



Employer Bulletin

School Employees Retirement System of Ohio

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Membership Determinations: Individuals and Contract Companies

Employer Services has created a [Membership Determination Form](#) to use if you are unsure as to whether a person performing services for you should be reported to SERS.

There are two sections to the form.

The **first section** is to be completed when the district is entering into a contract with the individual who performs the work. The questions in this section are based on a 20-factor test developed by the IRS to gather a comprehensive picture of the relationship between the district and the worker. The answers are used to determine if the worker is an independent contractor or an employee.

The **second section** of the form is to be completed when entering into a contract with a contract company. The questions in this section of the form are to determine if the workers employed through the contract company are providing services “common to the normal daily operation” as defined in R.C. 3309.01(B)(2).

You will need to provide a contract and/or job description regardless of which section of the form you will be completing. This additional documentation will help explain the services being provided.

When there is a question regarding membership, always request a Membership Determination. We are here to help guide you through this process. Please feel free to call us at 877-213-0861 or email us at employerservices@ohsers.org with any questions.

For more information on covered employees, please refer to the [Membership Fact Sheet](#).

**Pre-Tax and Post-Tax for Contractors:
Be sure to verify with contract companies if the employee
contributions are pre-tax or post-tax. Accuracy is vital for
tax purposes.**

Credit Memos: Clarification of Updated Screens on eSERS

There has been an update to the way Credit Memos are displayed on the eSERS Payment Remittance application. Rather than having a Credit Memo rolled into one amount, a Credit Memo is now broken out by the report that created it. This helps identify where to apply the Credit Memo.

Available Credit Memo				
Following Credit Memo is available to apply. Enter the amount in the 'Credit Amount To Use'.				
Employee Credit Memo				
Credit Memo ID	Available Credit Amount	Credit Amount To Use	Reporting Period	Contribution Cycle Code
14480	\$597.11	<input type="text" value="\$0.00"/>	08/15/2018	MON0001
14484	\$602.24	<input type="text" value="\$0.00"/>	09/15/2018	MON0001
Employer Credit Memo				
Credit Memo ID	Available Credit Amount	Credit Amount To Use	Reporting Period	Contribution Cycle Code
14481	\$835.95	<input type="text" value="\$0.00"/>	08/15/2018	MON0001
14485	\$843.13	<input type="text" value="\$0.00"/>	09/15/2018	MON0001

Additionally, districts are no longer able to apply Employer Credit Memos to Employee Liabilities. The Employer Credit Memo created needs to be applied to the Employer Liability.

Find the updated [How to: Apply Credit Memos](#) on our website.

Please Note:
**Foundation-participating districts are required to apply
Employer Credit Memos to Employer Liabilities.**

Service Credit Purchase (SCP)

Certain types of service credit may be available for purchase by your employee. As the employer, you may be responsible for certifying information and/or making payments to SERS depending upon the type of service credit available to the employee.

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.

Rollover funds from a qualified plan, such as another employer retirement program (Internal Revenue Code (IRC) 401(a), an Individual Retirement Account (IRA), an IRC 403(a) annuity, an IRC 403(b) plan, or a governmental Deferred Compensation Program under IRC 457, can be used to purchase service credit.

All service credit must be purchased before retirement.

SCP Payroll Deduction

If you offer a payroll deduction plan, upon request, SERS will send the employee a Payroll Deduction Authorization Form. Once the form is completed by both the employee and employer, return it to SERS.

As the employer, you are responsible for transmitting the employee's payroll deduction to SERS through eSERS using the SCP Payroll Deduction Submission application. Once you have done this, the liability will appear in the Payment Remittance application to pay.

Change to SCP Payroll Deduction Plans Beginning January 1, 2019

Payroll deduction plans submitted to SERS before January 1, 2019, are required to be pre-tax plans. This has been the requirement since SERS first began permitting members to purchase service credit by way of payroll deduction plans. To be a pre-tax plan, an employer's payroll deduction plan must designate the amounts withheld to purchase service as "picked-up contributions."

Effective January 1, 2019, SERS will no longer accept new pre-tax payroll deduction plans. This change is due to the Internal Revenue System's revised position on the purchase of service credit with picked-up contributions.

Payroll deduction plans set up **before** January 1, 2019, must continue to be administered as a pre-tax plan. The rules for employees with a pre-tax service credit purchase plan will not change after January 1, 2019. This means that the employee will not be able to increase, decrease, or stop the deductions unless the employee completes the purchase or terminates employment.

New payroll deduction plans received **on or after** January 1, 2019, must be post-tax plans. Under a post-tax plan, the payroll deduction amounts used to purchase service cannot be treated as pre-tax, "picked-up contributions." In turn, different rules apply to a post-tax payroll deduction plan. For example, employees with a post-tax payroll deduction plan can terminate the plan at any time and can make a direct payment to purchase the remaining service credit.

To Recap:

- **Payroll deduction plans initiated before January 1, 2019, must be pre-tax plans.**
- **Payroll deduction plans initiated on or after January 1, 2019, must be post-tax plans.**

Actuary Presents FY2018 Analysis at November Board Meeting

Because the funded ratio of the pension fund is greater than 70% but less than 80%, the System's funding policy allows the SERS Retirement Board to put up to 0.50% of the 14% Employer Contribution toward health care, and the Board voted to make that contribution. Following that transfer, the health care fund's solvency will increase from 16 to 17 years, remaining solvent until 2035.

Resources Galore: Employer Handbook and New Videos

Employer Handbook

The [Employer Handbook](#) has been updated and is located on the "Publications & Forms" page of the Employer section on our website at www.ohsers.org.

New Videos

Check out the new videos in our [Employer Education Web Series](#) by clicking here. Current titles include, "Service Retirement Wage Certification," "Refund Certification," and "SERS-Covered Membership." We also are working on additional videos to be published in the New Year.

Sign Up for eSERS Hands-on Training

Employer Services has extended the eSERS Hands-on Training through 2019. Sessions are being held on various Wednesdays from February through December. The training is beneficial for new employees, as well as any SERS employers who would like a refresher on the eSERS computer system.

Each session will be held from 9:00 a.m. to 12:00 p.m. Registration will begin at 8:30 a.m., with light refreshments.

Sessions are free, but there is only 10 spots per session. Free parking is also available in the SERS parking garage. The parking garage entrance is located on Grant Avenue, north of Broad Street.

Please register for the date that works best for you. [Click here for a link to register for the 2019 eSERS Hands-on Training.](#)

'Get to Know SERS'

"*Serving the People Who Serve our Schools®*" is more than a tagline; it's the driving force behind our daily work. We're proud of the work we do on behalf of our members, retirees, and employers, so we've created a series of graphics to highlight accomplishments that show our dedication to you, and to keeping SERS financially strong. The ["Get to Know SERS" graphic series](#) is currently being featured on our Facebook and Twitter accounts, as well as on our website at www.ohsers.org.

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