- Amount is determined annually by the System's actuaries

## **Where Do I Find My Surcharge Report?**

- Once logged into eSERS, click on **Surcharge** under the Financial Information tab on the left side of the screen.
- The Surcharge application will give you a breakdown of the charge along with a list of employees that appear on the report.
- Click the **Export to Excel** button to print the Surcharge Report.
- The employer will receive an eSERS message board message advising that the Surcharge Report is available for review.

## **Who Should Show on My Surcharge Report?**

SERS members reported during the fiscal year who earned below the minimum compensation, **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

The first exception is tracked by SERS internally, and the affected member should not appear in the Surcharge listing. However, SERS is not always aware of the second and third instances.

## How Do I Report Exemptions?

For reemployed retirees or members who passed away during the fiscal year, email their name(s) and the last four digits of their Social Security number(s) to Employer Services at [employerservices@ohsers.org](mailto:employerservices@ohsers.org).

During the Surcharge process, you should review your Surcharge Report.

## Surcharge Payment

Payment of the Surcharge amount is due within 30 days from notification that the final Surcharge amount has been calculated.

This will need to be completed in the Payment Remittance application on eSERS.

Payments are subject to penalties if submitted after the due date.

## Foundation Program and Surcharge

If your district is participating in the Foundation Program and chose to have the Surcharge collected from its Foundation payments, SERS automatically deducts the Surcharge payment from your September Foundation payment. The payment is always considered on time.

If you are unsure whether SERS is collecting for your Surcharge, please refer to your Foundation Deduction Letter. You can find your letter in eSERS.

## Surcharge Examples

**Example: FY2024, the minimum compensation level is \$30,000 and the employee earned \$7,000, the Surcharge is \$3,220.**

<b>Minimum annual compensation amount</b>	\$30,000
<b>Covered compensation</b>	\$7,000
<b>Difference</b>	\$23,000
<b>Initial individual surcharge</b>	$\$23,000 \times 14\% = \$3,220$

If the member is paid for less than 120 days during the year, the Surcharge is pro-rated.

The fraction used is the number of days paid over 180 days, a school year. This is the same fraction used in determining the amount of contributing service credit for a member.

**Example: The Surcharge for the employee above who works only 110 days is \$1,967.42.**

<b>Initial individual surcharge</b>	\$3,220
<b>Pro-rated fraction</b>	$110 \text{ days} / 180 \text{ days} = 0.611$
<b>Pro-rated Surcharge</b>	$.611 \times \$3,220 = \$1,967.42$