

EMPLOYER Notice

Ohio Public Employees Retirement System • 277 East Town Street • Columbus, Ohio 43215

Note:

Penalties and interest will be assessed on late ERI payments beginning with payments due on or after January 1, 2010, in accordance with the schedule for past due employer liabilities.

ORC Section 145.51

Rules change means penalties will be assessed for late payments on Early Retirement Incentive plans

Who should read this notice

Finance directors, human resources and payroll professionals for organizations that either have or are considering Early Retirement Incentive (ERI) plans

Situation overview

Ohio retirement law authorizes Ohio public employers to establish Early Retirement Incentive (ERI) plans. Effective January 1, 2010, penalties and interest will be assessed for ERI payments submitted past the stated deadlines. This change will align the rules governing ERI plans with other employer liabilities.

As a reminder, OPERS must approve an employer's ERI plan. Visit the OPERS Web site and access the *ERI Manual* for complete information on plan approval. The *ERI Manual* also gives you exact information about how to initiate the necessary documentation so that you are compliant with the law and not at-risk for slipped deadlines.

Here are the deadlines for processing ERI plan payments as of January 1, 2010:

- Employers should submit all ERI documentation to OPERS at least 45 days prior to an employee's benefit effective date or plan termination date, whichever is earlier.
- OPERS generates the *Retirement Incentive Plan Statement of Cost to Employer* (form F-111E) after receiving the *Early Retirement Incentive Plan Employee and Employer's Agreement* (form F-111C). The *Retirement Incentive Plan Statement of Cost to Employer* lists payment options and the due-date schedule.
- OPERS must receive a signed *Retirement Incentive Plan Statement of Cost to Employer* for each employee with the initial ERI payment. Remember, the initial payment will be due according to the date listed on the *Retirement Incentive Plan Statement of Cost to Employer* sent to employers.
- All payments to OPERS will be due prior to the earlier of the benefit effective date or ERI plan termination date.

Regarding late penalties:

Payments not received by the due date will be subject to penalty and interest charges in accordance with ORC Section 145.51, specifically:

- Penalties and interest will be assessed beginning with payments due on or after January 1, 2010:
 - Beginning with the first day past due, 6% interest per annum will accrue until the balance is paid,
 - 11-30 days past due—1.0% penalty will be assessed,
 - 31-60 days past due—2.5% penalty will be assessed,
 - 61 days or greater past due—5.0% penalty will be assessed.



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- Penalty and interest charges will be placed on the primary employer's account.
- Penalty and interest charges assessed will be due at the end of the month following the month in which they are billed.
- Payments not received within 60 days of the due date will be certified to the county auditor or State of Ohio Office of Budget and Management for collection.

Here's how employers handle ERI paperwork and payments:

- Documents may be submitted either by U.S. mail or faxed to 1-614-857-1152 attention Payments and Compliance.
- *ECS-based employers:* ERI payment information can be added to the online *Employer Remittance* form (form E-3) and may be paid electronically by accessing the Online Payment function in ECS. Simply include the total amount of your ERI payment and submit the *Retirement Incentive Plan Statement of Cost to Employer* by mail or fax as noted above.
- *Paper-based employers:* ERI information can be added to Section 4 of the *Employer Remittance* form (form E-3) and may be paid by check or wire transfer. Include the total amount of your ERI payment on the E-3 form and submit along with the *Retirement Incentive Plan Statement of Cost to Employer* by mail or fax as noted above.

What you need to do

If you have an ERI plan or are in the process of initiating a plan, make sure processes are in place to guarantee compliance with the deadlines because failure to remit payments and documents on a timely basis will result in additional financial liability.

Revisions to the *Employer Manual*

Complete information on ERI plans can be found in the *ERI Manual*, which will be updated and posted on the OPERS Web site. Because ERI is not reviewed in the *Employer Manual*, there are no *Employer Manual* changes.

Why this is important

Penalties and interest are established by state law, but can be avoided when proper procedures are followed. Employer Outreach wants to work with you to ensure penalties and interest charges are not incurred unnecessarily.

Who to contact for more information

After you review this *Employer Notice*, contact your Employer Outreach representative with questions at 1-888-400-0965 or by email at employeroutreach@opers.org.

This Employer Notice is written in plain language for use by public employers who are subject to coverage under the Ohio Public Employees Retirement System. It is not intended as a substitute for the federal or state law, namely the Ohio Revised Code, the Ohio Administrative Code, or the Internal Revenue Code, nor will its interpretation prevail should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code, or Internal Revenue Code. Rules governing the retirement system are subject to change periodically either by statute of the Ohio General Assembly, regulation of the Ohio Public Employees Retirement Board, or regulation of the Internal Revenue Code. If you have questions about this material, please contact our office or seek legal advice from your attorney.



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