

Employer Basics 101: Compensation

What is considered compensation for retirement purposes?

Compensation is defined under Section 3307.01, R.C., as salary, wages and other earnings paid to a member, including amounts paid for a supplemental contract.

Members are required to contribute a percentage of earned compensation for teaching services, including supplemental and summer earnings. Employers must withhold the correct contribution amounts at the rate in effect at the time the compensation was earned from STRS Ohio members' salary payments and remit to STRS Ohio within **five business days of each pay date**. Currently, the member contribution rate and the employer contribution rate are each 14%.

It is important to understand what qualifies as compensation for STRS Ohio.

If compensation is generally earned by reason of employment, then contributions must be remitted. For example, longevity pay, performance-related bonuses and retention bonuses are included in compensation. However, compensation earned for other reasons, such as an agreement to retire or paid in lieu of insurance, is not considered compensation for retirement purposes.

Compensation Checklist

- Is compensation earned by reason of employment?
- Review list of exclusions
- Do not remit contributions on items specifically excluded as compensation
- Send all settlement agreements to STRS Ohio for review before sending contributions
- Ensure contributions are withheld at the member contribution rate in effect for the fiscal year in which the compensation was earned

Contribution Rates

Effective	Member	Employer
July 1, 2013	11%	14%
July 1, 2014	12%	14%
July 1, 2015	13%	14%
July 1, 2016	14%	14%

What is not compensation?

The following types of payments are specifically **excluded** from compensation for retirement purposes:

- Payments for accrued but unused sick, vacation and personal leave, including payments for perfect attendance.
- Vacation pay concurrent with other periods for which compensation is paid.
- Amounts paid to provide insurance coverage or cash payments in lieu of providing insurance, including payments for Medicare.
- Payments based on retirement.
- Retroactive increases not paid in accordance with uniform criteria applicable to all members.
- Payments for services not actually rendered.
- Car allowances and cell phone stipends.
- Reimbursed job-related expenses such as moving, travel or costs related to professional development.
- Severance pay.
- Earnings exceeding limits under Section 401 of the Internal Revenue Code. Limits vary based on the year membership began and plan participation.
- Payment under Section 5923.05, R.C., made by employers to teachers called to active military duty.

Do **not** deduct retirement contributions from payments on the items listed above. If contributions are made on any item specifically excluded from compensation as listed above, contributions will be returned and employers will be required to make report corrections.

Payments resulting from a grievance or legal settlement may not qualify as compensation. A copy of the grievance or settlement should be provided to your employer advisor at report@strsoh.org for review and determination, **prior to submitting contributions.**

Employer Basics 101: Payroll Reporting

Payroll reports

Payroll reports are required electronic listings of member contributions by each individual member. These reports are sent to STRS Ohio at the same time contribution payments are made.

Once received, payroll reports are reconciled to contribution amounts and posted to appropriate member accounts. Payroll reports are not considered complete until full payment of contributions is received. All contributions for STRS Ohio members and reemployed retirees must be reported and paid to STRS Ohio within **five business days of each pay date**. Penalties up to \$2,000 per occurrence will be assessed for late reports.

Payroll reports must include the following information:

- Employer number,
- Pay date,
- Member Social Security number,
- Member name,
- Tax-deferred member contribution amounts,
- After-tax member contribution amounts (if any), and
- Accrued indicator (July and August only).

Submitting payroll reports

Payroll reports must be submitted to STRS Ohio using one of the following methods:

- Electronic file via secure file upload on the employer website (see website for required file record layout); or
- Online via ESS.

If STRS Ohio has your email address on file as a payroll reporting contact, you will receive an email confirmation when your payroll report has been received.

Payroll Reporting Checklist

- Send payroll report
- Remit member contribution payment
- Remit employer contribution payment if not enrolled in the state foundation program
- Submit online payment remittance form if required
- Accrued contributions marked (July and August only)

Checklist for Account Corrections

- Payroll report adjustment submitted
- Send additional contributions or take credit against payment
- Submit backposting (if correcting a prior fiscal year)

Employer Name: OHIO LOCAL SCHOOLS

Employer Number: 9599

Report ID: 15110446

Type of Report: Regular

Report Start Date: 07/01/2024

Report End Date: 07/15/2024

SSN	Name	Pre- Tax	After- Tax	Accrued Indicator
XXX-XX-1298	Abbott, Bud	228.08	0.00	Y
XXX-XX-6366	Laurel, Stan	437.78	0.00	Y
XXX-XX-9807	Hardy, Oliver	170.06	0.00	
XXX-XX-4779	Chaplin, Charlie	266.28	0.00	Y
XXX-XX-4779	Chaplin, Charlie	150.00	0.00	
		25,487.09	0.00	

Payroll work report screen

Understanding accrued contributions

Accrued contributions are contributions on compensation that is earned by June 30 of the fiscal year, but not paid until July and August of the next fiscal year. In other words, if an educator is paid through the summer (in July and August) for work performed during the school year, then contributions on those payments are considered accrued.

For example, if your July 1 pay is payment for time worked June 10–21, then those contributions should be marked as accrued contributions on your payroll report.

Correctly reporting accrued contributions is critical for STRS Ohio to properly pay benefits to members. It is important that contributions are correctly accounted for in the fiscal year in which they are earned or corrections must be made.

Contributions can only be considered accrued if payment is made in July or August for prior year earnings. For example, payment made in October for work done in June is not considered accrued contributions but a correction to a prior fiscal year annual report. To make a correction, a backposting must be submitted in ESS (see Page 6 for more detail).

Options for remitting payments

All contributions for STRS Ohio members and reemployed retirees must be paid to STRS Ohio within **five business days of each pay date**. Interest may be assessed per occurrence for past due payments.

Direct debit

The preferred method to remit contribution payments is direct debit. To submit a payment through direct debit:

1. Log in to Employer Self Service (ESS) using your user name and password.
2. Click on “Make a Payment” in the banner menu at the top of the home page.

For step-by-step instructions on bank account setup and making direct debit payments, see our ESS Instructions or watch the Direct Debit Setup and Direct Debit Payment tutorials on the employer website.

Note: Only treasurers and main contacts have been granted access to set up account information. When the treasurer or main contact initially sets up the account, the authorization agreement contains a field to list any other individuals who should be granted access, such as payroll personnel. After the account is set up, the treasurer or main contact can log in to ESS, click on “Request Access” in the Additional Tools menu and complete the online form to authorize other users.

ACH credit or wire transfer

To submit a payment through ACH credit or wire transfer:

1. Contact your bank to initiate payment.
2. Checks are not accepted for member or employer contributions. Miscellaneous payments such as foundation shortages or payment of an invoice may be paid by check. **Be sure to include XX followed by your four-digit STRS Ohio employer number in the description line of the transaction.**
3. Send STRS Ohio information about the contribution payment using the online payment remittance on the employer website.

Checks

Checks are not accepted for member or employer contributions. Miscellaneous payments such as foundation shortages or payment of an invoice may be paid by check. **Please be sure to include your four-digit STRS Ohio employer number on the check.**

1. All checks should be mailed to the STRS Ohio lockbox at the following address:

STRS Ohio
P.O. Box 631135
Cincinnati, OH 45263-1135

Checks sent to STRS Ohio via **overnight, certified mail or any other delivery method** requiring a signature from the recipient of the check should be mailed to the following address:

Fifth Third Bank
Wholesale Lockbox
M.D. 1MOC1Q
Box 631135
5050 Kingsley Drive
Cincinnati, OH 45227

ACH and Wire Remittance

Section 1: Employer Information

Employer Code:

Employer Name:

Submitter's Name:

Submitter's Phone Number: () -

ext.

Section 2: Payment Method and Amount

Wire Transfer*

Date:

Total amount: \$


ACH (Automated Clearing House)*

Date:

Total amount: \$

* Complete a separate form for each wire transfer or ACH.

Payment remittance screen



STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO

275 East Broad Street
Columbus, OH 43215-3771
888-535-4050
www.strsoh.org/employer

CHECK REMITTANCE

If you are submitting payments for more than one employer, complete a separate check remittance for each employer.

- Check payments** — Send this form with the check(s) to STRS Ohio, P.O. Box 631135, Cincinnati, OH 45263-1135. For checks sent via overnight, certified mail or any other delivery method requiring a signature, send to Fifth Third Bank, Wholesale Lockbox, M.D. 1MOC1Q, Box 631135, 5050 Kingsley Dr., Cincinnati, OH 45227.
- Wire transfer or ACH payments** — Submit an online payment remittance at www.strsoh.org/employer.

Section 1 — Employer Information

Employer name _____ Four-digit employer number _____

Section 2 — Total Amount

Total check(s) amount \$ _____

Section 3 — Amounts Included in Payment


	Check number	Amount
<input type="checkbox"/> Foundation shortage	_____	\$ _____
<input type="checkbox"/> Adjustments to member accounts	_____	\$ _____
<input type="checkbox"/> Payment for invoice <i>(Submit copy of invoice)</i>	_____	\$ _____
<input type="checkbox"/> Payroll deduction for purchase of service credit	_____	\$ _____
Fiscal month _____	_____	\$ _____
<input type="checkbox"/> ARP contributions (submit monthly)	_____	\$ _____
<i>(College or university ONLY)</i>	_____	\$ _____
Fiscal month _____	_____	\$ _____
<input type="checkbox"/> Other _____	_____	\$ _____

Total of amounts in Section 3 should equal the total payment amount listed in Section 2.

Date submitted _____

Signature _____

50-269, 02/10



Check Remittance form

2. Send STRS Ohio information about the contribution payment by mailing a completed *Check Remittance* form (available on the employer website) to the lockbox address. The check and form may be mailed together. You also can fax the form to STRS Ohio at 614-227-4683.

How do I make adjustments or corrections to member accounts?

Unforeseen events can occur that will require an adjustment or correction to be made to a member's account through payroll reporting.

To make a correction for a prior fiscal year, a backposting must be submitted. A backposting is an adjustment for work performed in a prior fiscal year. A backposting informs STRS Ohio of the amount of member contributions to be moved to a prior fiscal year and which fiscal year. Interest on backpostings will be charged, unless the correction and payment are completed within 60 days of the end of the fiscal year.

The flow chart on the *Backpostings and Account Adjustments* fact sheet outlines steps required to correct a member's account. This fact sheet, along with brief tutorial videos, can be found on the employer website, or find step-by-step instructions in the ESS Instructions.

How are employer contributions reported and paid?

Employer contribution amounts should **not** be included in payroll reports. STRS Ohio calculates employer contributions due directly from the member contribution amounts reported.

Payment of employer contributions is remitted:

1. Through the state foundation program, **or**
2. Direct pay.

State foundation program employers

City, local, exempted village and community schools are required to participate in the state foundation program. STRS Ohio receives estimated payments from the Department of Education and Workforce settlement funds. These payments fund the employer contributions. Employers are required to

provide an estimated payroll figure for the coming year in April. STRS Ohio performs reconciliation annually in June.

Direct pay employers

Educational Service Centers, Joint Vocational Schools and local county boards of developmental disabilities are direct pay employers. Employer contributions must be remitted at the same time member contributions are paid.

Current Obligations

When you log in to ESS, a list of Current Obligations appears on the home page. This list is a quick glance at any open transactions and may include payroll contributions due, any penalties and interest, payments received that are not yet applied and more. The Current Obligations are updated in real time.

Due Date	Description	Amount
03/01/2023	Interest on late contribution payment	\$69.43
03/01/2023	Penalty for late payroll reporting	\$750.00
03/17/2023	Payroll-reporting contributions due	\$26,334.81
04/05/2023	STRS Ohio event fee	\$25.00
	Payroll-reporting contributions due	-\$862.49
	Payment received - not yet applied	-\$2,729.82

[Current Obligations list in ESS](#)

Why did I receive a *Statement of Open Transactions* from STRS Ohio?

STRS Ohio emails a monthly *Statement of Open Transactions* to employers with outstanding payments and/or credits on record with STRS Ohio. You will receive a statement only if you have open transactions on your account. **The statement is not an invoice.** Instead, it is intended to provide

information about contributions and interest due, as well as unapplied payments. For an explanation of each part of the statement see Page 8. Please review the transactions listed and contact the STRS Ohio Employer Reporting Department toll-free at 888-535-4050 with questions. (If you recently remitted payment for any transaction listed, please disregard that item.)



Monthly *Statement of Open Transactions*

Please review the monthly *Statement of Open Transactions* shown below. These statements are sent to employers with outstanding payments and/or credits on record with STRS Ohio as of the date they are generated.

This statement is not an invoice. Instead, it is intended to provide information about contributions and interest due, as well as unapplied payments. If you recently remitted payment for any transaction listed, please disregard that item.

For more information about each part of your statement see the [Understanding Your Statement of Open Transactions guide](#). Contact the STRS Ohio Employer Reporting Department toll-free at 888-535-4050 with questions.

9999 OHIO LOCAL SCHOOLS

10/13/2023

Statement of Open Transactions as of 10/31/2023

Transaction Date	Reference No.	Transaction Description	Due Date	Amount
10/02/2023	999999999	Payroll-reported contributions due	10/09/2023	\$5,366.39
Total Due:				\$5,366.39



UNDERSTANDING YOUR STATEMENT OF OPEN TRANSACTIONS

STRS Ohio provides a monthly *Statement of Open Transactions* to employers with outstanding payments and/or credits on record with STRS Ohio. You will receive a statement only if you have open transactions on your account. **The statement is not an invoice.** Instead, it is intended to provide information about contributions and interest due, as well as unapplied payments. Please review the transactions listed and contact the STRS Ohio Employer Reporting Department toll-free at 888-535-4050 with questions. (If you recently remitted payment for any transaction listed, please disregard that item.)

- 1 **Employer Code:** Your STRS Ohio employer number.
- 2 **Statement of Open Transactions as of [Date]:** The statement includes payments received or due as of the date listed.
- 3 **Transaction Date:** Depending on the type of transaction, this date may be the date a report or payment was received or the date the employer cost statement or invoice was issued.
- 4 **Reference No.:** A unique number assigned to every transaction. You may be asked to provide this number for reference when contacting STRS Ohio.
- 5 **Transaction Description:** A brief description of the open transaction, which may include any of the following:
 - **Backposting interest:** Interest due on payment of contributions that were earned in a prior fiscal year, but paid in the current fiscal year.
 - **Foundation deduction shortage:** Employer contribution amount due because STRS Ohio did not receive the expected deductions from state foundation settlements.
 - **Monthly PSC deductions due:** Member contributions due for the monthly purchase of service credit through payroll deductions.
 - **Payment received — not yet applied:** Unapplied payment received by STRS Ohio. Generally, payments are not applied if the corresponding payment remittance, payroll report or purchase service credit report was not received.
 - **Payroll-reported contributions due:** If the amount is positive (owed), it is for a payroll report submitted to STRS Ohio. It could be the full amount of the payroll report or a partial amount for which payment was not received. If the amount is negative (credit), it is for a payroll report submitted as a correction for an overpayment made to STRS Ohio.
 - **PSC employer cost:** Employer cost associated with service credit purchased by a member.

The sample statement shows the following details:

- Employer Code (1):** 9999 OHIO LOCAL SCHOOLS
- Statement Date (2):** 10/13/2020
- Title (3):** Statement of Open Transactions as of 10/31/2020
- Table (4-7):**

Transaction Date (3)	Reference No. (4)	Transaction Description (5)	Due Date (6)	Amount (7)
10/02/2020	999999999	Payroll-reported contributions due	10/09/2020	\$5,366.39
Total Due:				\$5,366.39

- 6 **Due Date:** The date payment was or will be due to STRS Ohio. (Note: It is not unusual for PSC employer costs to be due on a future date.)
- 7 **Amount:** Payment due or credit on your account.