



Deferral payments due Dec. 31

In September 2012, Senate Bill 340 was passed by the Ohio Legislature. This bill amended the law to require the employer share of pension contributions to be paid monthly, rather than quarterly. This requirement was effective with the January, 2013 payroll reports.

To ease the transition necessitated by this mandate, OP&F employers were given an option to defer employer contributions for the months of January through March 2013, over a three-year period. For purposes of the statutory provision, the employer contributions for the first quarter of 2013 were combined into a single total for each employer. One third of this total was payable to OP&F by Dec. 31, 2013, one third was payable by Dec. 31, 2014, and the final third is payable no later than Dec. 31, 2015.

As in the past two years, OP&F will provide a customized

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ACH debits authorization form online

Currently, more than 380 OP&F employers have signed up for OP&F's online reporting option since its inception in February 2010. This represents well over half of the employer population.

Online payments are easy, convenient, and eliminate the potential problems caused by mail delays or even lost mail that can result by sending payments to OP&F by check. Any payment, such as employee and employer contributions, payroll deductions for the purchase of prior service, accrued liability, or statutory penalties can be made online through OP&F's Automated Clearing House (ACH) debit program.

OP&F has implemented a new authorization agreement for ACH debits form that can be completed online. This is the form that must be completed by employers signing

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GASB information on op-f.org

In June 2012, the Government Accounting Standards Board (GASB) issued Statement 68, requiring governments that provide defined benefit pensions to recognize their long-term obligations for public pension benefits as a liability on their financial statements. This is an accounting measure only, not a funding requirement. GASB 68 became effective for fiscal years that begin after June 15, 2014.

Ohio's state retirement systems, including OP&F, have always reported their unfunded liabilities and public employers have always reported their employer share of pension contributions. What is new is that GASB now requires that the financial statements issued by a local government (including OP&F employers), must begin reporting their proportionate share of the entire retirement system's net pension liability. This does not affect an employer's actual liability, or the required contributions that OP&F employers must pay.

OP&F employers can look up their proportionate share of the unfunded liability in the GASB 68 link under www.op-f.org/Employers/GASB. The information provided in the Schedule of Employer Allocations shows for each employer, the employer contributions submitted in calendar year 2014, as a percentage of the total employer contributions for that year.

Employers will need a current OP&F employer code number to identify the correct amount (four digits, followed by either a P or an F). There will be two separate codes for employers who have both police and fire members.

GASB questions can be emailed directly to OP&F's Finance Department at GASB@op-f.org.

Employer payroll reporting methods

Each month, OP&F receives more than 900 reports of retirement deductions from employers. These reports contain vital information related to member wages, pension deductions, and hours scheduled and worked. Once these reports are processed, each member's ledger is updated and service credit is applied. When a member files for retirement or disability, OP&F already has this information on record, so that benefits can be calculated quickly and efficiently.

OP&F encourages employers to report member payroll data electronically, either through our web self-service program (manual entry or import), or through the employer work report (payroll file upload) option. By using one of our electronic reporting methods, payroll data can be processed more rapidly, because the need to key in information manually by OP&F staff is eliminated.

Online reporting eliminates the possibility of a report being delayed or lost in the mail, which could result in statutory penalties. As the accompanying pie chart shows, although 24 percent of OP&F employers still send paper reports each month, the remaining 76 percent use online reporting methods through one of the three available options.

If an employer is interested in switching from paper to electronic payroll reporting or would simply like to see how it works, please contact John Davis, Employer Education Manager, at 1-888-864-8363.

Changing a pick-up plan?

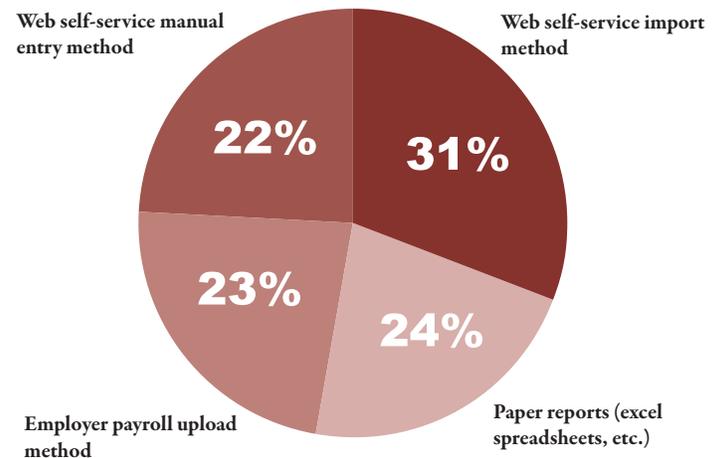
Employers must contact OP&F

Employers must contact OP&F if changing a pick-up plan. Employers who are changing their pick-up plans must pass a resolution using the model language provided on OP&F's website.

This model language is required by Administrative Rule 742-7-14. Specifically, the model resolution to be used is called a Model Pick-Up Resolution for an Existing Pick-Up Plan, which can be found on OP&F's website under Employers/Documents. The resolution must be filed at least 30 days prior to submitting contributions to OP&F as picked-up.

Once the resolution is passed, it should be sent to either Dominique Adams or John Gresh in the Employer Services Group at OP&F for approval. The new resolution will be reviewed and approved or sent back to the employer if the resolution does not match the model language.

Payroll reporting (by method)



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notice of the amount due for the 57 employers who participated in the deferral plan. This notice will be provided during the month of November. Payments can be made online through the ACH debit option, via wire transfer, or by check.

Keeping employee addresses updated

OP&F asks employers to assist in keeping employee addresses up to date. It is important to keep active members notified of changes in laws, rules, policies and Board of Trustee elections. It is primarily the member's responsibility to keep addresses up to date, but OP&F asks employers for their assistance in doing so.

OP&F prefers not to receive multiple member address changes in a list format. Instead, please send any employee address changes, including their full names and social security numbers, on your own individual forms or download address change forms from the OP&F website.

OP&F members can also change their addresses through the Member Self-Serve Web or by phone by calling OP&F at 1-888-864-8363.

Pensionable and non-pensionable salary

How to tell the difference

Under Ohio law, not all wages earned are considered salary for use in pension calculations. The Report of Retirement Deductions should only include wages that are considered to be pensionable under the law.

The law defines salary for pension purposes as all compensation, wages, and other earnings paid to an employee by reason of employment, but without regard to whether compensation, wages, or other earnings are treated as deferred income for federal income tax purposes.

Salary also includes payments for overtime, as long as it is paid within the pay period earned or the following pay period and reported to OP&F within 60 days of when the overtime is worked. If a member chooses to bank worked overtime for use at a later date, it is not pensionable, unless it is used to make up the member's regular schedule at a later date.

Payments such as longevity, shift differential, acting pay, stress or hazard pay, educational allowances, performance bonuses and sick leave incentives that do not reduce the member's sick bank are considered pensionable salary if paid within one year of when earned.

Retroactive payments (pay raises) are considered pensionable regardless of when earned. For information on reporting retro pay, please see the *OP&F Employer Manual*.

Grievance settlements resulting in the reinstatement of a member may or may not be considered pensionable wages, depending on the language of the settlement. The employer should contact an OP&F Employer Services Group Specialist prior to submitting contributions on such settlements. OP&F will ask for a copy of the grievance settlement to determine if the wages are pensionable and to provide the employer with the proper reporting procedures.

For additional information on reporting back pay related to reinstatements, see the Reporting Grievances/Settlements section

of the *OP&F Employer Manual*. If there is a question regarding the pensionability of wages, it is recommended that the employer contact an OP&F employer services specialist before taking deductions on any given earning type. OP&F reserves the right to reject any reported earnings that are later determined to not be pensionable salary.

There are payments that fall beyond the scope of pensionable salary. Pensionable salary does not include compensation for services outside the scope of the employee's regular employment, which includes, but is not limited to;

- Reimbursement of expenses (i.e., tuition reimbursement, uniform allowances);
- Payments for opting out of employer provided health care coverage;
- Overlapping pay that occurs when a member works a vacation day. Do not pension or report both the vacation day and the call-in time. The call-in time makes up the base hours, base wages and becomes the pensionable portion. The vacation would be considered a cash-out and should not be pensioned;
- Non-worked Kelly days;
- Terminal pay, which includes the following:
 - Lump sum payments for accrued but unused sick leave, vacation, personal leave, and compensatory time (only considered salary when used to keep a member on active payroll);
 - Holiday and other payments deferred more than one year;
 - Early retirement incentive plans;
 - Signing bonuses or payments made for ratifying a collective bargaining agreement; and
 - Sick leave bonuses or incentives that reduce the member's sick leave bank.

SSI user conference presentation in Mason

Employer outreach efforts continue

OP&F continues outreach efforts and has made a strong commitment to assist employers with payroll reporting and payment issues. On September 16, OP&F's Employer Education Manager John Davis, presented an OP&F reporting update to attendees at the annual Software Solutions Incorporated (SSI) Users' Conference in Mason.

SSI provides payroll software services to many OP&F employers. Nearly fifty employer representatives attended the session. During and after the presentation, attendees had time to ask questions. Much of the discussion concerned the OP&F Web self-serve reporting and payment program.



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ACH debits authorization form online

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up for online payments. The form is an enhancement over the prior form which could not be completed on the OP&F website. The new form has two sections - one is for employer demographic and banking information and the other is the employer authorization section. Please note that under the ACH online payment option, payments can only be posted as early as the following business day, or two business days later, if the payment is entered after 4:30 p.m.

The Authorization Agreement for ACH Debits form can be found on the OP&F website, www.op-f.org, under Employers /ACH Information. Also included in this section is helpful information concerning the online payment process in great detail, including frequently asked questions for online payments.

Important dates and deadlines

Important dates and deadlines are also posted on OP&F's website under the Employers menu in the Calendar of Billing Deadlines and Events section.

November

Nov. 30 OP&F Payroll deductions, member and employer contributions and payroll reports for October 2015.

December

Dec. 31 Fourth quarter penalty bill (Late employer contributions, late payroll reporting and late Pre-Employment Physical).

Dec. 31 One-third of employer contributions due for Employers enrolled in Deferral program (January-March 2013).

Dec. 31 OP&F Payroll deductions, member and employer contributions and payroll reports for November 2015.

OP&F provides the Employer Digest as a general reference material in order to assist employers in properly reporting required contributions to OP&F, as well as submitting the required forms and materials that are necessary to provide benefits for our members. As a general reference material, the Employer Digest may not sufficiently represent all of the details applicable to the subjects discussed. Nothing contained in this newsletter is meant to interpret, extend or change, in any way, OP&F's governing statutes, administrative rules or policies. If you have any questions or need information on any subjects referenced in the Employer Digest, please contact OP&F.

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