



**Ohio Department of
Administrative Services**
HUMAN RESOURCES DIVISION
30 EAST BROAD STREET
COLUMBUS, OHIO 43266-0405

George V. Voinovich
Governor

Sandra A. Drabik
Director

July 1, 1997

Payroll Letter 721

To: Payroll Officers, Personnel Officers, Labor Relations Officers and Fiscal Officers of all Departments, Institutions, Boards and Commissions

From: Robert L. Cruse, State Payroll Administrator

Subject: New PERS Tax Deferred Prior Service Purchase Plan

Effective July 1, 1997, the State is implementing a new PERS Tax Deferred Prior Service Purchase Plan that allows the purchase of retirement service credit through payroll deductions, using tax deferred earnings. Employees now have two choices for purchasing service credit with the Public Employees Retirement System. The payroll deduction codes are as follows:

PSC Purchase Service Credit - the amount deducted is taxed
PSP Purchase Service Credit - **taxes are deferred on the amount deducted**

The new PERS Tax Deferred Prior Service Purchase Plan allows the employee to convert a variety of previous public sector service to Public Employees Retirement Service Credit, the same as the current after-tax plan. If an employee has more than one period of service, each period will be treated separately by PERS and will require the employee to complete a separate authorization through PERS for each period they want to purchase.

Employees may continue their current after-tax plan for purchasing service credit or convert to the new plan. There are, however, differences which the employee needs to understand. They are as follows:

- ◆ Once the employee has initiated deductions under the new plan they cannot terminate the deduction for any reason, other than separation from state service or completion of the purchase agreement.
- ◆ No federal, state or school district income tax will be withheld from the amount of the purchase service credit deducted.

- ◆ The minimum that the employee can have deducted is \$50 or the cost of the interest, whichever is higher.
- ◆ Once the employee enters into an agreement with PERS and establishes the amount of the deduction, the amount cannot be changed.

The Department of Administrative Services, Human Resource Division has developed a payroll insert (see attached) that provides each employee with information regarding the new plan and how to contact PERS to enroll in the plan. In addition, we developed a letter (see attached) for employees that are enrolled in the current plan. The letter describes the new plan and informs the employee of his/her options. The DAS, Human Resource Division will mail the letters directly to the employee's residence.

Effective July 1, 1997, for the new PERS Tax Deferred Prior Service Purchase Plan, DAS/HRD/Payroll Systems will post all deductions for PSP directly to payroll from computer updates provided by the Public Employees Retirement System. With this process, you will not receive any copy of the contract(s) between the employee and PERS or any authorization card. The deduction will be displayed on the payroll screen (see exhibit A) and printed on the Payroll Disbursement Journal. However, changes to the code and/or amount written on the journal will not be made and no changes will be permitted on the payroll screen.

If you believe there is an error in the deduction amount or a deduction was made for the wrong employee, please contact DAS/HRD/Payroll Processing at (614) 466-5667. Payroll Processing will take whatever action is necessary and will contact PERS (if necessary) to ensure the records are correct and the proper authorization(s) are in place. If it is determined that a refund is warranted, PERS will return the erroneous deduction to DAS/HRD/Payroll Deductions. Payroll Deductions will refund the money to the employee through the normal process and adjust the employee's W-2 record.

If the employee receives a warrant in error, please process a "Canceled Warrant". If the employee is paid by direct deposit (electronic funds transfer), contact Payroll Processing at (614) 466-5667 to recover the erroneous payment. In both instances, all deductions will be canceled and Payroll Deductions will return the money, to your agency and adjust the W-2 record of the employee.

If you have any questions regarding this letter, please contact me at (614) 466-2986. Thank you for your cooperation.

RLC/bc
attachments

{TO OBTAIN COPIES OF THE ATTACHMENTS REFERRED TO IN THIS PAYROLL LETTER, PLEASE CONTACT THE STATE OF OHIO PAYROLL ADMINISTRATION OFFICE AT 614-466-6915.}

EXHIBIT A

PAYB=100-999=000489	PPE 07/05/97	LEAVE	BALANCE	ACCRUAL	USAGE
NME DOE, JOHN A	EFT 3 PA1	NEWS	210.40	3.10	0.00
ADR 123 E MAIN ST	PA2	SICK	0.00	0.00	0.00
CITY COLUMBUS	PAID PA3	OLDS	0.00	0.00	0.00
ZIP 43215 TEL 614 466 - 1111	APPT 01 02 22 93	VAC	156.25	3.10	0.00
DOB 12 - 07 - 69 SEX M CAR	PROM 01 13 95	PLV	18.50	0.00	0.00
SSN 123-45-6789 GROS 1,516.00	ENDS 00 00 00	COMP	27.00	0.00	0.00
NEW/SEQ 000500 FTX S0 193.00	SERV 4 - 152	DONL	.00	.00	.00
ST OH RCNTY FRAN OH: 0 40.06	USERV -	FMLA	.00	.00	.00
WU C22 CSEQ 220 SD	LSERV -	WK ADD HRS SL USED VSX			00.00
CLAS 64113 DEFC 160.00	HRSPAID 80.00	1 00.00 00.00 PSX			00.00
PGM/ANAL 3 BOND	LESSHR 2	00.00 00.00 CSX			00.00
STEP 3 STATUS C RETR P 128.86	O/T	DISA SUPP DEDUCTIONS			
STEP IND 4 NET 902.34	MEDICR 21.75	CBU 14 - 9 RATE F CODE AMT/%			
		RNGE 33 17.73 A F15			2.00
		BASE H 19.52 A MD1			1.45
		LNGV 0.00 1 A11			15.72
		EDUC 0 0.00 A S01			19.52
		PRF 00.0 0.00			2 PSP 100.00
		LANG 0 0.00			
PF1=UPDT PF2=EHOC PF3=EARN PF5=POSU PF6=PREV		HAZ 0.00			
PF10=TOGGLE TO SENB		SUPP 0.00			
REF # 02302 FD 125 SPRC HPA2 SAC 6PJ1 ADRC HRP		TOTAL 19.52			
#PPDS 1 MIL-BAL 176.0 BENE YTD SL: ACC 34.1 USE 8.0 DV 2					