

EMPLOYER Notice

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

Note:

Beginning March 31, 2010, and annually on March 31st thereafter, retirement contributions for conversion payouts will be refunded as unauthorized if:

- *A current, approved plan is not on file with OPERS, or*
- *The required supporting documentation has not been received.*

Effective March 31: new requirements for conversion plans

Who should read this notice

Human resources professionals, finance directors, and payroll professionals who process *Reports of Retirement Contributions*

Situation overview

Beginning March 31, 2010, employers will be required to submit current copies of all annual conversion plans to OPERS on an annual basis. In addition, employers will also be required to provide a list of all employees receiving payments under a specific conversion plan each time payments are made and reported.

This step is to ensure that retirement accounts and benefit calculations are accurate.

An OPERS approved conversion plan allows eligible employees to convert unused leave balances (sick, annual and personal) into cash compensation and qualifies the payout as earnable salary. If your organization has an annual conversion plan from which retirement contributions are withheld and remitted on the conversion payout, then OPERS must approve the plan before payments to employees are made.

Conversion payments qualify as earnable salary and must be reported to OPERS if:

- Annual conversion plans and additional documentation are received by OPERS prior to the payment to the employee
- The payment is for leave accrued in the 12-month period preceding the payment, and
- The payment does not exceed the maximums defined in the plan document, or what an employee can earn on an annual basis, whichever is less.

By March 31, 2010, employers will be required to:

- Annually submit current conversion plan documentation to OPERS for evaluation and approval (after approved by employer's governing body), and
- Submit supporting documentation each time conversion payments are made and reported. Specifically, employers must include:
 - A list of all employees receiving payments under each conversion plan (some employers will have more than one conversion plan for different types of employees), and
 - Information on each employee's annual leave accruals.

NOTE: After March 31, 2010, payments will be refunded to the employer as unauthorized if payments are made without a current, pre-authorized annual conversion plan on file with OPERS and if the required supporting documentation has not been received.

More Information on Back



Additional details regarding annual conversion plans can be found in Section Four of the *Employer Manual*, archived online for your convenience.

What you need to do

To be compliant, employers with annual conversion plans are asked to:

- Review all existing annual conversion programs (remember any employer may have multiple plans, each serving different employee groups),
- Submit current copies of any annual conversion plan to OPERS prior to March 31, 2010. Note this is an annual requirement.
- Each time conversion payments are made to employees and from which retirement contributions are withheld and reported, submit required supporting documentation, as noted above.

This information should be submitted to: Employer Reporting attention: Payments & Compliance and can be either mailed or faxed (614) 857-1138.

Why this is important

Accurate retirement contribution reporting for compensation made under an annual conversion plan is important so that service credit and retirement benefits can be properly calculated. Current conversion plan documentation and supporting information enables OPERS to determine if the payments have been made in compliance with conversion guidelines.

Changes to the *Employer Manual*

Pages 3.26 and 4.8 of the *Employer Manual* have been updated to include the changes described in this *Employer Notice*. Employers maintaining a hard copy of the *Employer Manual* will need to update these pages.

Who to contact for more information

After reviewing this *Employer Notice*, contact Employer Outreach 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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