

# EMPLOYER Outreach

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM



## Best resolution for the new year? Employer Compliance Review

An annual compliance wellness check is always a good idea—for employees and employers. Employer Outreach has pioneered a new service that provides a wellness check for employers—targeted to help identify errors and omissions with the retirement contribution process. The corrective actions recommended will help employers limit the potential for costly liabilities and confirm compliance.

The program provides peace of mind, for you, your organization, and for your employees. How? By providing a review of employer retirement contribution decisions and processes. Employer Outreach can comment on compliance and make recommendations to address

actions that may result in potential future liabilities. Three areas are targeted by the Employer Compliance Review—employers can choose one, two or all three areas for review. The compliance specialists will review employer data to determine:

- *Employee eligibility for OPERS membership*—to ensure all employees eligible to be members are reported and ineligible employees are not reported (eliminating unnecessary overpayments and identifying risk for retroactive membership liability).
- *Re-employed retiree data (age-and-service as well as disability retirement)*—to ensure accurate forms and

contributions are submitted to the retirement system and to identify compliance with post-retirement benefits such as health care.

- *Earnable salary*—to ensure only salary subject to OPERS contributions is reported in the retirement contribution process.

### The fine print

The Employer Compliance Review Program is completely voluntary. Upon completion of the review, employers will receive a written report that either identifies potential processing exposures and past non-compliant submissions, or will confirm compliance. If issues are identified, the report will also make detailed recommendations for corrective actions.

## By the numbers: Who's online?

Ever wonder how other employers use OPERS' services and time-saving innovations? Take a look at these numbers to compare your activities with the rest of the employer population:

Number of employers using ECS	2,876; approximately 84%
Employees reported via ECS	349,395; more than 99%
Employers paying via the online option	Nearly 1,300 or 35%
Personal History Record submissions online	233,055 (figure is year-to-date)

### Easy to get started

To sign up for the compliance review program, simply contact Employer Outreach. A compliance specialist will be assigned to work with you. Together, you and your compliance specialist will determine what will be reviewed to help position the employer organization for the future. Employers are encouraged to call today.

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## Where we stand now: pension reform legislation update

Although the progress on pension reform has not been as timely as first anticipated, the deliberate pace will help to ensure the changes, when approved, will have been thoughtfully and thoroughly reviewed and communicated to all stakeholders. Just to refresh your knowledge, the pension benefit re-design recommendations request changes to the retirement benefits structure so that, over time, the pension fund is sustained and strengthened. You may recall that the changes are necessary primarily because people are living much longer in retirement than anticipated when OPERS was established.

### Ever forward

Currently, pension legislation (HB 69 and SB 3) remains on hold at least until the Ohio Retirement Study Council (ORSC) completes its review of the systems' benefit plan recommendations. Pension Trustee Advisors/KMS Actuaries was selected to review the five

public retirement systems' recommendations and to offer advice on alternative ideas for pension reforms and health care funding. The review is expected to be completed by mid-2012. However, while that review is taking place, OPERS is working diligently to ensure the changes are fully vetted and completely communicated to members and employers. Here's what's happening now:

- The OPERS information technology group is working to create an online modeler tool for your employees to access. The modeler will define transition groups (by pension plan and length of service) and clarify, based on the Board's recommended changes, what may change by group when the pension reform legislation is enacted.
- Note that this modeler will enable members to identify what

transition group they would fall under (Group A, B, or C) in the event the General Assembly adopts the Board's recommendations as proposed. However, the modeler will not be capable of calculating specific benefit level changes by individual. We expect the modeler to be deployed online in December.

### Full disclosure

We know many employers are fielding questions from employees seeking information about the recommended changes. The OPERS website ([www.opers.org](http://www.opers.org)) has complete presentations reviewing the proposed changes and the need for the changes. Those presentations can be downloaded for staff meetings or simply reviewed by employees individually. Employers are encouraged to access and/or use any information available via the website to help ensure your employees are fully informed about the proposed changes.

## Making good decisions? Knowing guidelines helps

Membership, refund and service credit guidelines are critical to help safeguard the benefits employees have earned are accounted for correctly. Employers are urged to be completely knowledgeable about these important guidelines.

Remember these guidelines for re-employment of an age-and-service or disability retiree:

- Disability retirement benefits will be terminated for any disability recipient who returns to public service for any reason—regardless of whether the service is as an independent contractor, an exempt position or even an unpaid voluntary position.
- Age-and-service retirement recipients who return to work within the first two months of retirement must forfeit their first two months of benefits—even if the service is voluntary.
- If any retiree provides services as an independent contractor for the public employer from whom they retired, the pension portion of their age-and-service retirement benefit will be forfeited and the annuity portion of their age-and-service retirement benefit shall be suspended beginning the first of the month in which services begins and ending on the first of the month following the month on which services ends. For a retiree who, within two months of retirement, provides services as an independent contractor for a public employer other than the employer from whom they retired, the pension portion of their age and service retirement benefit will be forfeited and the annuity portion of their age and service retirement benefit shall be suspended beginning the first of the month in which services begins and ending on the first of the month following the month on which services ends.

## Guidelines *(continued)*

- Failure to notify OPERS of a disability or age-and-service retirement benefit recipient has returned to public service may result in the employer being responsible for any overpayment of benefits.

### Guidelines regarding refund applications, appointed positions

- Do not certify refund applications for employees who have not terminated employment. If individuals continue to work in a no-pay status due to funding constraints; they have not terminated employment.
- Elected officials or individuals appointed to fill an elected position are eligible to purchase the

available 35 percent extra service credit. For OPERS purposes, the term appointed applies to individuals who are appointed to an elected position or appointed to specific boards or governing bodies. An individual who is hired to an unelected position is not eligible for the elected official service credit even if the individual's employment is approved by a governing body. Using the phrase "appointed" in a board resolution or minutes does not create eligibility for elected official service credit.

### Here to help

Please contact Employer Outreach at 888-400-0965 if you have any questions about this information.

## Fresh start: New Year provides employer-specific training opportunities

We know the first quarter of every new year is a busy time for employers. However, the new year is also an ideal time to recommit to making sure all retirement contribution functions are handled accurately and quickly—allowing you to get on with all your other responsibilities. (And, if you *really want* a wellness check for the new year, schedule an Employer Compliance Review—see related article on page 1 and 8.)

### Save time

Note that the seminar offerings already save you time—the roster here shows online seminars only—meaning training is delivered right to your office, eliminating costly out-of-office travel time. What's up first quarter for employers? Take a look...

- **Employer Contribution System Demo**

If your organization is one of the 16 percent of employer organizations NOT actively using ECS, this one-hour online seminar is for you. Start 2012 out right by learning more about the online system that saves you time. First quarter offerings:

Day/date	Time
Tuesday, Jan. 24	10-11 a.m.
Thursday, March 1	2-3 p.m.

- **Requirements for Annual Conversion Plans**

Eliminate confusion regarding conversion plans and retirement contribution reporting. This one-hour seminar gives you all the information necessary to

ensure compliance on your conversion plan—remember the deadline for 2012 conversion plan submission is March 31, 2012. First quarter offerings:

Day/date	Time
Thursday, Jan. 26	2-3 p.m.
Wednesday, Feb. 15	10-11 a.m.
Thursday, March 22	2-3 p.m.

- **Earnable Salary and OPERS Membership**

The laws regarding earnable salary and OPERS membership are very clear, but can be quite complicated. Employers who take a creative approach to either definition are at-risk for fines and penalties—worse, lack of compliance can negatively impact your employees' retirement decisions. Learn everything you need in this one-hour seminar. First quarter offerings:

Day/date	Time
Thursday, Feb. 9	10-11 a.m.
Wednesday, March 28	3-4 p.m.

### All seminars...

- Are free of charge—helping you complete the retirement requirements quickly and accurately is part of our mission.
- Require participants to register at [www.opers.org](http://www.opers.org) under Employer Seminars section. Any questions, call us at 888-400-0965. E-mail confirmations will be sent to you.

## Employer Resources

### **Employer Resources:** *Year-end reminders*

Handling required year-end details may seem to be pesky, but remember when you process year-end details well; the real winners will be your organization and your employees. We know when items are only handled once a year or so, it can be difficult to remember the finer points. Employer Outreach provides these year-end tips with the aim of making your year-end a season of celebration.

### **Conversion plan approvals are an annual event**

If your organization plans on withholding retirement contributions for conversion plan payments, your conversion plan must have been approved by OPERS. This is an annual event; every year your organization plans to make conversion plan payments for which contributions are withheld, OPERS approval is necessary.

If your conversion plan has been approved, remember year-end payouts must be reported no later than the January 2012 report. Refer to the Employer Notice dated July 22, 2010: *Changes slated for reporting payments under OPERS-approved annual conversion plans*. The *Employer Notice* is archived on the OPERS website.

**Note:** See page 3 for information on seminars to keep your conversion plans compliant.

### **Furlough days**

As the economy continues to recover, employers continue to seek ways to reduce costs. For most organizations, personnel costs are the biggest expense. Therefore, requiring furlough days can help employers trim the personnel budget because employees work reduced hours for a reduction in salary.

That being said, any reduction in earnable salary and working hours will have retirement contribution consequences. As you know, contributions are reported on both hours worked and earnable salary.

- **Best way to handle furlough days:** To keep your Reports of Retirement Contributions, remittances and your employees' accounts accurate, OPERS recommends employers pay and report actual hours worked for employee. When employers report accurately for employees each pay period when actual furlough time is taken, exact information is captured on reports.

- **Another option:** Some employers choose to pay employees a consistent salary, but report actual hours worked on the Report of Retirement Contributions. This option can be successful but can only be implemented by reducing all employees' paychecks by a consistent amount every pay period throughout the year, and allow the employees to take the time off throughout the year until it is used.

When using this option, you must remember that salary reported to OPERS is the amount the employee earned in the pay period, which may be different than what the employee is actually paid.

### **Regarding elected officials paid on each pay date throughout the year**

Contribution reports must show when employees earn salary, regardless of when the employee is actually paid. What does this mean to employers? It means you must report earnings on the appropriate month's report, even if an employee is paid early. For some elected officials, this means you may have to report their earnings on an additional Report of Retirement Contributions—one separate from your other employees.

This information is critical for employers with a payroll system requiring elected officials to be paid within the calendar year. Remember, you must ensure your retirement reports accurately show when the money is actually earned. This is sometimes reported in error, especially with elected officials who have a specific term of office; so you may need to report elected officials on a separate additional regular report.

### **Regarding finalizing your Dec. 31 payroll**

Some employers must finalize year-end payroll by Dec. 31, even when that date is not the actual pay period end (PPE) date for your pay schedule. To ensure retirement contribution reporting is accurate and not rejected due to a pay frequency code/date mismatch, follow these steps when you must end all pay periods on Dec. 31. Remember this information:

- On the last report of December, make sure you code each employee with a PPB code of H showing OPERS a pay schedule or frequency change.
- Then, on the first report of 2012, again code each employee with pay period begin (PPB) code of H.

## Employer Resources

### Regarding annual statements

The *OPERS Annual Statement* can be an important decision-making tool for your employees. Like any financial statement, OPERS' annual statements will only be helpful if they are entirely accurate. Employers can help ensure employees receive accurate and timely statements. Here's how:

- Any employee with an inaccurate Social Security number (SSN) will not receive an annual statement from OPERS. Remember,
  - If the SSN is incorrect due to an employer error this can be resolved simply by contacting OPERS in writing with the correct SSN. This written explanation can be faxed to 614-857-1178 or e-mailed to [employeroutreach@opers.org](mailto:employeroutreach@opers.org)
  - If the SSN is incorrect due to an employee error, OPERS must receive a copy of the Social Security card with the accurate number distinctly visible. A copy of the SSN card can be faxed to 614-857-1178 or mailed to OPERS.
- All outstanding, including delinquent, employer accounts AND reporting errors must be resolved by January 31 for employees to receive annual statements. Statements are processed at the beginning of February and then sent on a staggered basis to all active members, your employees.

- Unanswered large earnings clarifications will prevent employees from receiving their statements. Note this information:
  - All large earnings must be cleared prior to January 31 for employees to receive an annual statement.
  - Note that employers submitting retirement contributions reports online are required to respond to large earnings inquiries online as well.
  - If your employees are bringing you copies of letters indicating a larger than normal contribution has been received and needs to be clarified, this situation has occurred because a large earning has remained unresolved for more than 30 days.

### **W-2 vs. annual statement—sometimes total salary is different**

Every year, employers contact OPERS because of perceived discrepancies between an employee's W-2 and the *OPERS Annual Statement*. As a reminder, the total 2011 salary shown on the OPERS personalized annual statement may differ from the total salary shown on W-2 forms because:

- Not all salary is subject to retirement contributions, and
- W-2 forms may include wages paid during 2011; the OPERS Annual Statement includes only wages earned during 2011.

### Did you know? Fast facts for employers...

Pension funds have been in the news with greater frequency in 2011 than ever before. Sometimes, the most basic facts get lost in all the clutter. Consider these facts when you read, hear or talk about OPERS:

- The average benefit for an OPERS retiree is \$22,078, or \$1,840 a month.
- The average age for a first time service retiree in 2010 was 60.
- Historically, two-thirds of OPERS' revenue comes from investment returns. The remaining one-third of the revenue is from employee and employer contributions.
- For every \$1 of taxpayer contribution, OPERS returns \$3.06 to Ohio's economy.
- OPERS members and retirees are taxpayers, wage earners and consumers who live, work and retire in Ohio.
- In 2010 OPERS paid \$5.5 billion in pension and health care benefits. Nearly 90 percent of OPERS retirees live in Ohio spending the vast majority of that money on goods and services in the state.
- OPERS serves more than 365,000 members, 172,000 retirees and 3,700 employers.

OPERS is a significant and stable financial resource for Ohio's public employees and retirees—and therefore for all of Ohio's economy.

## Mailbox



**Q: What is the 2011 deadline for employees making voluntary deposits to their additional annuity, Combined or Member-Directed accounts?**

**A:** This is an excellent question that must be answered by year-end. Why? Because the deadline for voluntary deposits to an OPERS account is Dec. 31.

We understand some employees have gotten different advice from financial advisors. Federal law permits deposits to IRAs, SEPs or other financial vehicles until April 15 of the following year to be accounted for in the previous year. However, the deadline for voluntary deposits to OPERS accounts is set by the OPERS policy.

So, if any employee is planning to make a voluntary deposit for 2011 to an OPERS additional annuity, Combined or Member-Directed account, it must be made postmarked by Dec. 31, 2011.

**Q: Where's MBS? Recently, an employee asked me where MBS has gone—the individual wanted to sign up for an online account. I went online to help and could not find an MBS tab.**

**A:** MBS, OPERS' popular online, personalized account system for members and retirees is still there—but now it's simply called an online account. Just look for the *Access Your Account* section on the home page (top, right corner).

Once your employees have registered, they'll realize significant convenience and time-saving advantages, because the online account option is always available. The online account option provides your employees who have registered with:

- Secure 24/7/365 online account access
- Electronic annual statements—provided before the hard-copy mail rollout
- The ability to...
  - Run an estimate of retirement benefits
  - Register for a one-on-one counseling session or education fair
  - View their current account including service credit, accumulated contributions and account value
  - Update contact information
  - Opt to receive electronic annual statements, publications and e-mail news alerts



### Who is online in the employee/retiree population?

- 42 percent of all active members (your employees) are registered with online access
- 19 percent of all inactive members (former employees with accounts)
- 51 percent of all retirees receiving benefits are registered with online access

**Registering is easy:** Simply log on to [www.opers.org](http://www.opers.org) and click on the *Register for Account* button in the *Access Your Account* section (top, right corner of the home page).

## Info to Go

- **GASB responses—update on decision timeline**  
OPERS-reporting employers provided valuable information to OPERS and to the GASB regarding the proposed revisions to reporting standards. Some employers have inquired where the project stands now. To that end...
  - OPERS completed testing of the standards and forwarded information by the GASB’s deadline.
  - OPERS-reporting employers provided significant feedback directly to the GASB.
  - The GASB is expected to make its final decision around June 2012.

As always, when the final recommendations become official, employers can expect OPERS to fully review and explain the impact. And, of course, if pertinent to the GASB’s decision, we will disclose any effective dates as known so that employers are in the position to handle any changes.



- **The year 2012 is a leap year**  
Some remember this because a leap year is also a presidential election year. For employers, an extra day in February means January reports of retirement contributions will be due March 1, rather than March 2.

## Education Fairs—meeting employee needs

Education Fairs—meeting employee needs  
Education Fairs are a new concept to reach out to your employees who are nearing retirement. Beginning January 2012, OPERS will be offering Education Fairs throughout the state. (The fairs are slated on a bi-weekly schedule; the complete schedule can be found online at [www.opers.org](http://www.opers.org).)

The Education Fairs will target two different audiences:

- **Ready to Retire** Education Fairs are for employees ready to retire within the next six months; current topics include: Information on how to start the retirement process, health care, and a hot topic session for relevant issues affecting OPERS members.
- **Planning to Retire** Education Fairs are for employees planning to retire within three years; current topics for this educational offering include: reviewing what decisions need to be made at retirement, resources available to assist with those decisions, health care and hot topics.

### No one left behind

We know from employers that many employees who are mid-career are asking about retirement-related information. We hear you; here’s what you can do:

- Direct your employees to visit the OPERS website at [www.opers.org](http://www.opers.org). Via the website, your employees will have the option to view retirement-plan specific videos especially designed to answer questions.


- All employees are encouraged to sign up for online account access. By accessing their accounts online, your employees can view annual and quarterly statements—statements that provide important, up-to-date retirement account information. This information will be invaluable to employees who are contemplating retirement because it provides exact, personalized financial data.

### Limited onsite presentations available

For some employers, onsite presentations can be arranged. To do this, contact Employer Outreach with the request via e-mail or phone. At the time you make the request for an onsite presentation, specific information will be required including:

- How many employees will be attending? (Note: Minimum of 60 is required.)
- What days and times are you requesting? (Note: Due to limited staff time for onsite presentations, it’s best to have several dates as options so that we can accommodate as many employer requests as possible.)

### Looking to 2012

As an employer, if you’re anticipating a need for an onsite presentation for your employees *any time during 2012*, you’re encouraged to contact Employer Outreach with your available dates as soon as possible. Call us at 888-400-0965 today—your employees will thank you in the New Year. 

## Employer Compliance Review

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### So far, so good for Employer Compliance Review Program

During the pilot stage, introduced in October, the Employer Compliance Review Program initiated multiple reviews at employer request. Of course, the review findings cannot be discussed, but we thought employers would be interested in learning what other employers think about the program so far:

#### Why sign up?

"It's just too easy to make mistakes. So I decided to just find out what, if anything, just isn't right."

~ Rosemary Yukich, Village of Hiram

#### Reaction to interaction and analysis?

"My supervisor really wanted to get the review done. It just makes everything good to know that you're doing it right."

"Having the review gives me a lot more confidence."

"This is a great thing OPERS is doing; it helps protect our employees."

"I started in August and I wanted to be on of the first to get reviewed before I went too far. I am almost using the review as training for me."

~ Pam Haggy, Village of Pomeroy

"Of course I'm hoping for complete compliance. If the review gives us bad news, well, we'll correct the problems and move on. I'm fairly confident that we're doing things correctly but all of us inherit that which is given to you. It's a good feeling to have everything reviewed."

#### Difficult to pull information together and work with the compliance specialists?

"It was easy to work with the compliance specialist; requests were clear, plain and simple."

~ Rebecca Wilson, Villages of Camden & West Elkton

#### How did you hear about the program?

"Read in the employer newsletter that the Employer Compliance Review Program was an especially good idea for those with a new fiscal officer. I thought what better way to start than to make sure we are compliant?"

~ Carolyn Sheldon, City of Ashtabula



## Board of Trustees

For a current listing of OPERS Board members, please visit [www.opers.org](http://www.opers.org)

The 11-member OPERS Board of Trustees is responsible for the administration and management of OPERS. Seven of the 11 members are elected by the groups that they represent (i.e., college and university non-teaching employees, state, county, municipal, and miscellaneous employees, and retirees); the Director of the Department of Administrative Services for the State of Ohio is a statutory member, and three members are investment experts appointed by the Governor, the Treasurer of State, and jointly by the Speaker of the Ohio House of Representatives and the President of the Ohio Senate.