



# HOTLINE



## COMPENSATION RULE UPDATES

May 15, 2025

### Interest on Back Pay Wages

As mentioned in previous *Employer Hotlines*, the SERS Board approved a new definition of compensation that will be effective July 1, 2025.

For your convenience, the new [Rule 3309-1-02](#) is available for review on the Ohio Legislative Service Commission's website.

The new Rule 3309-01-02 (F), discusses contributions on back pay that is awarded to employees pursuant to a settlement agreement that reinstates employees to their former position or comparable position without interruption or loss of time. With the updated compensation rule, there was an update to interest that is accrued for back pay that is awarded for previous fiscal years.

In 3309-01-02(F)(3), it states that back pay awarded for prior years shall include interest on the contributions in accordance with section 3309.47 of the Revised Code.

As of July 1, 2025, school districts that provide necessary documentation regarding **previous** year back pay that is awarded to employees who have been reinstated to their position or one comparable to their previous position, will now need to complete a [Certification of Salary for Non-Contributing Service](#) form.

Once this form is received, the cost including interest will be generated and entered into the Payment Remittance application for the employer to pay.

### Payment Not SERS Compensation

As a reminder, the types of payment listed below are not SERS compensation and cannot be reported:

- Unused compensatory time (comp time) cash out
- Unused leave time (vacation/sick/personal) cash out
- Attendance, which are payments for limited use of sick leave per a policy or contract
- Wellness rewards, which are payments to employees for achieving measurable health goals as set forth in a written policy
- Recruitment, which is payment for referring a job applicant who is hired
- Severance payment
- Bonus payment, which is a discretionary payment not governed in a contract

- Amounts paid to an employee for life insurance, sickness, accident, endowment, health, medical, hospital, dental or surgical coverage or in lieu of providing insurance
- Incidental benefits including lodging, food, laundry, clothing/uniform allowance, and parking
- Services furnished by the employer, including use of the employer's property or equipment, and cell phones
- Reimbursement for job-related expenses authorized by the employer, including moving and travel expenses related to professional development
- Compensation made on behalf of an employee exceeding the allowable limit under federal tax law
- Anything of value paid to an employee based on or attributed to retirement or an agreement to retire
- Payments made as a differential payment for an employee who enters active military duty for more than a month

Employer Services has an updated handout that reflects all payments that are **not** considered SERS compensation.

Titled, [Compensation: What's New and What's Not Changing](#), the new handout can be found on the SERS website at [www.ohsers.org](http://www.ohsers.org) on the Employer Forms and Publications page.

*This newsletter is a summary written for use by SERS' employers. It is not intended as a substitute for the Ohio Revised Code or the Ohio Administrative Code or for any state or federal law or regulation, nor will its interpretation prevail should a conflict arise between it and any law or regulation.*

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