



The quarterly newsletter for employers of Ohio Police & Fire Pension Fund members

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Member contributions rates to increase on July 2

This summer, member contribution rates will increase as part of the scheduled increases put in place by pension reform legislation in 2012. Active members will begin contributing 12.25 percent on pay periods beginning on or after July 2, rising from 11.50 percent.

In July 2013, member contributions increased for the first time since 1988 when rates went from 10 percent to 10.75 percent. When the rate moves to 12.25 percent, this will be the final scheduled increase as the result of pension reform legislation.

The increase in member contributions and other changes helped reduce OP&F's unfunded accrued liability by \$3.2 billion.

OP&F continues to proactively work with employers across the state who will implement the change. For the third consecutive year, OP&F will be sending all employers a letter in late May confirming the exact date of the rate change. These letters are customized as this date will vary based on individual pay cycles.

If you have any questions relating to the rate change and its timing please contact your Employer Services Specialist at 1-888-864-8363.

The employer contribution rates remain unchanged. The rate for police employers is 19.5 percent of salary, while the fire employer rate is 24 percent.

Member contribution rate increases

Salary Earned in Pay Period Beginning Date	Salary Earned In Pay Period Ending Date	Member Contribution Rate
Prior to July 2, 2013	July 1, 2013	10.00%
July 2, 2013	July 1, 2014	10.75%
July 2, 2014	July 1, 2015	11.50%
July 2, 2015	and thereafter	12.25%

Employer Information Form updated

OP&F has recently updated the Employer Information Form to make it easier to use and understand. This form is used either as a means for employers to update OP&F on employer payroll contact staff or when there is a new employer who needs to be set up in our system.

The form can also now be completed online and is available on the OP&F website under Employer/Forms. The updated form has also replaced the old one in the Employer Manual (Appendix D). The Employer Manual can be located on OP&F's website under the Employers section. If you have any questions about the update, please contact OP&F.

Valid work codes – an explanation

Work codes are used to explain member status changes. For example, if an employer has a new member that starts in the middle of a reporting period, using the work code “N” will explain why this member does not have full service credit. Similarly, if a member quits or terminates during a reporting period, use of the “T” work code will explain less than full service credit.

The pay adjustment work code “A” is used in connection with positive or negative adjustments from prior pay periods. For example, if a member was overpaid in a prior report, the adjustment work code will be used along with the appropriate pay codes and monetary adjustments.

Work Codes allow employers to account for anomalies in an easy-to-use, consistent format. Using these codes properly will expedite processing of your payroll and reduce phone calls and letters from OP&F concerning incorrect reporting.

If an employer has a member whose hours paid is less than the hours base and falls into one of the categories in the chart accompanying this article, report the work code in the proper field on the Report of Retirement Deductions Form. This will let the OP&F Employer Services staff know the reason the base hours and paid hours do not match.

It is important to note that the hours base does not change just because a work code is used. For example, even though a new employee may have been paid for only 80 hours in a reporting period, the hours base reported would still be 160. This is because the hours paid is compared to the hours base to determine the pro-rated service credit. In this example, if 80 were used as the hours base, the employee would receive a full month of service credit, which does not accurately reflect the less-than-full month worked.

WORK CODE	CATEGORY
N	New Member
T	Terminated Member
D	Deceased Member
R	Retired Member
L	Member on Unpaid Leave of Absence
S	Member Suspended
M	Member on Military Leave
A	Pay Adjustment from Prior Reporting Period

Reporting of Special Payments to OP&F

Certain member payments reported by employers on the Report of Retirement Deductions are common, such as regular pay and overtime. The amounts may vary from month to month, but most employers are familiar with how to report these basic payments and how to use the comments field to explain wage variation or fluctuation. However, other types of payments are not so common. This article will provide information on how to identify or report some of these wage anomalies, and when an employer may need to contact their Employer Services Group (ESG) Specialist for guidance.

Reporting retro pay

Once collective bargaining agreements are settled, employers are frequently faced with having to report long periods of back pay. Depending on whether the retroactive pay covers more than one calendar year will determine the way this is reported. The exact earning dates to be used in reporting retroactive pay is also important and is not always understood, since this type of pay is not common.

Reporting grievance payments

On occasion, members will be reinstated following a legal process, or they may receive certain back payments mandated by law, such as wages from the Fair Labor Standards Act. In either case, there is a protocol for reporting these wages, whether it is through an internal grievance process, a lawsuit, or arbitration. The process for reporting normally starts with OP&F receiving copies of the legal determination for review.

Continued on page 3

OP&F's employer outreach efforts

OP&F continues outreach efforts and has made a strong commitment to assist employers with payroll reporting and payment issues. Past efforts at employer outreach efforts have included onsite visits, regional seminars, and GoToMeeting and telephonic training as a means to resolve issues and provide individualized training.

Outreach also includes the quarterly Employer Digest, and targeted mailings to employers. These efforts will continue, as OP&F seeks to build upon and improve relations with employers.

In 2011, OP&F implemented the practice of conducting automated courtesy calls several days prior to the due date to employers who had not submitted payrolls or payments. This has resulted in the avoidance of statutory penalties for multiple OP&F employers since the inception of the monthly calls.

In 2014, OP&F sent goodwill letters to approximately 30 employers that have had recurring late reports and/or payments. The letters were designed as an offer to help employers to see what support OP&F might offer to resolve recurring issues. The letters also included a calendar of due dates for reports and payments to aid these employers, as well as a summary of their penalties. This communication led to improved reporting and on-time payments for a majority of the employers.

OP&F's Employer Education Manager, John Davis, presented a reporting update at the 2015 Local Government Officials' Conference on April 2 at the Hyatt Regency in Columbus. The conference was sponsored by the State Auditor's Office. Among the topics included in the presentation were payroll reporting changes, electronic reporting and payment options, and membership requirements. Some of the questions asked at the workshop dealt with military leave reporting, the new Government Accounting Standards Board rule 68, and new member paperwork.

"The workshops are an important tool in building relationships with employers. They are typically informal and marked by interaction between employers and presenter," stated Davis. "The workshop gives OP&F employers an opportunity both to share common issues and ask questions about items such as online reporting and the pensionability of different types of payments. These sessions are typically well-attended."

Davis also presented at the Ohio Association of Public Treasurers Hot Topic Seminar on April 24 in Bellville. The topics covered included impending member rate changes, OP&F reporting tips, and the current Congressional proposal to modify the Windfall Elimination Provision which is a Social Security Administration requirement. Over 100 OP&F employers attended the seminar.

Reporting of Special Payments to OP&F

Continued from page 2

Longevity payments

Longevity payments may be based on individual member anniversary dates or they may be paid annually on a calendar-year basis. The earning dates used to report longevity in these two scenarios is different, despite the fact that the payments are based on length of service in both instances.

Special duty pay

Special duty pay is usually considered a pensionable wage, but this is not always the case. For example, if a police officer works traffic control at a local high school football game, is the school district responsible for reimbursing the employer for the wages paid to the officer? The answer to this question may determine the pensionability of these payments.

These type of payments are only a sampling of non-routine wage types. This article is intended to clarify that not all payments are perfectly straightforward as to how they should be reported. If you have any questions on how to report a payment to OP&F, please consult your ESG Specialist at 1-888-864-8363 before you submit the Report of Retirement Deductions. You can also find additional information on special payments in the Employer Manual which can be accessed on the OP&F website under Employers/Employer Manual.



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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. As a reminder, the member contribution rate increases to 12.25 percent for earnings periods beginning on or after July 2, 2015. Should there be any questions about the below topics and dates, please contact John Davis, Employer Education Manager, at jdavis@op-f.org or (614) 628-8255.

May

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

June

June 30 2nd Penalty bill (Late employer contributions, late payroll reporting and late Pre-Employment Physicals).

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

July

July 31 OP&F Payroll deductions, member and employer contributions and payroll reports for June 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.