

Payroll Procedures

The following procedures describe the steps to take as a public employer to process payroll withholdings for your employees who wish to participate in the Ohio Deferred Compensation Program.



1. Provide the **Payroll Information** and sample **Schedule of Pay Dates** (see examples below) to Ohio Deferred Compensation (Ohio DC), and update this information as often as it changes. These pages are included at the end of your [Plan Adoption Agreement](#) and also on this Employer Website under the [Plan Information](#) tab.

PAYROLL INFORMATION

Employer Name _____
 Street Address _____

 City, State, Zip _____
 Payroll Contact _____
 Email Address _____
 Telephone _____
 _____ (PAYROLL) _____ (FAX)
 Federal Tax ID _____

Do you have an open enrollment policy? _____ If so, when does it occur? _____

Payroll Frequency

Indicate the number of eligible employees applicable to each frequency and attach a pay date schedule for each frequency (see example, Exhibit B-2):

Weekly (52) _____ Monthly (12)..... _____
 Bi-Weekly (26) _____ Quarterly (4) _____
 Semi-Monthly (24) _____ Semi-Annually (2) _____

Invoicing Format

Computer file - recommended with over 100 participants _____
 Acceptable Employer generated listing _____
 Billing and Change Report in: Social Security Order _____
 Alpha Order _____
 Billing and Change Report: Mail _____ or Fax _____

It is the Program's policy to limit the display of social security numbers. Your billing and change reports will only display the last four digits of each participant's social security number, unless you provide the Program with a signed release on your Employer letterhead accepting all responsibility for transmitting this sensitive data.

CURRENT SCHEDULE OF PAY DATES

(Please type the pay schedule information on your letterhead.)

Following is an example:

Pay Schedule 1 Monthly		Pay Schedule 2 Bi-weekly	
1	01/07/2011	1	01/07/2011
2	02/04/2011	2	01/21/2011
3	03/04/2011	3	02/04/2011
4	04/01/2011	4	02/18/2011
5	05/06/2011	5	03/04/2011
6	06/03/2011	6	03/18/2011
7	07/01/2011	7	04/01/2011
8	08/05/2011	8	04/15/2011
9	09/02/2011	9	04/29/2011
10	10/07/2011	10	05/13/2011
11	11/04/2011	11	05/27/2011
12	12/02/2011	12	06/10/2011
		13	06/24/2011
		14	07/08/2011
		15	07/22/2011
		16	08/05/2011
		17	08/19/2011
		18	09/02/2011
		19	09/16/2011
		20	09/30/2011
		21	10/14/2011
		22	10/28/2011
		23	11/11/2011
		24	11/25/2011
		25	12/09/2011
		26	12/23/2011

2. The Internal Revenue Code (IRC) 457 payroll contributions for each participating employee are calculated as a pre-tax deduction for State and Federal taxes. Set up your payroll system so that **Federal and State taxable income are reduced by the deferred compensation contributions before calculating these tax withholdings**. Please note that IRC 457 contributions do not reduce gross income for local income tax calculations.

3. Please note that the Internal Revenue Code requires employee deferral agreements to be entered into in the month before the deferrals are to start. For example, if your employee signs a deferral agreement on January 15, we will assign an effective date for your first regularly scheduled pay date falling after February 15. Ohio DC will forward to your payroll department a **Payroll Reduction Change Report** (see below). The Change Report shows all employees who are initiating deferrals or changing their deferral amounts.

We will mail this report to you at least ten (10) days before the effective date. You can also download this information from the Ohio Deferred Compensation section of the Ohio Business Gateway website at www.obg.ohio.gov instead of receiving the information in the U.S. mail.

PLEASE DO NOT STAPLE



**OHIO DEFERRED
COMPENSATION**

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

PAYROLL REDUCTION CHANGE REPORT

EMPLOYER #: 01234500

CITY OF PARADISE
ATTN: JOHN DOE
CENTRAL PAYROLL
100 W HIGH ST
PARADISE OH 43111

OHIO DEFERRED COMPENSATION
257 E TOWN ST STE 400
COLUMBUS OH 43215-4623

FOR ASSISTANCE CALL: (614) 466-7245

PAYROLL DATE: 12/15/2011 CU=CATCH-UP
FP=FIFTY-PLUS

SOC SEC #	PARTICIPANT NAME	OLD AMOUNT	TYPE OF CHANGE	NEW AMOUNT
***--*-4715	WHITING, SKIPPY	140.00	INCREASE	180.00
***--*-7645	DUNN, DUCK	50.00	DECREASE TO 0	.00
***--*-8455	BRINLEY, R.Z.	170.00	INCREASE FP	180.00
***--*-9215	MASA, JUJU	150.00	INCREASE	200.00
***--*-1025	DUCKWORTH, BB.	600.00	DECREASE TO 0	.00
***--*-3225	GREEN, PAINTER	475.00	INCREASE	500.00
***--*-6755	SMITT, JOHNSON	300.00	DECREASE TO 0	.00
***--*-3586	RICHARDS, P.	265.00	INCREASE	765.00
***--*-0049	SMITH, BLISS	50.00	DECREASE TO 0	.00
***--*-9415	DUNHAM, TRENT	300.00	DECREASE TO 0 FP	100.00
***--*-2325	BLISS, JASON G.	70.00	DECREASE TO 0	.00
***--*-6938	SANTA, RONALD	15.00	DECREASE TO 0	.00
***--*-6825	KUBIC, PRISM	175.00	DECREASE TO 0	.00
***--*-0145	ALLEN-LEE, BARR	278.00	INCREASE FP	1,178.00
***--*-1725	MURPHY, ISAAC	788.00	INCREASE FP	1,544.00
***--*-6055	MULLINS, CONWAY	200.00	DECREASE	150.00
***--*-8465	JEFFRIES, BECK	.00	NEW REDUCTION	100.00

Employees can change their deferral amounts at any time, but they must go through the Ohio DC Service Center by calling 1-877-644-6457 or by logging into their account on the participant website at www.Ohio457.org. Employees cannot make changes to their deferral amount directly through their employer payroll department without possible violation of the Internal Revenue Code regulations.

Employers cannot make any contractual changes until the effective date specified on the Payroll Reduction Change Report, except to prevent deferrals from exceeding the maximum annual deferral limits (see section 8 below). The Employer is allowed to make changes to deferrals in the following situations when an employee:

- has not worked enough hours to cover a deferral,
- does not have enough pay to cover a deferral,
- has terminated employment (retired, resigned, been fired), or
- has scheduled a lump sum deferral at termination, but the employee's final pay is insufficient to cover the entire lump sum amount.

4. Deferral Reporting Methods: You can use one of the following methods for reporting deferred amounts:

A. Pre-billing Invoice.

Ohio DC will invoice the employer prior to each pay period listing each employee's name, last four digits of the Social Security number, and dollar amount of the deferral. The employer can obtain this information from the Ohio Business Gateway website or the employer can choose to receive this Pre-billing Invoice ("Employee Contribution Billing") by mail or fax. The employer will reconcile their payment amount and the bill amount, and note any changes on the Pre-billing Invoice prior to returning it to Ohio Deferred Compensation.

PLEASE DO NOT STAPLE



OHIO DEFERRED COMPENSATION
OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

EMPLOYEE CONTRIBUTION BILLING

BI-WEEKLY PAYROLL DATE 12/08/2011
EMPLOYER # 01234500 1399533

CITY OF PARADISE
ATTN: JOHN DOE
CENTRAL PAYROLL
100 W HIGH ST
PARADISE OH 43111

PLEASE MAIL CHECK TO:
OHIO DEFERRED COMPENSATION
257 E TOWN ST STE 400
COLUMBUS OH 43215-4623
OR
FILE AND PAY ONLINE AT
WWW.OBG.OHIO.GOV

FOR EMPLOYER ASSISTANCE CALL (614) 466-7245
FOR PARTICIPANT ASSISTANCE CALL TOLL-FREE 1-877-644-6457
** PLEASE INDICATE CORRECTIONS AND TERMINATION DATES UNDER "COMMENTS" **
** PLEASE RETURN A COPY OF THIS LISTING FOR PROPER CREDITING OF ACCOUNTS **

SOC. SEC. NO.	NAME	AMOUNT	COMMENTS
***-**-3825	STEELEY, D.	50.00	
***-**-7355	DOUGLON, ANN	150.00	
***-**-0955	SADDLE, MARY	100.00	
***-**-5605	JANE HAGEN, JOY	634.61	
***-**-9266	MILLER, LLOYD	500.00	
***-**-3155	THOMAS, TURRILL	75.00	
***-**-4633	KAY, DAWSON	125.00	
***-**-6435	BECK, THEO	275.00	
***-**-3386	OVER, RICK	240.00	
***-**-9299	HARLEY, CAITEE	190.00	
***-**-5905	MULLIN, ELAINE	30.00	
***-**-9905	GOOD, BOB	105.00	
***-**-6315	KEEN, TIM	87.50	
***-**-3515	MANN, HOPE	30.00	
***-**-4940	TACK, CHERYL	50.00	
***-**-6115	MERRY, SAM	50.00	
***-**-7675	PASCALI, RUBY	225.00	
TOTAL BILLED		2,917.11	

For OPEDC Use Only

DEF#	_____
TOT\$	_____
APP\$	_____
REC	_____

B. Computer file. Please note that the use of computer files is recommended for all employers who have more than 100 participants in the Plan (see **Payroll Deferral Record Layout**). This page is included at the end of your [Plan Adoption Agreement](#) and also on this Employer Website under the [Plan Information](#) tab.

This confidential data file must be uploaded to the Ohio Business Gateway website and should not be sent in the U.S. mail or via email.

PAYROLL DEFERRAL RECORD LAYOUT				
<u>Field Name</u>	<u>Data Type</u>	<u>Start/End Pos.</u>		<u>Contents</u>
Transaction Type	X(3)	1	3	'114'
Employer ID	X(6)	4	9	Ohio DC will assign this number
Pay Date*	9(8)	10	17	Your payroll date
Social Security5	9(5)	18	22	First 5 digits of social security number
Social Security4	9(4)	23	26	Last 4 digits of social security number
Termination Code	X(2)	27	28	Does participant still work for you? Yes = SPACES No = 'TT'
Filler	X(8)	29	36	Spaces
Termination Date*	9(8)	37	44	Date employee was terminated or zeros for current employees
Transaction Amount**	9(7)	45	51	Deferral amount 9999999
Name	X(25)	52	76	Participant name
Filler	X(4)	77	80	Spaces

* All dates must use CCYYMMDD format (20081015)

** The transaction amount must not include the decimal point. For example, a \$125.00 deferral amount would be sent as 0012500.

Fields are **NOT** packed.

The file must be named defcomp.txt.



All data files must be transmitted using the secure express upload feature of the Ohio Business Gateway.

Files sent via the OBG must be in the standard format (above). For more information, please go to www.obg.ohio.gov and click on the link for the Ohio Business Gateway.

If you need further information on this, please contact Doug Lepper at dlepper@opedc.net or (614) 466-7245.

5. Transmitting Deferrals

Quickly: Employees' payroll deferrals should be sent to Ohio DC as soon as administratively possible. Please keep in mind, the sooner we receive your employees' deferrals, the sooner we can get their retirement savings invested.

6. Payment Methods: For each pay date, forward a check (payable to "Ohio Deferred Compensation") or forward an Automated Clearing House (ACH) payment for the gross amount of deferrals with supporting deferral documentation. Use one of the following methods for remitting deferrals:

A. ACH debit: Use the Ohio Business Gateway, www.obg.ohio.gov.

B. ACH credit: Ohio DC will provide our banking information to employers using this method. Employers will need to use their own banking relationships and systems to initiate these transactions and are responsible for any banking fees associated with these transactions. Contact the Ohio DC Finance Department at 614-466-7245 to receive our banking information.

C. Check mailed to:

Ohio Deferred Compensation
257 East Town Street, Suite 400
Columbus, Ohio 43215-4623

The ACH debit, ACH credit, or check amount must be exactly equal to the total amount of deferrals on the detailed deferral report.

7. Correcting Errors: If deferrals were made incorrectly on behalf of an employee and the money must be returned to your participating employee, you may not use amounts to be refunded to the employee as an off-set or credit against the gross amount of deferrals for the next pay period. You must notify Ohio DC in writing of the incorrect deferrals and the Board will return the money to the employer.

You must use the [Refund Request Form](#) (see example below) to process your refund. The refunded deferral will be returned to the employer, so the employer can determine the correct disposition and recording of the refund because the refund might not have been previously included as taxable income to that participating employee.

[Print Form](#)



OHIO DEFERRED COMPENSATION

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM
MEMORANDUM

TO: Ohio Deferred Compensation

VIA FAX: 614-728-2601

FROM: Employer: _____
Employer Contact: _____

SUBJECT: Refund Request

We request a refund of the amount(s) specified below for the named participant:

Employee Name: _____

Last 4 of SSN: **XXX-XX-** _____

Payroll Date(s): _____

Amount(s) to be Refunded: _____

The reason(s) for requiring this refund is/are (check one):

Employee's check was voided

Payment was made to Ohio Deferred Compensation but was not withheld from the employee's check

Payment was made to Ohio Deferred Compensation for an amount other than what was withheld from the employee's check

Employee was credited for a deduction withheld from another employee's check
Indicate employee who should have been credited the deduction (if applicable):
Name: _____ Last 4 of SSN: _____

Other reason – please specify: _____

Signature Date

257 East Town Street, Suite 400, Columbus, Ohio 43215-4623
Telephone: (614) 466-7245 — Fax: (614) 728-2601

- 8. Annual Deferral Limits:** Consistent with IRS regulations, the Employer is responsible for ensuring that the participant's **annual deferrals do not exceed** the lesser of (i) the annual limit as allowed by law, or (ii) 100% of includible compensation.

Annual Deferral Limits

	2011	2012
Regular Deferral Limit	\$16,500	\$17,000
Age 50-Plus Deferral Limit	\$22,000	\$22,500
Catch-up Deferral Limit	\$33,000	\$34,000

Participating employees who are age 50 and older (“50-Plus”) and participating employees in their three years prior to Normal Retirement Age (“Catch-up”) may be eligible for higher annual deferral limits (see Annual Deferral Limits chart).

Ohio DC will annually provide notice to the employer regarding such limit changes. Ohio DC will be careful to enroll the participant for deferral amounts that will not exceed the IRS’s maximum limits. If events occur (requested changes to deferral amounts are not made in a timely manner, a year with 27 bi-weekly pay periods, etc.) whereby those limits could be exceeded, we will work with the participating employee and employer to adjust deferral amounts accordingly.

- 9. If the employer offers alternative deferred compensation programs in addition to Ohio DC** as permitted under Section 148.06 of the Ohio Revised Code, then the employer should be very careful to assure that employees **do not exceed the maximum deferral limits** under IRC Section 457(b).

- 10. The employer is responsible for issuing a correct Form W-2 at year-end**, which will identify the gross amount of wages subject to Federal and State taxes and the gross amount of wages subject to local taxes. The Employer will list on the participant’s W-2 the amount of deferred compensation deferrals for the year, as required by the IRS.

Please note: All deferred compensation contributions, whether employee or employer generated, must be payroll deductions and reported on the W-2 form.

- 11. Ohio DC is responsible for overseeing the disbursement of all withdrawals** from the Program to the participating employee or the participating employee’s beneficiaries and to discharge on behalf of the employer all reporting and withholding responsibilities required by Federal and State Regulatory Authorities.

- 12. Ohio DC will provide the employer with a Quarterly Statement** that includes the total amount deferred by their participating employees during the quarter and the total value of deferred amounts held on behalf of the participating employees.

Note: Amounts may not always coincide or agree with the employer's deferral records due to timing of deposits and transfers into and out of individual accounts.

- 13. The employer should maintain the confidentiality** of individual participating employee deferrals and related account information. For security purposes, use only the last four digits of employees' Social Security numbers in your communications; **never mail or transmit electronically (by computer) the entire Social Security number.**