

**18<sup>th</sup> Annual  
Local Government Officials' Conference  
OPERS Updates  
Apr. 12 and 13, 2017**



# Agenda

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**Minimum earnable salary updates**

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**Hiring OPERS retirees**

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**Contribution Pick-up Plans**

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**Non-contributing List**

# Minimum Earnable Salary

**Current: \$630 per month**

**Effective 1/1/2018:  
\$660 per month**

**Health Care Coverage:  
\$1000 per month**

# OPERS Retirees Returning to a Public Employer

An OPERS retiree may become re-employed in an OPERS-covered position.

An OPERS retiree may also provide services as an independent contractor for a public employer.



**How do you know if  
you are hiring an  
OPERS Benefit  
Recipient?**

**SSN Look Up  
in ECS**

# OPERS Retirees

**1**

Hired as an employee

**2**

Hired as an employee  
with no earnable salary

**3**

Hired as an  
independent contractor

**4**

Elected or Appointed to  
the same position

**5**

Elected or Appointed to  
a different position

**6**

Special Cases

# SR-6 on ECS



# Reminders

Start date on SR-6 must match first payroll reporting date (if applicable)

SR-6 must be submitted within first 30 days of employment.

Use PPE code of Quit when a contributing retiree terminates or submit a Term-MP with quit date when a non-reported retiree terminates

# Health Care Coverage

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The employer must provide primary health care if available to others in comparable positions.

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Retiree cannot waive the employer's health care.

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Medicare-eligible retirees will have their HRA frozen during each month of re-employment (except those independent contractors re-employed with any public employer other than the one from which they retired).

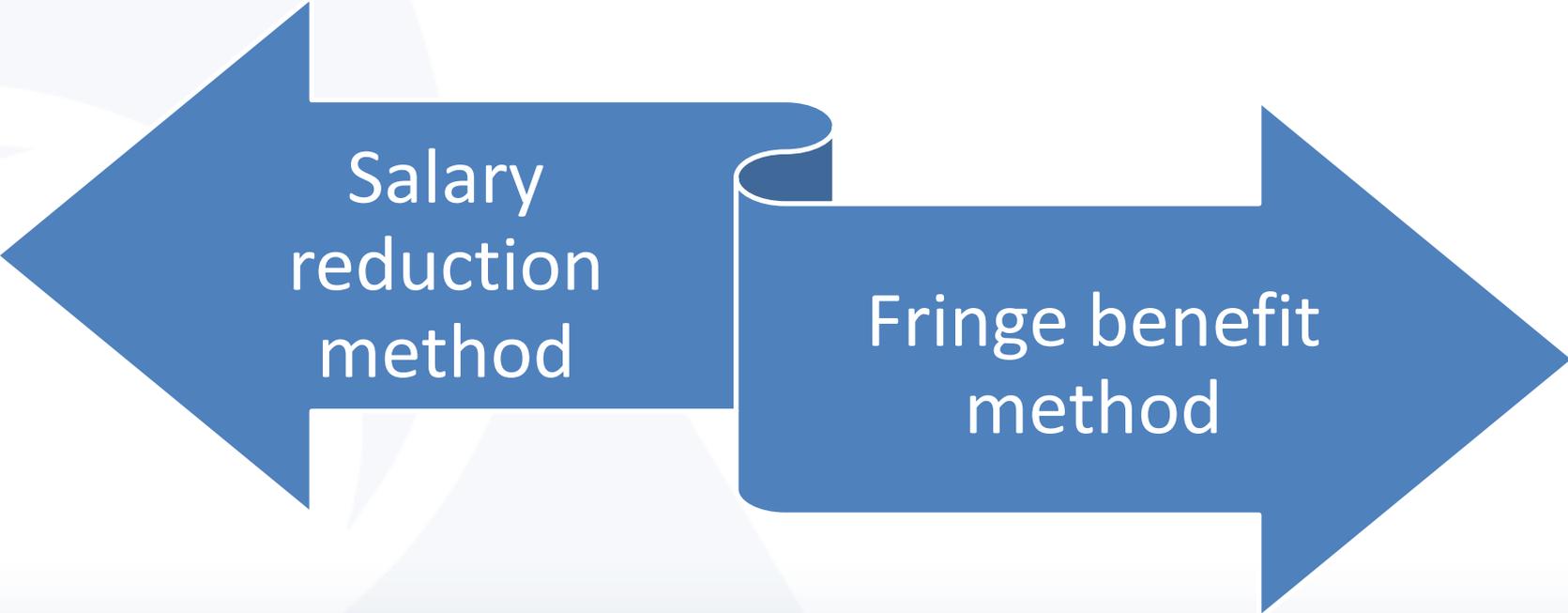
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Allows  
employer to  
defer taxes  
on  
employee's  
retirement  
contributions

**Internal Revenue Code 414(h)(2)**

# Types of Pick-up Plans



Salary  
reduction  
method

The diagram consists of two blue arrows pointing in opposite directions, one to the left and one to the right, connected at their inner ends by a curved, ribbon-like shape. The left arrow contains the text 'Salary reduction method' and the right arrow contains the text 'Fringe benefit method'.

Fringe benefit  
method

# Salary Reduction

Do not receive pay increase

Pay less federal & state taxes

- No federal, state & school district taxes withheld from picked-up contribution

# Salary Reduction

Contribution not reported as taxable income on W-2

- For federal, state or school district purposes
- Reduced salary reported on W-2

Taxable for local tax and Medicare

# Fringe Benefit

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Direct increase in take-home pay

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FAS is not increased

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No federal, state or school district taxes withheld from picked-up contributions

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# Fringe Benefit

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Not reported as taxable income on W-2 for federal, state or school district purposes

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Contribution taxable for local tax and Medicare

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Elected officials and  
fringe benefit pick-up



**Not eligible to participate  
in fringe benefit pick-up  
plan while serving in term  
in which plan enacted.**



**Per AGO 2004-48**

Township  
elected  
officials are  
not eligible  
for a fringe  
benefit pick-  
up plan

# Comparison of Pick-up Plans

	No Pick Up Plan	Salary Reduction	Fringe Benefit
Salary	1,000.00	1,000.00	1,000.00
Salary with pick up reduction	1,000.00	900.00	1,000.00
Taxable income	1,000.00	900.00	1,000.00
Federal income tax (at 15%)	150.00	135.00	150.00
State tax (at 2%)	20.00	18.00	20.00
City tax (at 2%)	20.00	20.00	22.00
Medicare (at 1.45%)	14.50	14.50	15.95
Pension contribution	100.00	100.00	100.00
Additional take-home pay	0.00	17.00	96.55
Earnable salary (pensionable earnings)	1,000.00	1,000.00	1,000.00
Costs to employer	0.00	0.00	100.00

# Plan Requirements



# Plan Requirements

**1**

**Cannot be retroactive**

**2**

**Submitted to OPERS prior to effective date**

**3**

**OPERS must accept plan as compliant**

**4**

**May be assigned new employer code**

**5**

**Employees cannot choose to participate**

**6**

**Plan changes must be submitted for approval**

## Pick-up Plan Information



Publication with templates can  
be found on the OPERS  
website, [www.opers.org](http://www.opers.org)

- Employer Publications
  - Instructions for  
Implementing an Employer  
Pick-up Plan

## What is a Non-contributing List?



**A list of individuals who, in the prior year, provided services to the employer and were classified as an independent contractor or any other classification other than a public employee.**

# Included on NCL

Independent contractors

Individuals paid non-earnable salary

Elected officials who have opted out

Individuals excluded from membership

# Data reported on the NCL

1

SSN

2

Name

3

Status

4

Date Range

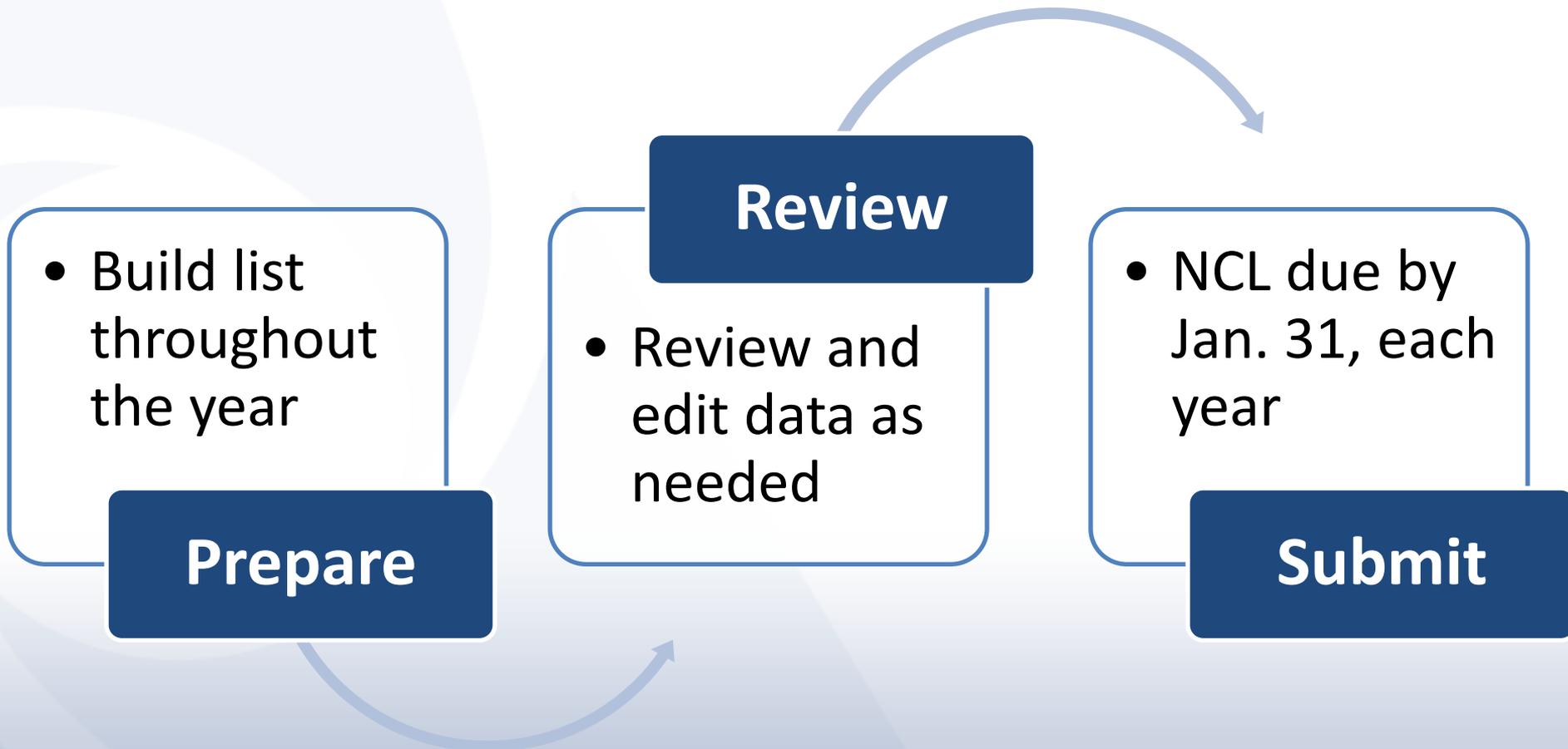
5

Job Title

6

Annual Salary

# Non-Contributing List



# Reminders

1

**PED-ACKN  
required for I/C**

**Completed and  
submitted within 30  
days of beginning  
date of service**

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2

**SR-6 required  
for OPERS  
retirees**

**Submitted for any  
OPERS retiree hired  
as an independent  
contractor**

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# Reminders

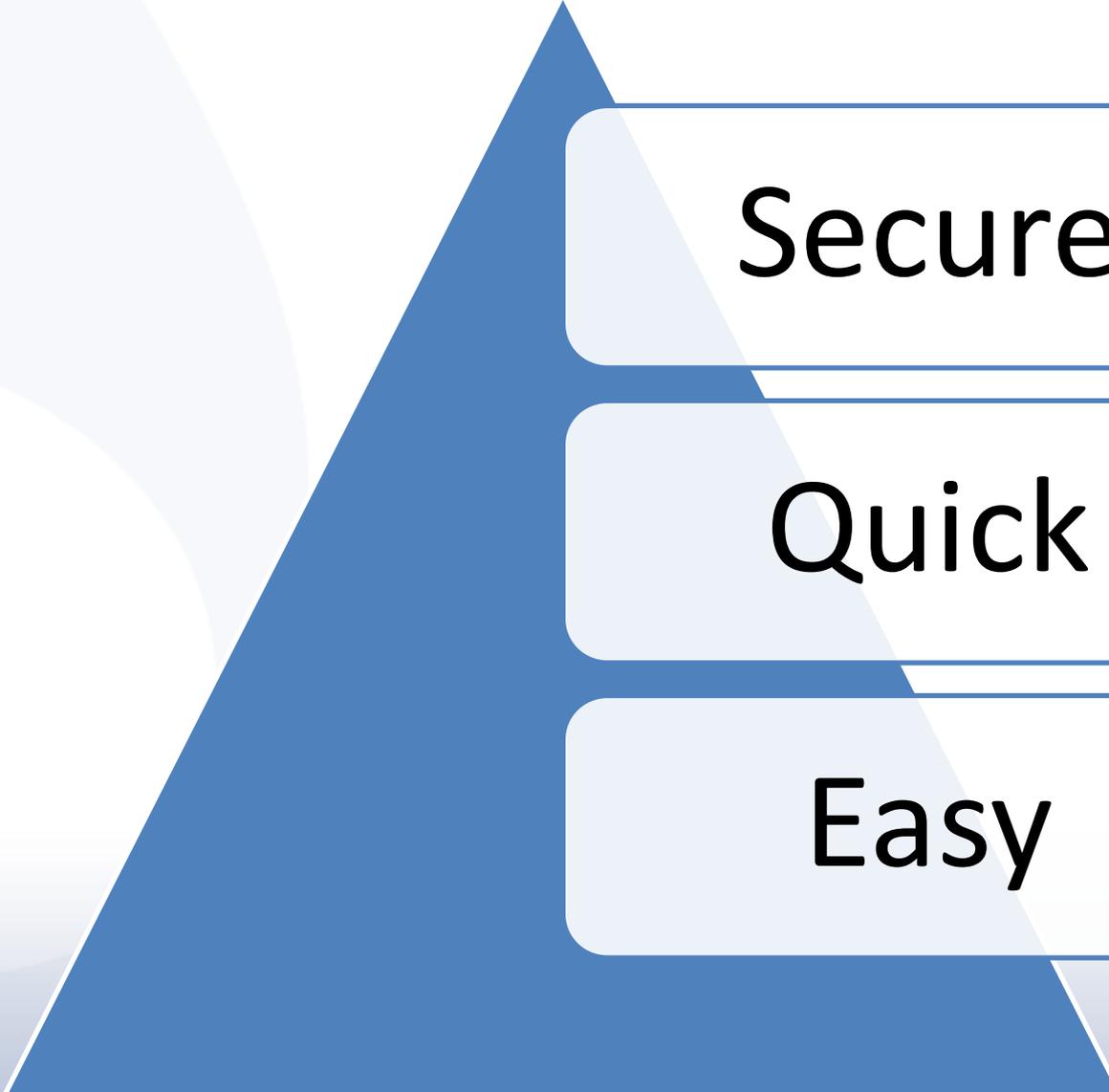
3

Retiree cannot return as an independent contractor to the same public employer they retired from.

4

Retiree's pension benefit impacted if return to work for any public employer within 2 months of retirement effective date. Health care coverage impacted as well.

# ECS Reporting and ACH Payment



Secure

Quick

Easy

# Employer Services

Call Center:

888-400-0965

Fax:

614-857-1152

E-mail:

employeroutreach  
@opers.org

Website:

[www.opers.org](http://www.opers.org)